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**GOVERNMENT OF THE PUNJAB
LAW AND PARLIAMENTARY AFFAIRS DEPARTMENT**

**NOTIFICATION
(67 of 2017)**

25 April 2017

The following Notification No. SOR (LG)38-8/2017, dated 19.04.2017 issued under Section 144 of the Punjab Local Government Act, 2013 (XVIII of 2013) for the Punjab District Authorities (Budget) Rules 2017 is published for general information:

DR SYED ABUL HASSAN NAJMEE
Secretary
Government of the Punjab
Law and Parliamentary Affairs
Department

GOVERNMENT OF THE PUNJAB
LOCAL GOVERNMENT AND COMMUNITY
DEVELOPMENT DEPARTMENT19th April, 2017**NOTIFICATION**

No.SOR(LG)38-8/2017:- In exercise of powers conferred under section 144 of the Punjab Local Government Act 2013 (XVIII of 2013) and after previous publication, Governor of the Punjab is pleased to make the following rule:

**PART I
PRELIMINARY**

1. Short title and commencement.- (1) These rules may be cited as the Punjab District Authorities (Budget) Rules 2017.

(2) They shall come into force at once.

2. Definitions.- (1) In these rules:

- (a) "Act" means the Punjab Local Government Act, 2013;
- (b) "Accountant General Punjab" means Accountant General Punjab, Lahore responsible for the maintenance of accounts and pre-audit of payments of a District Authority at Lahore and compile and consolidate monthly and annual accounts of the District Authorities in the Province;
- (c) "actuals" means actual figures of receipts or expenditure, duly reconciled, relating to a financial year;
- (d) "administrative approval" means the concurrence and formal acceptance of the Authority competent to accord such approval for incurring expenditure proposed in a project proposal with the amount involved to execute the proposal;
- (e) "annual budget statement" or "budget for a financial year" means the statement of the estimated receipts into the Local fund of a District Authority and the estimated expenditure for a financial year, required to be laid before the Committee of the Authority, before commencement of that year;
- (f) "annual development programme" means a document, submitted along with the annual budget statement indicating details of various development projects and schemes, status, cost of project or scheme and allocation and period of execution during a financial year;

- (g) "appropriation" means the amount provided in the budget estimates against a detailed object or part of amount, placed at the disposal of a disbursing officer, to meet expenditure for a specific purpose or on specific item;
- (h) "budget calendar" means the calendar given in Second Schedule;
- (i) "budget call circular" means the circular containing budget calendar, instructions and forms for performance based budgeting framework and guidelines on performance budgeting as given in Second Schedule;
- (j) "budget estimates", means expenditure in relation to a financial year, the expenditure proposed for that year including actual receipts and the receipts expected to be realized during that year;
- (k) "budget call letter" means the circular letter containing budget calendar, instructions and forms for preparation of annual budget and revised budget as given in First Schedule;
- (l) "financial year" means the period from 1 July to 30 June, both days inclusive of Gregorian calendar;
- (m) "capital expenditure" means the expenditure for:
- (i) acquisition of immoveable property;
 - (ii) acquisition of capital assets;
 - (iii) investments;
 - (iv) repayment of loans, if any;
 - (v) execution of original works; and
 - (vi) advance and deposits.
- (n) "capital receipts" means receipts from the sources other than revenue and include:
- (i) proceeds from the disposal of capital assets;
 - (ii) sale of investments;
 - (iii) loans; and
 - (iv) advance and deposits.
- (o) "Chairman" means Chairperson of the Authority;
- (p) "charged expenditure" means the expenditure, as specified in section 102 of the Act, which is not subject to vote of the Authority;
- (q) "Chief Executive Officer" the Chief Executive Officer of a District Authority;

- (r) "collecting officer" means the officer responsible for estimation and realization of receipts and income of a District Authority or an officer or an institution under the supervision and management of an Authority and designated as such by Principal Accounting Officer (PAO).
- (s) "current budget" means the sum of approved estimates of cost of establishment and operating expenditure for day to day running of a District Authority, other than development works for a financial year;
- (t) "current expenditure" means an expenditure that is not development expenditure;
- (u) "demand for grant" means a proposal made to the Authority on the recommendation of Chairman for allocation of a certain sum out of a local government fund, in a financial year and after the approval is part of the Schedule of authorized expenditure;
- (v) "development expenditure" means an expenditure on development projects or an expenditure on new construction, entirely new work or addition and alteration to existing work, repair to newly purchased or previously abandoned buildings, operation to maintain in proper condition buildings and works in ordinary use and also include expenditure on human resource development;
- (w) "development budget" means sum of approved estimates of development expenditure for a financial year;
- (x) "District Authority" means District Health Authority or, as the case may be, District Education Authority established under the Act;
- (y) "district accounts officer" means accounts officer responsible for maintenance of accounts and pre-audit of payments of a District Authority in the district other than Lahore and compile and consolidate monthly and annual accounts of the Authorities in the district;
- (z) "District Development Committee" means the Committee constituted under rule 30 of the rules for reviewing and approval of development budget;
- (aa) "drawing and disbursing officer" means an officer, designated as such by principal accounting officer (PAO); who prepares estimates of expenditure and actually incurs expenditure and makes disbursement of amounts so withdrawn, in respect of a District

- Authority, office or institution under the supervision and management of Authority.
- (bb) "Forms" means forms for proposing the budget estimates and other returns prescribed under these rules as provided in First Schedule and Second Schedule to these rules for incremental budget and performance based budget formulation respectively;
 - (cc) "function" means one of the elements of chart of accounts, issued by Auditor General of Pakistan, which provides information on particular economic activity;
 - (dd) "grant" means the amount granted by the Authority in respect of a Demand for Grant as specified in the Schedule of Authorized Expenditure;
 - (ee) "head of offices" means head of offices designated as 'cost centre' in a District Authority and includes district education officer, deputy district education officer, district health officer, deputy district health officer, medical superintendent of district and tehsil headquarters hospital, as the case may be.
 - (ff) "head of institution" means the head of institution of Health and Education designated as drawing and disbursing officer and receives its separate budget from the District Authority;
 - (gg) "institution" means an institution in health or education specified as cost centre and receives its separate budget from the District Authority;
 - (hh) "object" means one of the elements of chart of accounts used to classify the nature of expenditure salary, travel and transport;
 - (ii) "outcome" means the result or impact on a target population of a particular service or output being delivered;
 - (jj) "output" means the delivered service or product;
 - (kk) "principal accounting officer" means Chief Executive Officer of a District Authority responsible for completing budget processes from formulation to utilization in the prescribed manner and accountable to the Public Accounts Committee in respect of financial and budgetary matters of the District Authority, offices and institutions under the management and control of the District Authority;
 - (ll) "public account" means receipts and amount collected by the local government on behalf of other parties as trust for a special purpose and not available for appropriation;

- (mm) "Re-appropriation" means transfer of savings of one or more units of appropriations to meet excess expenditure anticipated under another unit provided the receiving object has been funded in the budget estimates;
- (nn) "receipt" means the cash collected by a District Authority against estimates of receipt object of code;
- (oo) "revenue receipts" means the receipts from tax and non-tax revenues: the non-tax receipts include profit, dividends and fines realized by a District Authority;
- (pp) "revised estimates" means estimates of probable receipts or expenditure, for a financial year, framed in that year in relation to the transactions already recorded and shall be likely to occur by the end of that financial year;
- (qq) "rules" means the Punjab District Authorities (Budget) Rules 2016;
- (rr) "Schedule" means the Schedule appended to the rules;
- (ss) "supplementary budget statement" means the statement to be laid before the District Authority for approval showing the amount required for expenditure, during a financial year, over and above the expenditure already authorized, for that year;
- (tt) "supplementary grant" for a financial year means an amount provided in addition to the original grant or appropriation approved by a District Authority;
- (uu) "surrender" means an amount included in the budget that is given back and not spent in the financial year by the office;
- (vv) "technical sanction" is the sanction to a properly detailed estimates of cost and quantities of a work or repair; and
- (ww) "voted expenditure" means expenditure that is subject to vote of the District Authority.

(2) An expression used but not defined in the rules shall have same meaning as assigned to it under the Act.

PART II RESPONSIBILITIES OF FUNCTIONARIES IN RELATION TO BUDGET

3. Responsibility of Chairperson:- The Chairperson shall:

- (a) identify literacy or health care needs of the district, recommend to the District Authority to provide

budget for the establishment and management of education institutions or health care institutions and help the District Authority to implement key performance indicators set by the Government;

- (b) implement policies and directions of the District Authority for achievement of performance targets and to set development priorities for health or education;
- (c) ensure that the needs of disadvantaged and marginalized groups reflected in the budget priorities and gender issues shall be adequately addressed in the budget for ensuring gender mainstreaming;
- (d) interact with stakeholders to obtain their input on overall development outlay for ensuring teaching standards, students safety and hygiene standards, minimum health service delivery standards, patient safety and hygiene standards and public health service standards at primary and secondary levels within the policy framework given by the District Authority or the Government or Punjab Health Care Commission or Punjab Education Commission;

Explanation: The expression "stakeholders" includes elected representatives, general public, women organizations, private sector, non-governmental organizations, community based organizations including minority organizations, and other organizations.

- (e) ascertain that the project concentrates on enhancing enrolment or extended health or education service delivery;
 - (f) evaluate progress against the key performance indicators for achieving economy, efficiency and effectiveness in expenditure;
 - (g) present a report on planning and implementation of development plans before the District Authority in the budget session;
 - (h) ensure timely completion of the development projects;
 - (i) constitute Internal Core Committee (ICC) for strategic policy review;
 - (j) ensure the traditional budget formulation is shifted to the performance budget framework; and
 - (k) ensure that the budget estimates and revised budget estimates shall be laid before the District Authority well before the commencement of the next financial year.
- (17)

4. Responsibility of Chief Executive Officer.-(1) The Chief Executive Officer shall act as Principal Accounting Officer of the Authority and shall:

- (a) ensure that each new development project proposal is feasible, sustainable and in line with the development priorities set by the District Authority;
- (b) review progress of execution of the projects for their timely completion;
- (c) ensure that budget estimates shall be submitted before the District Authority well before the commencement of the next financial year and budget so approved is distributed amongst the head of offices, institutions and drawing and disbursing officers by the commencement of the financial year;
- (d) prepare a report on planning and implementation of development plans for presentation before the District Authority in the budget meeting;
- (e) help to develop the goals, policies and priorities in health and education, set performance indicators and annual performance targets to achieve these goals; regularly monitor budget execution and measure sector performance, in particular, against stipulated outcomes and outputs;
- (f) convene Internal Core Committee (ICC) meeting for strategic policy review;
- (g) ensure that the traditional budget formulation is shifted to the performance budget framework; and
- (h) monitor the receipts and expenditure of the District Authority, offices and institutions to be carried out in accordance with the approved budget and the rules;
- (i) ensure that the budget for the estimated expenditure of the Authority does not exceed its estimated receipts;
- (j) assess the estimated receipts of the Authority in a timely manner as communicated by Provincial Finance Commission and the own source revenues of the Authority;
- (k) institute institutional mechanism for compliance to budget call letter and budget formulation guidelines by district offices and institutions including his own office;
- (l) ensure the utilization of funds in the public interest and on specified objects;
- (m) take complete responsibility for departmental expenditure before special district accounts committee and Public Accounts Committee and to

explain or justify any instance of excess or financial irregularity that may be brought to notice as a result of audit scrutiny or otherwise;

- (n) ensure monthly reconciliation of district offices and institutions expenditure with the Accountant General, Punjab or district accounts officer and that it receives consolidated statement of monthly expenditure duly reconciled; and
- (o) provide strategic guidance and oversight on generation and publication of monthly budget execution reports by the budget and accounts officer.

5. Responsibility of heads of offices and institutions.-(1) The of offices and institutions shall ensure that:

- (a) the budget estimates of the fund centre, offices or institutions under their supervisory control shall be submitted in time as circulated in budget call letter and budget call circular;
- (b) the budget estimates shall be realistic, neither inflated nor under-pitched;
- (c) all matters relating to budget shall be discharged with probity;

(2) The head of office and institution shall be responsible for:

- (a) all matters relating to the budget for the offices under his administrative control;
- (b) ensuring strict financial control;
- (c) ensuring observance of all relevant financial rules and regulations both by his own office and by subordinate disbursing offices;
- (d) reviewing the 'state of the sector'; assessing overall sector needs, the extent and quality of service cover, identify critical service delivery gaps and other contributing issues for effective reflection in the budget proposals;
- (e) preparing annual development plan, identifying sector goal, outcomes, outputs, key performance indicators and performance targets consistent with the national, provincial and Authority level sectoral policies and strategies;
- (f) preparing budget for the sector by linking targets with the indicative ceilings against clearly defined outcomes and outputs;
- (g) monitoring budget execution and measure sector performance, in particular against stipulated outcomes and outputs;

- (h) ensuring that the total expenditure shall be kept within the limits of authorized appropriation;
- (i) ensuring that the funds allotted shall be spent on the activities for which they were provided;
- (j) explaining any instance of excess or financial irregularity that may be brought to the notice as a result of audit scrutiny or otherwise;
- (k) ensuring that adequate provisions exist for systematic internal checks to prevent and detect errors and irregularities in the financial proceedings of his subordinate offices;
- (l) ensuring that the internal controls shall be effectively applied;
- (m) guarding against waste and loss of public money;
- (n) ensuring that satisfactory arrangements exist for systematic and proper maintenance of office accounts and other ancillary record;
- (o) ensuring that the auditors shall be afforded all reasonable facilities in the discharge of their functions and furnished with the fullest possible information;
- (p) ensuring that no such information or any books or other documents to which the Auditor General of Pakistan has a statutory right of access may be withheld; and
- (q) ensuring the facts and figures supplied to the Chief Executive Officer are correct.

6. Responsibilities of budget and accounts officer.-The budget and accounts officer shall be responsible to:

- (a) issue after approval of the Chief Executive Officer the budget call letter and budget call circular which shall include:
 - (i) activity-wise budget calendar;
 - (ii) instructions and guidelines for preparing the budget; and
 - (iii) forms to be used in the preparation of the budget.
- (b) provide figures of available resources and fiscal space for formulation of annual budget and multiyear budget;
- (c) examine and scrutinize budget proposals and new expenditure;
- (d) compile and consolidate budget;
- (e) communicate grants, through System SAP-R/3, to

- drawing and disbursing officers and institutions of the District Authority;
- (f) monitor expenditure and ensure utilization of funds as approved by the District Authority;
 - (g) examine and scrutinize proposals for reappropriation and supplementary grants;
 - (h) provide financial information, to the District Authority, relating to the service providing institutions of the Authority;
 - (i) submit reports on budgetary performance;
 - (j) monitor the receipts and expenditure of the District Authority and institutions through System SAP-R/3;
 - (k) maintain schedule of establishment of the District Authority, offices and its institutions;
 - (l) maintain the accounts of the District Authority;
 - (m) maintain pension fund for the Government employees of Education or Health sectors adjusted in the District Authority; and
 - (n) discharge any other duty assigned by the District Authority.

7. Responsibilities of Planning Officer.—The planning officer shall perform the following functions:

- (a) undertake overall planning of development works of the Authority;
- (b) hold wide range stakeholders consultations with due attention to women and girls, and marginalized groups like minorities, handicapped persons, elderly persons, homeless persons and victims of disaster, if any, to present their needs, with communities and civil society to discuss and identify the overall needs in various sectors and geographical shall areas;
- (c) monitor the development projects; and
- (d) consolidate the annual development programme.

8. Responsibilities of drawing and disbursing officer.— (1) The drawing and disbursing officer shall be responsible for:

- (a) preparation of estimates of expenditure and their timely submission to the Chief Executive Officer;
- (b) incurrence of expenditure strictly against the allocation under the relevant object code and in accordance with the rules;
- (c) maintaining budget control register, evaluating the expenditure under each object and preparing proposal for re-appropriation or supplementary grant and revised estimates, as the case may be;

- (d) preparation of excess and surrender statements;
- (e) preparation of monthly and annual statement of expenditure and get them reconciled with the Accountant General, Punjab and district accounts officer; and
- (f) preparation of statement of liabilities, if any, at the beginning of each financial year and including the same, by carrying them forward, in the liability statement of the next financial year.

9. Responsibilities of Collecting Officer.-The collecting officer shall be responsible to:

- (a) prepare estimates of receipts for each head of income and their timely submission to Chief Executive Officers;
- (b) make assessment of tax and fee of the local government, on periodical basis, for evaluating its potential and new tax proposal;
- (c) ensure timely recoveries against each demand;
- (d) prepare monthly and annual statement of income and get them reconciled with the Accountant General, Punjab and district accounts officer; and
- (e) prepare statement of arrears, if any, at the beginning of each financial year, by carrying them forward from previous financial year and include the same in the demand statement.

PART - III

PRINCIPLES OF BUDGETTING, BUDGET CLASSIFICATION AND BUDGET CALL LETTER

10. Principles of budgeting.-(1) The budget is a statement of receipts and expenditure for a financial year depicting the financial plan of the District Authority to spend the available resources on prioritized needs over a period of time and reflects the policies, priorities, financial strategy and operational plans in financial terms.

(2) The guiding principles of budgeting for the District Authority shall be:

- (a) Principle of annuity: Budget, presented and approved by the District Authority, is for ensuing financial year only. The grants authorized to the District Authority shall be valid for one financial year and cannot be carried forward to the next year.
- (b) Principle of comprehensiveness: Budget includes the estimates of foreseeable items of receipts and expenditure, contains full information on current programs, activities and presents a correct picture of the financial position of the District Authority.

- (c) Principle of specifics and clarity: All items of income and expenditure shall be specific in programs and activities and no lump-sum allowed. This facilitates proper scrutiny at all levels and help all concerned parties to monitor the budget and exercise budgetary control.
- (d) Principle of accuracy: Underestimation and overestimation shall be serious budgetary irregularities. The budgetary provisions shall not be more or less but shall be subject to variations resulting from unforeseen developments or circumstances.
- (e) Principle of periodic review and corrective action: Chief Executive Officer and headsof offices and institutions shall be expected to be vigilant on both receipts and expenditure side. There should be continuous assessment of program and financial performance to encourage progress toward achieving goals.

11. Budget classification.-(1)The budget of the District Authority shall be prepared on the chart of accounts issued by the Auditor General of Pakistan.

(2) The prime interface for budgeting and expenditure management shall be the online/real-time SAP-R /3 System.

(3) The classification parameters for the revenues or receipts forming part of District Authority Fund shall be:

- (a) entity element with classification codes given in the chart of accounts for the District Authority, district offices, district institutions or Fund centre and for drawing disbursing officers;
- (b) the broader classification of revenues and receipts forming part of the District Authority fund shall be:
 - (i) tax revenue,
 - (ii) non tax revenue, and
 - (iii) capital receipts;
- (c) object element with classification codes given in the chart of accounts shall be:
 - (i) major object;
 - (ii) minor object, and
 - (iii) detailed object;

(4) classification parameters for expenditure forming part of the District Authority fund shall be:

- (a) entity element with classification codes given in the chart of accounts for the District Authority, district

- offices, districts institutions, fund centre and drawing and disbursing officers;
- (b) functional element with classification codes given in the chart of accounts as per the following structure:
 - (i) major function;
 - (ii) minor function;
 - (iii) detailed function;
 - (iv) sub-detailed function.
 - (c) object element with classification codes given in the chart of accounts as per the following structure:
 - (i) major object,
 - (ii) minor object, and
 - (iii) detailed object.
 - (d) fund element with classification codes given in the chart of accounts as per the following structure:
 - (i) fund includes the District Authority fund or public account,
 - (ii) source of fund (Capital or Revenue),
 - (iii) sub-fund classification
 - (iv) voted current expenditure,
 - (v) voted development expenditure,
 - (vi) voted capital expenditure,
 - (vii) charged current expenditure,
 - (viii) charged development expenditure,
 - (ix) charged capital expenditure, and
 - (x) grant number;
 - (e) project element for development expenditure with unique project code assigned to each project.

(5) A separate drawing and disbursing officer shall be designated for the District Authority budget, district offices and institutions budget except as prescribed in clause (y) of rule 2 of the rules.

12. Budget structure.-(1) The annual budget shall consist of:

- (a) estimates of receipts and expenditure; and
 - (b) explanatory memorandum.
- (2) The estimates of receipts shall include:
- (a) capital receipts; and
 - (b) revenue receipts including:
 - (i) Provincial Finance Commission Awards;

- (ii) balance amounts available in the Authority Fund;
 - (iii) own source revenue (OSR) receipts; and
 - (iv) grants from the Government.
- (3) estimates of expenditure shall include:
- (a) current expenditure;
 - (b) development expenditure (both capital & revenue); and
 - (c) schedule of new expenditure.
- (4) The budget of the Authority, offices and the institutions shall indicate the charged expenditure separately, as specified in section 102(1) of the Act.
- (5) The conditional grants from the Government shall be shown separately.

13. Public Account.—The estimates of credits and disbursement relating to Public Account shall be prepared by the budget and accounts officer on receipt of figures from the offices and institutions.

14. Budget call letter.—(1) The budget call letter shall be finalized after fixing priorities in consultation with the relevant stakeholders under the guidance of the Chairman.

(2) The District officer and institution shall prepare its budget in accordance with the budget call letter and performance budget framework.

(3) The forms shall be submitted to the Chief Executive Officer by the Fund centre or by the drawing and disbursing officers and Collecting Officers in accordance with the time frame specified in the budget calendar.

PART IV ESTIMATES OF RECEIPTS

15. Receipt forms for collecting officers.—(1) The budget and accounts officer shall, each year along with the budget call letter, supply to the collecting officers (Forms BDR-1 to 4) relating to receipts as provided in First Schedule, in which the estimates of receipts for the coming financial year along with projections for the next two years shall be prepared.

(2) The projections for the medium term shall be updated by the budget and accounts officer each year on rolling basis in consultation with relevant collecting officers.

16. Instructions to Collecting Officer.—(1) The collecting officer shall prepare the estimates of receipts on Forms BDR-1 to 4.

(2) The collecting officer, while preparing estimates of receipts, shall observe the following principles:

- (a) diligently and accurately prepare the estimates of receipts by developing performance indicators;

Note: No fresh receipts on account of any tax, fee, rate, charge shall be included in the receipt estimates until such levy is vetted by the Government and approved by the Authority and duly notified in official gazette.

- (b) the receipts shall cover all sources including fiscal transfers from the Government.

Note: No Provincial Finance Commission Award, grant, contribution shall be included in the estimates of receipts until a definite communication is received in this regard;

- (c) in relation to revised estimates, shall take into consideration the actual receipts during the first eight months of the financial year and actual figures of the corresponding four months of the previous financial year; and

- (d) all material reasons, facts and circumstances relied upon in adopting figures for the revised estimates for the current financial year and annual budget estimates for the next financial year shall be recorded clearly.

17. Review of revenue base.-(1) In order to ascertain and realize the revenue potential of the Authority, each collecting officer shall conduct a review of the revenue sources and the required information shall be prepared in (Form BDR-3).

(2) The timeframe to be followed for finalizing the taxation proposals is specified in the budget calendar provided in budget call letter in Volume III.

18. Submission of receipts estimates by collecting officer.- After completing the receipt estimates, the collecting officer shall sign and retain one copy for record in his office and forward the rest to the budget and accounts officer with explanatory note in Form BDR-5.

19. Scrutiny and consolidation of estimates of receipts.-(1) On receiving the estimates of receipts from the collecting officer, the budget and accounts officer shall consolidate the figures furnished by the collecting officers.

(2) The budget and accounts officer shall prepare a note explaining any differences between:

- (a) revised estimates proposed for the current financial year and the budget estimates for the current financial year; and
- (b) budget estimates proposed for the next financial year and the revised estimates proposed for the current financial year.

(3) The Chief Executive Officer shall examine estimates of receipts and submit it to the Chairman for approval and onward submission to the Authority.

20. Administrative responsibility.—The heads of offices and institutions and the collecting officers shall be responsible for the correctness of all figures communicated to the District Authority.

PART-V
ESTIMATES OF CURRENT EXPENDITURE

21. Preparation of estimates of current expenditure.—(1) The estimates of current expenditure shall be prepared by the drawing and disbursing officers (DDOs) in accordance with the budget guidelines and budget calendar in budget call letter.

(2) The current budget estimates shall be prepared on the Forms BDC 1 to 7 given in First Schedule.

22. Instructions for preparation of estimates of current expenditure.—To prepare the estimates of current expenditure following principles shall be observed:

- (a) estimates of expenditure shall be prepared diligently and accurately by developing performance indicators;
- (b) in relation to revised estimates, the drawing and disbursing officers shall take into consideration the actual expenditure during the first eight months of the financial year and include actual figures of the corresponding four months of the previous financial year;
- (c) all material reasons, facts and circumstances relied upon in adopting figures for the revised estimates for the current financial year and annual budget estimates for the next financial year shall be recorded clearly;
- (d) provision for any foreseeable expenditure shall be included therein;
- (e) each provision is restricted to the absolute minimum necessary sum;
- (f) the estimates for each financial year shall provide only such expenditure as shall be to be actually incurred during the next financial year;
- (g) in case the District Authority or the Government specifies minimum ratio for development and non-development expenditure or for any other object of expenditure, the prescribed constraints shall be observed;
- (h) in case the District Authority or the Government specifies percentage of expenditure on establishment cost or operating cost, the estimate of

- current expenditure shall not exceed the percentage so fixed;
- (i) the rise in current expenditure shall be proportionate to the rise in revenue receipts and no deficit or debt shall be estimated;
 - (j) adequate provisions shall be made for all items of Charged Expenditure specified in section 102 of the Act;
 - (k) no provision shall be made for the post which is not included in the schedule of establishment;
 - (l) the budget may include provision for honoraria and allowances for the Chairman and Vice Chairman or a member of the Authority, as prescribed by the Government;
 - (m) calculation of salaries of the officials shall be made as per emoluments of sanctioned posts on FormBDO-3 and retained by the office;
 - (n) allowances of the officials shall be calculated as per their entitlement on FormBDO-4 and retained by the office;
 - (o) consolidated budgetary provision in the budget shall not be proposed except in exceptional circumstance, after recording reasons;
 - (p) provision for each expenditure shall be included under the appropriate head as per the classification structure of chart of accounts;
 - (q) carry out a detailed exercise in order to assess the needs for the next financial year to avoid seeking supplementary or additional grants at the very outset of the next financial year;
 - (r) the estimates for current expenditure shall be based on the evidence of people's needs and the policy objectives of the sector with an aggregated view of the total current budget of the office (ongoing and new) and development, if any; and
 - (s) compliance to indicative budgetary ceilings, if already conveyed by the Chief Executive Officer, shall be strictly adhered to.

23. Consolidation of expenditure and their scrutiny by budget and accounts officer:-(1) On receiving the estimates of expenditure from the drawing and disbursing officers, the budget and accounts officer shall consolidate such estimates.

(2) The Chief Executive Officers shall develop an annual action plan according to the priorities laid out in the budget call letter in order to realize the targets set out in the annual development program for the respective offices and institutions under the Authority.

(3) The plan referred to in sub-rule (2) shall include all technical requirements taking into account the weaknesses and previous gaps in the proposals with detailed workings on Forms BSF 1 to BSF 3 in the following manner:

- (a) shall besuch as the community like to participate and shall create opportunities for public-private partnership;
- (b) the state of facilities and services already available;
- (c) problems and issues relating to the implementation of the current year's budget;
- (d) activities proposed to continue for the next year's current budget;
- (e) new activities proposed for the next year including staff requirements and establishment;
- (f) status of ongoing development projects, if any; and
- (g) proposed sectors and projects for the next year development budget based on the technical assessment by the concerned offices.

(4) The details of budget shall also include:

- (i) Statement of investment; if any, as per Form BDO-1;
- (ii) Statement of General Provident Fund as per Form BDO-2; and
- (iii) Statement of outstanding liabilities and loans, if any, on Form BDO-5.

(5) On receipt of expenditure estimates, the budget and accounts officer shall examine the current budget estimates and submit them alongwith his recommendations to the Chief Executive Officer for finalization of the estimates in the light of annual action plan.

(6) The budget and accounts officer shall prepare a note explaining any differences between:

- (a) revised estimates proposed for the current financial year and the budget estimates for the current financial year;
- (b) budget estimates proposed for the next financial year, and the revised estimates proposed for the current financial year; and
- (c) projections for the next two years in the current financial year and those used in the preceding financial year.

(7) The budget and accounts officer shall ensure that the overall estimates shall be kept within the indicative budgetary ceilings

and that any request for additional funds over and above those ceilings shall be thoroughly reviewed with justification.

(8) The Chief Executive Officer shall examine the estimates of expenditure and submit the same to the Chairman for finalization and approval to incorporate in the budget documents prior to its submission to the District Authority.

24. Conditional grants.-All conditional grants shall be budgeted and utilized in accordance with the conditions of the grant.

PART VI

STATEMENT OF NEW EXPENDITURE (CURRENT BUDGET)

25. New current expenditure proposals.-(1) The expenditure on new activities shall include the recurring cost of development projects to be completed in the next financial year and expenditure relating to new current activities: the expenditure shall mainly pertain to personnel (creation of posts) and purchase of durable goods.

(2) The new expenditure shall be provided with the budget documents as a statement of new expenditure (SNE):

(3) The drawing and disbursing officer, for the next financial year, shall send to the budget and accounts officer all proposals involving new current expenditure along with their estimates on Form BDC-1 to 7).

(4) An explanatory note justifying the new proposals shall be added on Form-BDC 8.

(5) The details of the recurring expenditure of the development projects to be completed during a budget year shall also be communicated by the drawing and disbursing officer (DDOs) to the budget and accounts officer.

26. Instructions for preparation of schedule of new expenditure.-(1) The drawing and disbursing officer (DDO), while preparing any proposal for new current expenditure shall ensure that:

- (a) all proposals specify the:
 - (i) number of required personnel;
 - (ii) rates of remuneration (pay and allowances) of each personnel;
 - (iii) duration of employment of proposed personnel; and
 - (iv) posts sanctioned in the schedule of establishment.
- (b) all relevant revenue implications have been described, quantified and included in the estimates of receipts; and
- (c) detail of expenditure as "Purchase of Durable Goods" have been specified.

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(2) The drawing and disbursing officers shall forward the estimates of new expenditure separately to the budget and accounts officer alongwith the current budget.

(3) The drawing and disbursing officers shall ensure timely submission of Schedule of new expenditure in accordance with budget calendar in the budget call letter.

27. Consolidation and scrutiny of schedule of new expenditure by budget and accounts officer.-(1) The items of new expenditure shall be scrutinized with due care by the budget and accounts officer before inclusion in the schedule of new expenditure.

(2) In scrutinizing, following principles shall be observed:

- (a) the schedule of new expenditure is concentrating on the performance targets of service delivery;
- (b) the proposal for new expenditure has been formulated on the basis of priority after taking stock of the overall requirements of the Authority and institution; and
- (c) preference has been given to development requirements while the new expenditure on current account, as far as possible, has been kept at the minimum possible level.

(3) The Chief Executive Officer shall examine the estimates of new expenditure and submit to the Chairman for finalization and approval, to be incorporated in the budget documents before submission to the District Authority.

PART VII DEVELOPMENT PROJECT PROCESSING

28. Development projects.-(1) The development projects shall be undertaken through development budget and shall be prepared on Form BDD-4.

(2) The new development project shall be processed in the following manner:

- (a) identification of development project;
- (b) project outlines;
- (c) feasibility report on the basis of detailed development project proposal;
- (d) rough cost estimates and administrative approval;
- (e) technical sanction of detailed estimates;
- (f) approval by the District Authority with reference to budget allocation; and
- (g) the concurrence of the District Authority to undertake the development scheme.

29. Approval of development projects by the District Development Committee.-(1) The District Development Committee

shall review the outlines of the new development project proposal received from the concerned office, institution and give approval for the preparation of detailed development project proposals.

(2) The concerned office or institution, on receiving the approval by the District Development Committee shall initiate the process of preparing the detailed development project proposal on Form BDD-4 and on completion of detailed development project, the proposal shall be submitted to the planning officer.

(3) The planning officer shall frame a working paper on the basis of information by examining the financial, economic and environmental viability of each development project.

(4) The working paper alongwith a copy of the detailed proposal shall be circulated amongst members of the District Development Committee.

(5) The Committee shall review the development project proposal and its decisions for each development project proposal shall be recorded.

(6) The administrative approval of a development project proposal shall be accorded by the District Development Committee in accordance with the powers delegated to it.

(7) The Chief Executive Officer shall convey the administrative approval after approval of development project proposal by the District Development Committee.

(8) A copy of the development project proposal approved by the District Development Committee shall be submitted to the District Authority and Government for information.

(9) The development projects approved by the District Development Committee shall be considered for inclusion in the annual development programme.

(10) The District Development Committee shall not approve any subsidy project or project involving external funding like foreign aid, provincial annual development programme or federal public sector development programme, unless provided in any other government policy.

30. Revision in development project proposals.-The upward revision of cost, or a substantial change in the objective or scope of a development project shall require the approval of the District Development Committee ensuring that the objectives and scope shall be not altered.

31. Completion of on-going development project.-An ongoing development project approved by the Authority shall be funded and completed as approved.

32. Development projects involving works.-(1) The development project proposal relating to works submitted to the District Development Committee for administrative approval shall be accompanied by a preliminary report, a rough cost estimates,

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preliminary plans, information to the site and other details, as may be necessary, to fully elucidate the proposal.

(2) The estimates and preliminary plans should be obtained from the concerned office dealing with works.

(3) The work proposed to be carried out, except petty works and repairs shall be properly detailed the estimates prepared for technical sanction of the competent authority which shall be accorded by the officers in accordance with the powers.

(4) In case, technically sanctioned detailed estimates shall be likely to be exceeded during the execution of the work, the approval or sanction, as the case may be, shall be obtained from the authority competent of such estimates.

PART VIII DEVELOPMENT BUDGET AND ANNUAL DEVELOPMENT PROGRAMME

33. Annual development programme.-The annual development programme shall be a compilation of the development projects submitted and approved by the District Authority as part of the budget.

34. Classification of annual development programme.-(1) The annual development programme shall classify projects by sector, function and geographic location.

Note:The projects shall clearly stipulate the number and types of beneficiaries including women, girls and marginalized group belonging to the area where the project is located.

(2) The annual development programme shall separately indicate new development projects and ongoing development projects.

35. Source of funding for Annual Development programme.-The main source of funding of development program shall be:

- (a) total receipts of a local government (both from own source revenue and Provincial Finance Commission Award) less current expenditure, on-going expenditure of development projects and other liabilities;
- (b) financial assistance received by way of development grants from the Government;
- (c) development grants made to or amount received by the local government from the Government or other sources; and
- (d) the amount transferred by the other local governments.

36. Phasing of annual development project and multiyear planning.- (1) As far as possible, development project shall be completed within the financial year.

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(2) In case a project is phased over two or more financial years then multiyear planning shall be reflected and catered to the corresponding funding, operational and maintenance costs for the completion of development project.

37. Prioritizing development projects for inclusion in the annual development programme.-(1) The key performance indicators (KPIs) and performance targets duly disaggregated gender wise shall be set as per the priorities assigned in the annual development plan of the District Authority and the outcomes and outputs established in the budget by the ICC.

(2) Where applicable, distinct indicators shall be introduced in District Authority output-based budget for the purpose of gauging progress in case of initiatives related to women, girls and marginalized groups.

(3) The offices and institutes shall prepare cost estimates for the projects related to their sectors in the annual development programme. The project proposals so prepared shall be based on gender segregated data and shall clearly explain results for women, girls and marginalized groups.

(4) The attention shall be given in the allocations to maternal and child health and to girls education and women development.

(5) The offices and institutions shall prioritize the projects for approval which clearly stipulates the number and types of beneficiaries including women, girls and marginalized groups belonging to the area where the project shall be located.

(6) The project proposals shall be submitted to the planning office after making assessment of the data, gender desegregated to help enhanced social analysis, and economic analysis that shall be developed into a working paper.

(7) The development projects forwarded by the offices or institutions shall be in line with the budget instructions and guidelines attached with budget call letter.

(8) The project proposal shall be forwarded, for approval from the District Development Committee to the planning officer in Forms BDD-1 to 3.

38. Monitoring progress of development project execution.

(1) The expenditure shall be incurred only on development projects administratively approved and technically sanctioned (for works) and included in the budget approved by the District Authority.

(2) The executing agency shall execute development projects as per parameters fixed in the approved PC-I and in accordance to the rules or instructions relevant to the respective executing agency who shall follow PC-III format for monitoring development projects.

(3) The monitoring of projects shall be made by community and elected representatives using the participatory monitoring and evaluation approach, planning officer (internal monitoring) and

Provincial planning and development department (external monitoring).

(4) The targets and indicators, duly desegregated gender-wise shall be set as per the District Authority output based budget.

(5) In case of development projects under execution, the executing agency shall send monthly progress reports in the prescribed Forms BM-5 and BM-7) to Chief Executive Officer by 10th of each succeeding month.

(6) For projects in far flung areas, pictorial data shall also be provided and reports shall also include gender and marginalized groups disaggregated data to understand and track allocations and utilization of funds for women, girls and marginalized groups.

(7) The District Development Committee shall hold quarterly reviews and annual review to monitor the progress of the projects; and, a report of the review shall be submitted to the Chief Executive Officer for further submission to the Chairman and the District Authority.

(8) The Chief Executive Officer shall hold monthly progress review of the financial as well as physical progress of the development projects.

(9) The Chairman shall monitor at least ten percent of the projects in the district.

(10) The Chief Executive Officer shall visit not less than twenty percent of the projects being funded through annual development program while ahead of offices or institution shall visit at least seventy percent of the projects.

(11) The heads of offices shall be bound to furnish financial and physical progress of projects regularly on monthly basis to the planning officer for periodic review of the Chief Executive Officer.

(12) The planning officer shall visit regularly major development projects, the inspection reports shall be discussed in the periodic review meetings, and a copy of such reports shall invariably be sent to the Provincial planning and development department along with recommended actions.

(13) The third party validation shall be undertaken where required.

(14) The PC-IV signed by the head of offices and institutions shall be mandatory for all the projects whereas PC-V shall be prepared for mega projects.

(15) The impact evaluation of important ongoing or completed development projects shall be conducted by the Chief Executive Officer and the Provincial planning and development department.

(16) The complaints and suggestions of the public, regarding development projects shall be submitted to the Chief Executive Officer for submission to the District Development Committee for necessary action.

39. Post completion evaluation.-(1) The post completion evaluation of each development project shall be undertaken jointly by the planning officer in collaboration with the concerned head of offices or institutions and a report shall be submitted to the Chief Executive Officer.

(2) The objections and suggestions from the public and approval of the Government shall be obtained after the taxation proposals have been discussed by the District Authority.

40. Flow-on effect to current budget.-The heads of offices and institutions, the Chief Executive Officer and the District Development Committee shall ensure that:

- (a) the details of the recurring expenditure of each development project expected to be completed in the next financial year is incorporated in the Current Budget; and
- (b) recurring liability is included in the Statement of New Expenditure for the next financial year.

PART IX

INTEGRATED MULTIYEAR PLANNING AND BUDGETING

41. Multi-year planning.-(1) The District Authority shall develop a medium term budgetary framework and gradually adopt performance based budgeting (PBB); and, the PBB shall be prepared as per BCC apprising themselves through PBB Guidelines given in Second Schedule.

(2) The Chairperson of the District Authority shall provide vision on performance based budgetary framework.

(3) The framework formulated each year by the District Authority shall be in line with the policy objectives and priorities set for health sector by the provincial and federal Governments.

(4) The multi-year planning and budgeting shall be based on a robust fiscal framework for determination of fiscal space requiring the most realistic:

- (a) future revenue prospects; and
- (b) future expenditure.

(5) The medium term shall be for a period of three years, including ensuing financial year and two outer years, and the projections for the outer years shall be updated each year on a rolling basis to accommodate future changes.

42. Medium term fiscal framework.-(1) The Government shall also indicate fiscal resource in medium terms mode each year for a period of three years.

(2) The share of each District Authority shall be in accordance with the Provincial Finance Commission Award.

(3) The Finance Department shall communicate the preliminary estimated figures for the District Authority as per prescribed stipulated timeframe.

(4) The Finance Department shall communicate the final estimates share of the District Authority in the month of June each year.

(5) The projections on account of revenue and receipts shall be:

- (a) computed by analyzing growth trend of the revenue items during previous financial years; and
- (b) adjusted by taking into account the changes in local economic conditions and likely policy initiatives.

(6) The projections on account of expenditure shall be computed with regard to:

- (a) the effect of inflation;
- (b) annual increase in the pay of the establishment;
- (c) expansion programs of the current services;
- (d) impact of currently undertaken development projects on recurrent expenditure;
- (e) anticipated savings on account of improved efficiency; and
- (f) relevant policy decisions.

(7) In order to enhance the fiscal space, the District Authority shall:

- (a) identify new sources of revenue;
- (b) detect and stop leakages of revenues from sources under its administrative control or supervision;
- (c) review and, if required, adjust user charges, fee and rates;
- (d) review establishment cost;
- (e) restructure activities to maximize efficiency and effectiveness; and
- (f) encourage local contributions in development efforts by effective utilization of funds through the community participation and public private partnership.

(8) The District Authority, for framing medium term performance based budgeting, shall adopt the Forms attached to the budget call circular. Form BMP-2 shall be used for the projections of revenue and receipts and Forms BMP-3 and BMP-4 shall be used for the projections of expenditure.

43. Performance Framework.-(1) The District Authority shall develop key performance indicators to measure progress against the attainment of policy objectives.

(2) The performance indicators shall be:

- (a) specific;
- (b) measurable;
- (c) achievable;
- (d) relevant;
- (e) time bound; and
- (f) framed against key processes and outputs depicting both the qualitative and quantitative aspects of performance.

(3) The distinct indicators shall be introduced in the District Authority in output-based budget for the purpose of gauging progress in case of initiatives related to women, girls and marginalized groups.

(4) The performance targets shall be:

- (a) clear, precise and unambiguous;
- (b) relevant; and
- (c) verifiable.

(5) The Internal Core Committee (ICC) shall finalize with the head of offices and institutions intended performance targets against each of the key performance indicator for the medium term budgeting and such mutually agreed performance targets and targets achieved 'service delivery' shall be prepared on Forms BSF-2/BM 8 and BSF-3 or BM 9 respectively.

(6) The status of performance targets achieved shall be regularly provided during the year through Forms BSF3 and BM 9.

44. Institutional framework for integration.-(1) In order to ensure greater integration, coordination and harmony throughout the process of budget formulation, the Chairperson shall constitute an Internal Core Committee (ICC) having representation from:

- (a) district offices
- (b) institutions
- (c) budget & planning; and
- (d) executing agencies

(2) The internal core committee of the District Authority shall have the following functions:

- (a) serve as a platform for greater coordination between the various functional units of the District Authority;
- (b) ensure prompt and timely actions in the process of preparing budget in the light of budget call circular;

- (c) provide overall supervision and guidance throughout the budget cycle;
- (d) fix yearly performance targets;
- (e) provide input for the formulation of annual development plan;
- (f) internal approval of goal(s), outcomes, outputs, key performance indicators and performance targets for seeking approval of annual development programme and medium term planning and budgeting from the District Development Committee; and
- (g) continuous monitoring of budget execution.

45. The instructions given with the Forms attached to the budget call circular and PBB guidelines in Schedule II shall be followed for Integrated Multiyear Planning and Budgeting.

PART - X BUDGET PRESENTATION AND APPROVAL

46. **Budget Presentation to the Authority.**-(1) The Chairman, before commencement of next financial year, shall present the budget for consideration and approval of the District Authority.

(2) The budget documents shall include:

- (a) budget speech of the Chairman;
- (b) annual budget statement;
- (c) estimates of receipts;
- (d) demands for grants (current expenditure);
- (e) demands for grants (development expenditure);
- (f) statement of new expenditure;
- (g) annual development programme (including multi-year budget);
- (h) revised budget estimates and supplementary budget statement, for current year;
- (i) annual financial reports; and
- (j) medium-term budget estimates for service delivery.

(3) The brief description of budget document is as under:

- (a) **Budget Speech:** The budget speech of the Chairman, shall include the main features of the budget;
- (b) **Annual Budget Statement:** the annual budget statement shall be submitted on Form ABS; the annual budget statement shall describe details of receipts and expenditure. The following shall be included in the annual budget statement (ABS):

- (i) financial abstract;
 - (ii) details of receipts;
 - (iii) details of current expenditure, function-wise and object-wise;
 - (iv) development expenditure.
- (c) Budget Salient Features (BSF): The budget salient features shall provide a brief description of the main features of each office and also include performance targets, service delivery facilities, policies and plans of the various offices:
- (i) salient features of each office shall be provided on Form BSF-1;
 - (ii) performance targets shall be provided on Form BSF-2; and
 - (iii) status of service delivery facilities and targets achieved shall be provided on Form BSF-3.
- (d) Estimates of Receipts: The estimates of receipts shall be prepared and consolidated on Forms BDR 1 to 5.
- (e) Demands for Grants (current expenditure): The demand for grants of current expenditure shall include estimates of total current expenditure prepared on Forms BDC 1 to 8.
- (f) Statement of new expenditure:
- (i) the estimates of new expenditure relating to current budget shall be provided separately.
 - (ii) the Schedules and explanatory notes relating to the "statement of new expenditure" shall be provided on Forms BDC 1 to 8.
- (g) Other forms may be developed by the District Authority for providing additional budgetary information.
- (h) Demands for grants (development expenditure):
- (i) the demand for grants and appropriation for development shall include the estimates of ongoing and new development projects.
 - (ii) the demand for grants (development expenditure) and other details shall be provided on Forms BDD 1 to 3.
- (4) The demand for grant shall only be made on the recommendation of the Chairman.

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47. The Citizens' Budget.-(1) The Chief Executive Officer shall develop citizens' budget in local languages in a transparent manner and shall make it public through a mix of communication media.

(2) The citizens' budget shall be a non-technical compilation of the budget for a layman and shall be developed on the forms to be devised by the District Authority.

(3) The guidelines and instructions of the Finance Department regarding implementation roadmap of improved budget transparency measures shall be adhere to by the District Authority.

48. Supplementary Budget.-(1) The supplementary budget based on statement of excess and surrenders or revised estimates shall also be submitted along with the other budget documents, if required.

(2) The supplementary budget shall be presented in the same form and manner as that of the annual budget.

(3) The Forms of the budget documents shall be as appended to these rules.

49. Approval of Budget.-(1) The budget documents shall be laid before the District Authority for approval.

(2) The District Authority shall approve the budget estimates subject to:

- (a) scrutiny of receipts;
- (b) scrutiny of expenditure; and
- (c) examination of new proposals, if any, for taxation.

(3) The District Authority may refer the budget documents to its Finance Committee which shall perform the following functions:

- (a) scrutiny of receipts;
- (b) scrutiny of expenditure;
- (c) examination of new proposals for taxation; and
- (d) make recommendations to the Authority.

(4) A budget shall not be approved by the District Authority if:

- (a) the estimates of charged expenditure shall be not provided;
- (b) the estimated sums required to meet the estimated expenditure including previous liabilities and commitments exceeds the estimated receipts and there is a likelihood of incurring debt; and
- (c) the budget goes below the budgetary yardsticks and constraints, if any such yardsticks and constraints shall be notified by the Government.

(5) The District Authority may discuss the charged expenditure but shall not vote on such expenditure.

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(6) The budget may include provision for honoraria and allowances for the Chairman and the Vice Chairman or a member of the District Authority, as approved by the Government.

(7) The budget of the District Authority shall, subject to quorum, be approved by simple majority and the District Authority shall not take up any other business during the budget session.

(8) The Government may review the approved budget of any District Authority and if found contrary to the budget rules or some vertical program, may require the District Authority to rectify it.

(9) In case a budget is not approved by the District Authority before the commencement of the financial year to which it relates:

- (a) the District Authority and its officer and institutions shall spend amount under various objects, on pro-rata basis, in accordance with the budgetary provisions of preceding financial year for a period not exceeding thirty days; and
- (b) in such a case, the District Authority shall not spend funds or make commitments for any expenditure, under any demand for grant or appropriation, in excess of eight percent of the amount budgeted in the preceding year within that period of thirty days.

(10) In case, the District Authority fails to approve the budget within the extended period, the Government shall approve and authenticate the budget for full financial year.

50. Schedule of Authorized Expenditure and Authentication.-

(1) The Chief Executive Officer, after approval of the budget by the District Authority, shall:

- (a) prepare a Schedule of authorized expenditure in the shape of annual budget statement indicating;
- (b) grants made or deemed to have been made by the District Authority;
- (c) sums required to meet the expenditure charged upon the District Authority fund; and
- (d) procure authentication of the Chairman for the Schedule mentioned in sub rule (a) above.

(2) The authenticated Schedule shall be laid before the District Authority but shall not be open to discussion or vote.

(3) The Schedule of authorized expenditure shall lapse by the end of the relevant financial year.

PART XI

COMMUNICATION AND DISTRIBUTION OF GRANTS

51. Communication of Schedule of authorized expenditure.

The Chief Executive Officer shall forward a copy of authenticated Schedule of authorized expenditure to the Accountant General, Punjab and the district accounts officer.

52. **Grants.**- The Chief Executive Officer shall, as per Schedule of authorized expenditure, communicate and distribute the grants to the head of offices or institutions and the drawing and disbursing officers within the first two weeks of July.

53. **Target of receipts.**-The Chief Executive Officer shall forward the approved targets of receipts to the head of offices or institutions and to the collecting officers.

54. **Communication to Government and other Authorities.**- A copy of the budget documents shall be delivered to the Government, the Provincial Finance Commission and Punjab Local Government and Community Development Department and a copy shall also be provided to the other District Authorities in the Province, on their request.

PART-XII EXPENDITURE MANAGEMENT

55. **Responsibility of Functionaries.**-(1)The head of offices or institutions and drawing and disbursing officers (DDO) shall be responsible for:

- (a) incurring expenditure against the funds allotted;
- (b) ensuring incurrence of expenditure:
 - (i) against a validly accrued claim;
 - (ii) with the sanction of authority competent to sanction it;
 - (iii) charged against the appropriation under relevant Object; and
 - (iv) in most transparent manner.
- (c) ensuring expenditure management:
 - (i) control expenditure from the grants placed at their disposal;
 - (ii) expend allocations in conformity with the Schedule of authorized expenditure;
 - (iv) effectively utilize the budget appropriations; and
 - (v) review the trend of excessive expenditure, if any, and take necessary measures to meet the excessive requirements either through re-appropriation or supplementary grant or both, as the case may be.
- (d) apprising the Chief Executive Officer, each month:
 - (i) actual spending from the grant or grants placed at his disposal;
 - (ii) commitments that have been made but not paid for against such grant or grants; and

- (iii) expenditure that is likely to be incurred during the remaining period of the financial year.
- (2) The Chief Executive Officer shall be responsible to:
- (a) develop effective means to implement the budget as approved by the District Authority;
 - (b) ensure that authorized budget allocation shall be expended in conformity with the Schedule of authorized expenditure;
 - (c) recommend the Chairman to get modify or revise the budget from the District Authority in accordance with the provisions of these rules; and
 - (d) ensures that no expenditure shall be incurred without budget provision and sanction of the authority competent.
- (3) The Chairman shall recommend necessary reduction in case of lower than expected receipts in respect of any one or more heads of expenditure.
- (4) The recommended reductions shall be placed before the District Authority for approval.
- (5) In case the receipts exceed the estimates or additional grants, a revised budget shall be presented to the District Authority prior to utilization of the additional funds.

56. Function of drawing and disbursing officers.-(1) The drawing and disbursing officers (DDO) shall maintain an appropriation register which shall include allocations and commitments against the appropriations and a register of actual disbursements.

(2) The drawing and disbursing officer shall monitor the appropriations relating to establishment by maintaining establishment check register.

(3) The drawing and disbursing officer, while preparing a bill for payment, shall indicate complete classification of accounts in respect of the proposed expenditure and the balance available under the detailed object code.

(4) The drawing and disbursing officers (DDO) may maintain other registers as may be required to execute, control and monitor the budget.

(5) In case a drawing and disbursing officer (DDO) receives confirmation from head of offices or any other source that a particular item of expenditure has been incorrectly classified, he shall immediately correct the accounts and send the same for information to the Accountant General, Punjab and the district accounts officer.

(6) The drawing and disbursing officer shall not authorize any payment in excess of the funds placed at his disposal.

57. Reconciliation of expenditure.-(1) The Accountant General, Punjab and the concerned district accounts officer, during the first

week of each month, shall provide for the previous month, a schedule showing the numbers, dates and amounts of vouchers paid and supply copy of each such schedule to the concerned drawing and disbursing officer (DDO).

(2) The drawing and disbursing officer (DDO) shall:

- (i) compare such schedule with the statement prepared by him; and
- (ii) reconcile expenditure with accounts officer by 10 day of every following month for the previous month.

(3) The respective head of offices, institutions and drawing and disbursing officer (DDO) and the Accountant General and the district account officer shall be collectively responsible for reconciling any differences and for correcting misclassifications or any other accounting error.

(4) In case the reconciled statement is not provided by the head of offices and institutions by the twentieth day of the month to the Chief Executive Officer, following the month to which the accounts relate, the Chief Executive Officer, may call explanation of the defaulting drawing and disbursing officer.

58. Monthly expenditure Statement.-(1) The drawing and disbursing officer (DDO) shall provide a reconciled statement of expenditure not later than the 13 day of the month following the month to which the accounts relate to the budget and accounts officer in Form BM-1.

(2) The budget and accounts officer shall consolidate the statements submitted by the drawing and disbursing officers (DDOs).

59. Monthly Reports of expenditure.-(1) The District Authority shall prepare a monthly report relating to the expenditure incurred during the month.

(2) The monthly financial reports shall include the following BM Forms:

- (i) BM-1 Monthly Statement of Current expenditure;
- (ii) BM-2 Monthly Reconciliation of Current expenditure;
- (iii) BM-3 Monthly Statement of Receipts;
- (iv) BM-4 Monthly Reconciliation of Receipts;
- (v) BM-5 Monthly Progress Report on Development Programme-government Projects & Authority projects;
- (vi) BM-6 Monthly Reconciliation of Development expenditure;
- (vii) BM-7 Monthly Report - Operationalization of Projects;

- (viii) BM-8 Service Delivery Targets;
- (ix) BM-9 Service Delivery Status by Designation;
- (x) BM-10 Establishment Status by Designation;
- (xi) BM-11 Monthly Statement of Re-appropriations of Funds;
- (xii) BM-12 Statement of Supplementary Grants; and
- (xiii) BM-13 Statement of Excesses and Surrenders.

(3) The Chief Executive Officer, being principal accounting officer, shall consolidated the monthly reports of expenditure and submit an annual report to the Authority relating to the expenditure incurred during the twelve months.

(4) The annual financial reports shall include:

- (a) annual statement of current expenditure duly reconciled;
- (b) annual statement of receipts duly reconciled;
- (c) annual progress report of development programme duly reconciled;
- (d) annual report of operationalization of projects;
- (e) service delivery targets;
- (f) service delivery facilities status;
- (g) establishment status by gender and designation; and
- (h) annual statement of re-appropriations of Funds duly reconciled.

60. Excess expenditure.-(1) In case expenditure is likely to exceed from the approved grant, the head of offices or institutions and the drawing and disbursing officer shall take immediate steps to prevent the excess expenditure by:

- (a) exercising strict control over the affected Grant; or
- (b) transferring funds through Re-appropriation; and
- (c) submitting, as soon as the exigency arises, a request for Supplementary Grant.

(2) If funds cannot be provided through re-appropriation, a proposal for supplementary grant shall be prepared and got approved from the District Authority.

61. Statement of excesses and surrenders.-(1) The statement of excesses and surrenders shall be prepared by the Head of offices or institutions and the budget and accounts officer, after first eight months of the financial year on the basis of information given by the drawing and disbursing officers under their respective subordination.

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(2) The statement of excesses and surrenders shall be prepared and submitted by the heads of offices or institutions to the budget and accounts officer.

(3) The statement of excesses and surrenders shall be completed on the basis of actual expenditure incurred during the first eight months of the financial year and last four months of the previous financial year for estimating the expected expenditure for the remaining four months of the financial year.

(4) The statement of excesses and surrenders shall form the basis for:

- (a) preparing the revised estimates;
- (b) formulating the demands for additional funds through supplementary grant, if required;
- (c) preparing next financial year's budget estimates; and
- (d) for determining the estimated closing balance of the Authority fund as on 30th June.

(5) The heads of offices or institutions shall submit together with the statement of excesses and surrenders, a note explaining reasons for the excesses and surrenders.

(6) The budget and accounts officer shall consolidate the statements of excesses and surrenders and submit with recommendations to the Chief Executive Officer who shall, with the approval of the Chairman, include it in the revised budget.

(7) The form and manner in which the revised budget statement is presented to the District Authority shall be the same as that of the annual budget.

PART-XIII

RE-APPROPRIATIONS AND SUPPLEMENTARY GRANTS

62. Expenditure not provided for in the Schedule of Authorized Expenditure.-In the event that unavoidable and unforeseen circumstances arise during a financial year that requires incurring expenditure in excess of allocations or some expenditure not contemplated in the schedule of authorized expenditure, necessary funds for such expenditure may be made available through re-appropriation or supplementary grant or both.

63. Re-appropriation.-The functionaries shall re-appropriate in accordance with the re-appropriation powers delegated to them by the District Authority.

64. Procedure for Re-appropriation.-(1) A request for re-appropriation shall be prepared by the concerned drawing and disbursing officer. If it involves different drawing and disbursing officers, head of offices or institutions, the budget and accounts officer shall prepare the re-appropriation proposal.

(2) If the re-appropriation involves two different grants, then the Chief Executive Officer shall be responsible for processing the re-

appropriation on the request of concerned heads of offices or institutions and the budget and accounts officer.

(3) In case the re-appropriation is beyond the limit set by the District Authority, it shall require approval of the District Authority but in such cases, the request for re-appropriation of funds shall be prepared by the concerned head of offices or institution and forwarded to the budget and accounts officer for approval of the District Authority.

65. Supplementary grant.-(1) In case a head of office or institution considers that need for additional funds has arisen for which no re-appropriation is available, he shall submit a proposal for supplementary grant to the Chief Executive Officer.

(2) The proposal shall be accompanied by an explanatory note justifying the supplementary grant.

66. The supplementary budget statement.-(1) The request for supplementary grant during the financial year shall be consolidated by the budget and accounts officer and forwarded to the Chief Executive Officer in the form of a supplementary budget statement with his recommendation specific to availability of funds to meet the request for supplementary grant:

(2) The form and manner in which the supplementary budget statement is presented to the Authority shall be the same as that of the Annual Budget Statement.

67. Distribution and communication of supplementary grant.- After approval of supplementary grant by the District Authority, the Chief Executive Officer shall distribute the supplementary grant amongst the head of offices or institutions and communicate the break-up of the grant to the drawing and disbursing officers, the Accountant General, Punjab and the district accounts officer concerned.

PART-XIV RECEIPT MANAGEMENT

68. Receipt management.-(1) The primary obligation of the collecting officer shall be to ensure that all revenue due is claimed, realized and credited immediately to the District Authority fund and to record entries under proper receipt head.

(2) The head of offices or institutions shall supervise and take corrective measures in respect of the activities of the collecting officers.

(3) The revised targets of receipts, if any, shall be communicated by the Chief Executive Officer to the collecting officer or to the head of offices or institutions as approved by the District Authority.

PART-XV**LINKAGE WITH THE GOVERNMENT AND FISCAL TRANSFERS**

69. Fiscal Transfers from Government shall constitute part of Local Fund.-(1) The resources made available to a District Authority through fiscal transfers from the Government shall comprise share of receipts of the concerned District Authority from Provincial allocable amount and from the Government grants.

(2) The fiscal transfers from the Government shall be a straight transfer for credit to Local Fund of the District Authority concerned and recorded as receipt under relevant head of account.

70. Distribution and Communication of Funds to District Authority by Government.-(1) The share of each District Authority from Provincial allocable amount shall be in accordance with the Award notified by the Government, on the recommendation of the Punjab Finance Commission.

(2) The Government shall, well before the commencement of each financial year, notify the provisional share of Award for each District Authority.

(3) The Government shall communicate final estimates of share for each District Authority in June each year.

(4) The Government shall make straight transfers of the share under the Provincial Finance Commission Award (PFC share) for credit to the local fund of the respective District Authority, on monthly basis.

**PART-XVI
MISCELLANEOUS**

71. Repeal.-The Punjab District Government and Tehsil Municipal Administration (Budget) Rules, 2003 is hereby repealed.

**SECRETARY
GOVERNMENT OF THE PUNJAB
PRIMARY AND SECONDARY HEALTHCARE
DEPARTMENT**