



**DISTRICT OR CITY
DISTRICT GOVERNMENT
BUDGET RULES
2015**

Government Of Khyber Pakhtunkhwa
Local Government Elections and Rural Development
Department

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DISTRICT OR CITY DISTRICT GOVERNMENT (BUDGET) RULES, 2015

In exercise of the powers conferred under Section 112(1), of the Khyber Pakhtunkhwa Local Government Act, 2013, the Provincial Government is pleased to make the following Rules-

PART I PREAMBLE

1) Short title, applicability and commencement-

- 1) These Rules may be called the District or City District Government (Budget) Rules, 2015.
- 2) These shall apply to:
 - a) city district government for district Peshawar, and
 - b) district governments for all districts other than Peshawar in the province.
- 3) They shall come into force at once.

2) Definitions-

- 1) In these Rules, unless there is anything repugnant in the subject or context-
 - a) **“Actuals”** mean the actual figures of receipts realized and or expenditure incurred, as the case may be, in a financial year as recorded by the District Accounts Officer or provided in the printed Appropriation Accounts or in the Monthly Civil Accounts;
 - b) **“Administrative approval”** means the concurrence and formal acceptance by the competent authority of a proposal to incur expenditure subject to availability of funds for the said proposal in a financial year;
 - c) **“Annual Budget Statement”** means a statement of estimated receipts and expenditure of the District or City district government caused to be laid before the district council in respect of every financial year, showing separately;
 - i. the sums required to meet expenditure described by the Act as expenditure charged upon the District Fund; and
 - ii. the sums required to meet other expenditure proposed to be made from the District Fund; and
 - iii. distinguishes expenditure on revenue account from other expenditure;
 - d) **“Annual Development Programme”** means the Annual Development Plan submitted along with the Annual Budget Statement, which includes the details of capital and revenue expenditure proposed for the various developmental schemes in the budget for a financial year;
 - e) **“Appropriation”** means an allocation of funds to an office on the basis of the Authenticated Schedule of Authorized Expenditure;
 - f) **“Budget”** means a statement of the estimated receipts and expenditure of the District or City District Government for a financial year;
 - g) **“Budget Calendar”** means the calendar given in the Second Schedule;

- h) **“Budget Documents”** mean the documents specified in Part X of these Rules;
- i) **“Budget Estimate”** for a financial year, means in relation to expenditure, the expenditure proposed for that year, and in relation to receipts, the receipts expected to be realized during that year;
- j) **“Budget Year” or “Financial Year”** means the year commencing on the 1st day of July of a Calendar Year and ending on 30th June of the following calendar year for which the Annual Budget Statement is proposed;
- k) **“Capital expenditure”** means the expenditure incurred with the objective of either increasing concrete assets of a material and permanent character, or reducing recurring liabilities, and of the receipts of capital nature intended to be applied as set-off to capital expenditure;
- l) **“Capital receipts”** mean receipts from sources other than the general revenues and include-
 - i. recoveries of investment (either from charging or sale proceeds);
 - ii. recoveries of loans and advances; and
 - iii. public debt
- m) **“Charged expenditure”** means such items of expenditure as are enumerated in the Act , and are not subject to vote of the District Council;
- n) **“Collecting Officer”** means the officer who is responsible for estimation and realization of receipts from the area within his jurisdiction designated by the Head of Offices for the offices under his administrative control;
- o) **“Competent Authority”** means any authority to which the relevant powers under any set of rules may be delegated by the Government;
- p) **“Current Budget”** means the sum of approved estimates of the current expenditure for a financial year in the Annual Budget Statement;
- q) **“Current expenditure”** means expenditure met from the approved estimates of the current budget in the Annual Budget Statement;
- r) **“Demand for Grant”** means a proposal made to the District Council, on the recommendations of the Nazim District Government, for withdrawal of a certain sum out of the District Fund for expenditure which is granted, or deemed to have been granted;
- s) **“Development expenditure”** means the expenditure incurred with the objective of:-
 - i. creating material assets;
 - ii. keeping intact or enlarge and improve the physical resources of the district;
 - iii. improving the knowledge, skill and productivity of the people; and
 - iv. encouraging efficiency in the use of available resources.
- t) **“Development Budget”** means the sum of approved estimates of development expenditure for a financial year in the Annual Budget Statement;
- u) **“District Accounts Officer”** means the head of the District Accounts Office in a district entrusted with the maintenance of accounts for the District or City district government as per section 36 (2a) of the Act;

- v) **“Drawing and Disbursing Officer”** means the officer designated by the Head of the Office to prepare estimates of expenditure and actually incur expenditure in respect of the office to which he is the Drawing and Disbursing Officer;
- w) **“Form”** means a form prescribed under these Rules;
- x) **“Function”** means the accounting classification used in the Chart of Accounts issued by the Auditor General of Pakistan, which provides information on particular economic activities;
- y) **“Grant”** means the amount granted or deemed to have been granted by the District Council, in respect of a Demand for Grant as specified in the Schedule of Authorized Expenditure;
- z) **“Outcome”** means the result or impact on a target population of a particular service or output being delivered;
- aa) **“Output”** means a delivered service or product;
- bb) **“Object”** means the accounting classification used in the Chart of Accounts issued by the Auditor General of Pakistan, which classifies the nature of expenditure e.g. salaries, travel, transport etc.;
- cc) **“Act”** means the Khyber Pakhtunkhwa Local Government Act, 2013;
- dd) **“Part”** means a part of these Rules;
- ee) **“Re-appropriation”** means the internal transfer of savings from one object to other object(s) in the appropriations of the same unit to meet anticipated excess expenditure in other object(s);
- ff) **“Receipt”** means the actual cash collected by the district government;
- gg) **“Registration Authority”** means the District Officer (Registration), who is declared as such by a District Government;
- hh) **“Revenue receipts”** mean the receipts accruing from tax and non-tax revenues;
- ii) **“Revised estimates”** mean the estimate of the probable receipts or expenditure, for a financial year, framed in the course of that year, with reference to the transactions already recorded;
- jj) **“Schedule”** means a schedule to these Rules;
- kk) **“Schedule of Authorized Expenditure”** means the schedule prepared, after the approval of the Annual Budget Statement by the District Council or Supplementary Budget in respect of a financial year and authenticated by the Nazim;
- ll) **“Section”** means a section of the Khyber Pakhtunkhwa Local Government Act, 2013;
- mm) **“Supplementary Budget Statement”** means the statement to be laid before the District Council showing the amount of the additional expenditure estimated to be required during a financial year, over and above the expenditure already authorized, for that year;
- nn) **“Supplementary Grant”** for a financial year means an amount provided in addition to the original Grant or appropriation approved by the District Council;

- oo) **“Surrender”** means an amount included in the budget that is given back, as it shall not be spent in the financial year by the office;
 - pp) **“Technical Sanction”** is the sanction to a properly detailed estimate of cost of a work of construction or repair; and
 - qq) **“Voted expenditure”** means expenditure that is submitted to the vote of the District Council.
- 2) Terms and expressions used but not defined in these Rules shall have the same meaning as defined in the Act.
 - 3) In case of any ambiguity or inconsistency arising in the interpretation or construction of the provisions of these Rules, the Government shall resolve such ambiguity or inconsistency.

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PART II

FUNCTIONS OF THE OFFICERS RELATING TO BUDGET

3) Principal Accounting Officer-

- 1) The Deputy Commissioner shall be the Principal Accounting Officer of the District Government.
- 2) The Principal Accounting Officer shall have the following functions with respect to budgeting of the District Government-
 - a) overall oversight and guidance on budget formulation, consolidation, scrutiny or review and its submission to the District Council
 - b) ensure that the budget for the estimated expenditure of the District Government does not exceed its estimated receipts
 - c) assess the estimated receipts of the District Government in a timely manner as per the share communicated by Provincial Finance Commission and the own source revenues of the District Government
 - d) instil institutional mechanism for compliance to Budget Call Circular and guidelines by District Offices including his own office
 - e) observance of all relevant financial rules and regulations both by his own office and by subordinate disbursing officers;
 - f) mobilization of resources and revenue as per the projected targets
 - g) must see that the total expenditure is kept within the limits of the authorized appropriation;
 - h) must see that the funds allotted to spending units are expended in the public interest and upon objects for which the money was provided;
 - i) must be in a position to assume before District Government and Districts Accounts Committee, if necessary, complete responsibility for departmental expenditure 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;
 - j) finance is an essential element in policy questions and the Principal Accounting Officer shall ensure that financial considerations are taken into account at all stages in framing and implementing decisions;
 - k) that the flow of expenditure does not give rise to demand for additional funds;
 - l) shall ensure that all district offices regularly undertake monthly reconciliation of expenditure with the District Accounts Officer and that it receives consolidated statement of monthly expenditure duly reconciled; and
 - m) provide strategic guidance and oversight on generation and publication of monthly budget execution reports by the District Officer Finance and Planning.

4) Head of Offices-

- 1) In relation to the District Government, the Head of Offices means the-

- a) The Deputy Commissioner for operational components and business of Coordination, Finance and Budget, Human Resource Management, Planning and Development and Revenue Administration as per the Second Schedule of the Act; and
 - b) The District Officers for each of the district offices enlisted in the Second Schedule of the Act.
- 2) The Head of Offices 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 sub-ordinate disbursing offices;
 - d) review 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) consult with communities through pre-budget and other relevant forums to verify and fine tune sectoral requirements, and take note of any additional weaknesses or gaps identified by communities;
 - f) prepare Annual Sector Business Plan, on prescribed format, identifying sector goal, outcomes, outputs, targets and key performance indicators consistent with the national and provincial level sectoral policies and strategies;
 - g) prepare budget for the sector by linking targets with the budgetary allocations against clearly defined outcomes and outputs;
 - h) regularly monitor budget execution and measure sector performance, in particular against stipulated outcomes and outputs;
 - i) ensuring that the total expenditure is kept within the limits of authorized appropriation;
 - j) ensuring that the funds allotted are spent on the activities for which the money was provided;
 - k) explaining any instance of excess or financial irregularity that may be brought to notice as a result of audit scrutiny or otherwise;
 - l) ensuring that adequate provisions exist for systematic internal checks to prevent and detect errors and irregularities in the financial proceedings of his subordinate offices;
 - m) ensuring that the internal controls are effectively applied;
 - n) guarding against waste and loss of public money;
 - o) ensuring that satisfactory arrangements exist for systematic and proper maintenance of office accounts and other ancillary record;
 - p) ensuring that the auditors are afforded all reasonable facilities in the discharge of their functions and furnished with the fullest possible information for which they may ask;

- q) 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
- r) coordination with the District Officer Finance and Planning.

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5) Collecting Officer-

- 1) The functions of the Collecting Officer are-
 - a) preparing the estimates of receipts under his jurisdiction;
 - b) all matters relating to realization, and deposits of receipts;
 - c) ensuring all sums due to Government are regularly and promptly assessed, realized and duly credited in the Public Account;
 - d) coordination with the concerned higher level officials;
 - e) keeping the District Officer Finance and Planning fully informed of the progress of collection of revenue under his control and of all important variations in such collections as compared with the budget estimates;
 - f) ensuring observance of all relevant financial rules and regulations;
 - g) guarding against waste and loss of public money;
 - h) ensuring that satisfactory arrangements exist for systematic and proper maintenance of office accounts and other ancillary record of receipts;
 - i) coordination with the District Officer Finance and Planning ;
 - j) monitoring of the budget execution through regular revenue reviews ensuring that revenue is realized as approved by the District Council.

6) District Officer Finance and Planning-

- 1) In order to perform its function, the District Officer Finance and Planning (DO F&P) will have Deputy District Officer Finance and a Deputy District Officer Planning.
- 2) The District Officer Finance and Planning shall be responsible for the overall supervision, control and coordination of the finance function of the district government to maintain effective liaison and coordination around annual budget process with all key stakeholders;
- 3) District Officer Finance and Planning shall undertake the final scrutiny, consolidation and submission of prescribed budget documents to the District Council.
- 4) In the discharge of functions entrusted hereinafter in these rules, the District Officer Finance and Planning shall be guided by the following principles-
 - a) fiscal planning, particularly annual budgeting, with a focus towards a medium term of 3 years, whilst at the same time endeavouring to improve effectiveness and efficiency in budgetary processes through greater integration of current and development budget;
 - b) transparent, accountable and participative budget preparation ensured through pre-budget consultations and greater citizens' participation for needs based budgeting and a robust system of performance measurement;
 - c) the budget proposals based on planned outcomes and outputs and not solely based on inputs;
 - d) greater budget transparency and public access to budget information throughout the budget cycle;
 - e) predictability on availability of funds to the district offices for preparation of budget proposals within the overall fiscal constraint; and

- f) abolition and creation of posts on the establishment of district offices and examination of schedule of new expenditure with the approval of Provincial Finance Department.

7) Deputy District Officer Finance

- 1) The Deputy District Officer Finance in the case of a District Government shall be part of the District Officer Finance and Planning.
- 2) ways and means of the district government and matters relating to Provincial Finance Commission;
- 3) examination and advice on matters affecting, directly or indirectly, the finances of the district government like emoluments, grants, contributions, allowances, honoraria, defalcation, embezzlement and losses;
- 4) tax proposals in areas within the authority of the district government;
- 5) mobilization of district resources in consultation with the Provincial Government;
- 6) forecasts on resource availability for expenditure in the medium term of 3 years for district offices;
- 7) issue the budget call circular after approval of the Nazim, which shall include-
 - a) date-wise budget calendar;
 - b) instructions and budget guidelines for preparing the current budget;
 - c) forms to be used in the preparation of the current budget; and
 - d) indicative current and development budget ceilings for 3 years.
- 8) overall quality assurance of the budget process and budget documents;
- 9) holding pre budget consultations with key stakeholders to ensure that budget is based on the evidence of people's needs;
- 10) examination and scrutiny of the budget proposals;
- 11) examination and scrutiny of new expenditure;
- 12) compilation and consolidation of the budget;
- 13) communication of Grants to Drawing and Disbursing Officers;
- 14) monitoring of the budget execution through regular expenditure or revenue reviews, as the case may be, ensuring that funds are spent or realized, as the case may be, as approved by the District Council;
- 15) submit reports on budgetary performance;
- 16) provide financial information to the District Council relating to district government;
- 17) examination and scrutiny of proposals for Re-appropriation and Supplementary Grants;
- 18) appropriation and re-appropriation within Grants;
- 19) compilation and release of regular budget execution reports; and
- 20) provide such other supervision and administration as may be required from time to time in connection with or ancillary to any of the foregoing aspects of the budgetary process.

8) Deputy District Officer Planning-

- 1) The Deputy District Officer Planning, in the case of a District Government, shall be part of the District Officer Finance and Planning.
- 2) The Deputy District Officer Planning shall be responsible for the overall supervision, control and coordination of the planning processes of the district government. It shall be the prime function of the Deputy District Officer Planning to maintain effective liaison and coordination around annual budget process with all key stakeholders; and to undertake the final scrutiny, consolidation and submission of Annual Development Programme to the District Council.
- 3) In the discharge of functions entrusted hereinafter in these rules, the Deputy District Officer Planning shall be guided by the following principles-
 - a) fiscal planning, particularly annual budgeting, with a focus towards a medium term of 3 years, whilst at the same time endeavouring to improve effectiveness and efficiency in budgetary processes through greater integration of current and development budget;
 - b) transparent, accountable and participative budgeting ensured through pre-budget consultations and greater citizens' participation for needs based budgeting and robust system of performance measurement;
 - c) the budget proposals based on planned outcomes and outputs and not solely based on inputs consistent with the national and provincial level policy objectives;
 - d) greater budget transparency and public access to budget information throughout the budget cycle; and
 - e) predictability on availability of funds to the district offices for preparation of budget proposals within the overall fiscal constraint.
- 4) The Deputy District Officer Planning shall perform the following functions- donor coordination
 - a) preparation of medium and long term development plans for the district;
 - b) issue the Annual Development Programme (ADP) guidelines after approval of the Nazim, which shall include-
 - i. date-wise calendar;
 - ii. instructions and guidelines for preparing the ADP;
 - iii. forms to be used in the preparation of the ADP; and
 - iv. indicative development budget ceilings for 3 years.
 - c) preparation, implementation, monitoring and evaluation of ADP in coordination with district offices;
 - d) coordination with the Provincial Government on issues in planning and development;
 - e) work as secretariat for the District Development Working Party for approval of developmental schemes;
 - f) overall quality assurance of the process of framing the ADP;
 - g) collection, analysis, compilation and publication of development and socio-economic statistics of the district;

- h) undertaking research and surveys on strategic issues of the district;
- i) promotion of private sector development and public private partnership;
- j) promotion of accelerated development based on the evidence of peoples' needs and marginalized areas with greater gender sensitivity;
- k) monitoring of the budget execution through regular expenditure reviews ensuring that funds are spent as approved by the District Council;
- l) submit reports on performance against the ADP;
- m) provide financial and physical information to the District Council relating to the ADP of the district government;
- n) examination and scrutiny of proposals for Re-appropriation and Supplementary Grants relating to development budget;
- o) appropriation and re-appropriation within Development Budget Grants;
- p) compilation and release of regular budget execution reports; and
- q) provide such other supervision and administration as may be required from time to time in connection with or ancillary to any of the foregoing aspects of the budgetary process.

9) Drawing and Disbursing Officer-

- 1) The Drawing and Disbursing Officer shall be designated as such by the respective Head of Offices under his administrative control.
- 2) The functions of the Drawing and Disbursing Officer are-
 - a) ensuring that the expenditure is incurred with due regard to high standards of financial propriety;
 - b) ensuring that the funds allotted are spent for the purpose for which they are allocated;
 - c) ensuring observance of all relevant financial rules and regulations both by his own office and by sub-ordinate disbursing offices;
 - d) ensuring that the actual expenditure does not exceed the budget allocation;
 - e) compliance to the timelines and guidelines of budget call circular and ADP guidelines issued each year by the District Officer Finance and Planning for preparation of budget proposals;
 - f) maintenance of all relevant records both accounting and operational up to date and in an orderly manner as prescribed by relevant rules;
 - g) preparation of the estimates of expenditure and revenue, as the case may be, for the offices under his jurisdiction;
 - h) coordination with the concerned higher level officials and the District Officer Finance and Planning ;
 - i) regular monthly reconciliation of expenditure and revenue with the District Accounts Officer;
 - j) guarding against waste and loss of public money;
 - k) ensuring that adequate provisions exist for systematic internal checks to prevent and detect errors and irregularities in the financial proceedings;

- l) provide full support on development of Annual Sector Business Plan, on prescribed format, identifying sectoral goal, outcomes, outputs, targets and key performance indicators consistent with the national and provincial level sectoral policies and strategies;
- m) prepare budget for the sector by linking targets with the budgetary allocations against clearly defined outcomes and outputs; and
- n) regularly monitor budget execution and measure sectoral performance, in particular against stipulated outcomes and outputs.

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PART III

BUDGET CLASSIFICATION AND CALL CIRCULAR

10) Principles of Budgeting-

- 1) Budget is a statement of receipts and expenditure during a financial year depicting the financial plan of a district government as to how available resources are to be spent on prioritized needs over a period of time and thus reflects the district government policies, priorities, financial strategy and operational plans in financial terms.
- 2) The guiding principles of budgeting for the district government shall be-
 - a) **Principle of Annuality** - Presentation of budget is in respect of the ensuing financial year only. The grants authorized by the District Council are valid for one financial year and cannot be carried forward to the next year. Consequently, the unutilized funds lapse at the end of the financial year;
 - b) **Principle of Comprehensiveness** - Budget includes the estimates of all foreseeable items of receipts and expenditure, contains full information on current programs and activities and presents a correct picture of the financial position of the government;
 - c) **Principle of Specificness and Clarity** - All items of incomes and expenditure shall be specific to programs and activities and not lump-sum provisions. This facilitates proper scrutiny at all levels and helps all concerned parties to monitor the budget and exercise budgetary control;
 - d) **Principle of Accuracy** - Gross underestimation and overestimation are serious budgetary irregularities. Thus budgetary provisions should neither be more nor less. This is of course subject to variations resulting from unforeseen developments or circumstances; and
 - e) **Principle of Periodic Review and Corrective Action** - The Head of Offices are expected to be watchful as regards progress on both receipts and expenditure side. There should be continuous assessment of program and financial performance to encourage progress toward achieving goals.
- 3) The Nazim shall ensure that the needs of the disadvantaged groups are reflected in the priorities and gender issues are adequately addressed.

11) Budget Classification-

- 1) The budget shall be prepared in accordance with 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 Integrated Financial Management Information System of the Provincial Government;
- 3) Classification parameters for the revenues or receipts forming part of the District Fund shall be-

- a) the Entity Element with classification codes given in the Chart of Accounts for district government, district offices, districts and fund and revenue collecting officer (RCO);
 - b) The broader classification of revenues and receipts forming part of the District Fund shall be-
 - i. Tax Revenue;
 - ii. Non Tax Revenue; and
 - iii. Capital Receipts.
 - c) the 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.
- 4) Classification parameters for the expenditure forming part of the District Fund shall be-
- a) the Entity Element with classification codes given in the Chart of Accounts for district government, district offices, districts and fund and cost centers;
 - b) the 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) the 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) The Fund Element with classification codes given in the Chart of Accounts as per the following structure-
 - i. Fund i.e. District Fund or Public Account;
 - ii. Source of Fund i.e. Met from Capital or Revenue;
 - iii. Sub-fund classification-
 1. Voted Current Expenditure;
 2. Voted Development Expenditure;
 3. Voted Capital Expenditure;
 4. Charged Current Expenditure;
 5. Charged Development Expenditure; and
 6. Charged Capital Expenditure.
 - iv. Grant Number
 - e) The Project Element for development expenditure with unique project code assigned to each project.

- 5) The budget of the District Council and its Secretariat shall be reflected separately in the Budget. A separate Drawing and Disbursing Officer shall be designated for the District Council budget.

12) Public Account-

- 1) Every District Government shall maintain a Public Account.
- 2) The estimates relating to Public Account shall be prepared by the District Officer Finance and Planning on receipt of the figures from the concerned offices.
- 3) Monies collected under Public Account shall not be available for annual appropriation.
- 4) The withdrawals from the Public Account shall be for the purpose for which funds were deposited.
- 5) Repayments of expenditure from Public Account heads must be credited to the same head regardless of when the original expenditure was incurred.
- 6) The balances available in Public Account shall be non-lapsable.
- 7) Classification parameters for the receipts and expenditure into or out of Public Account shall be-
 - a) the 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.
 - b) the Major Accounts maintained under Public Account shall be-
 - i. Trust Accounts; and
 - ii. Special Deposit Accounts.
 - c) the broader classification of transactions under Public Account shall be-
 - i. Assets;
 - ii. Liabilities; and
 - iii. Equity.

13) Budget Call Circular and ADP Guidelines-

- 1) The Budget Call Circular shall be issued by District Officer Finance and Planning each year as per the budget calendar.
- 2) The ADP guidelines shall be issued by Deputy District Officer Planning each year as per the calendar for the formulation of ADP.
- 3) The Budget Call Circular and ADP guidelines shall be finalized after consultation with the relevant stakeholders.

Explanation: The expression “stakeholders” include District Council, elected representatives, district offices, general public, women's organization, private sector, Non-Governmental Organizations, Community Based Organizations, and other organizations.

- 4) The priorities identified based on the evidence of peoples' needs through greater stakeholder consultation shall be consolidated in the draft Budget Call Circular and ADP guidelines by the District Officer Finance and Planning and Deputy District Officer Planning respectively.
- 5) The District Officer Finance and Planning shall develop fiscal forecasts for 3 years on fiscal space and expenditure requirements based on the identified needs or priorities and firm up the indicative budgetary ceilings for both current and development budget to form integral part of the Budget Call Circular and ADP guidelines.
- 6) The draft Budget Call Circular and ADP guidelines shall be forwarded to the Nazim District Government for approval to serve as a basis for the formulation of annual budget.
- 7) After approval by the Nazim, the District Officer Finance and Planning and the Deputy District Officer Planning shall issue to each Head of Offices the Budget Call Circular and ADP guidelines, including the budget calendar and indicative budgetary ceilings for 3 years.
- 8) Each Head of Offices shall prepare its budget in accordance with the Budget Call Circular and ADP guidelines approved by the Nazim.
- 9) Each Head of Offices shall ensure effective engagement of its subordinate offices in the pre-budget hearings with the District Officer Finance and Planning and the Deputy District Officer Planning.
- 10) Each Head of Offices shall prepare its budget with due compliance to the indicative budgetary ceiling limits communicated by the District Officer Finance and Planning and the Deputy District Officer Planning along with the Budget Call Circular and ADP guidelines.
- 11) The timeframe provided in the budget and ADP calendars shall be strictly adhered to by each office of the District Government.
- 12) Filled forms shall be submitted by the Drawing and Disbursing Officers, Collecting Officers and Heads of Offices, including the ADP by the Deputy District Officer Planning, in accordance with the timeframe specified in the budget calendar to the District Officer Finance and Planning.

PART IV ESTIMATES OF RECEIPTS

14) Receipt Forms for Collecting Officers-

- 1) The District Officer Finance and Planning shall, each year along with the Budget Call Circular, supply to the Collecting Officers Forms BDR-1 to 4 relating to receipts as provided in the 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) Projections for the medium term shall be updated by the District Officer Finance and Planning each year on rolling basis in consultation with relevant Collecting Officers.

15) Instructions for Collecting Officers-

- 1) The Collecting Officers shall while preparing their estimates of receipts shall be guided by the following-
 - a) estimates of receipts are prepared diligently and accurately;
 - b) in relation to revised estimates, shall take into consideration the actual receipts during the first eight months of the financial year and also consider the figures of the previous financial year duly reconciled with the District Accounts Office;
 - c) all items of receipts that can be foreseen shall be provided for in the budget estimates and the District Officer Finance and Planning shall have the right to enhance or reduce them which it thinks unjustifiable;
 - d) the estimates of receipts should not be merely an arithmetical average of preceding years' figures. The average is a guide but it should not be taken absolutely;
 - e) the calculation of fixed revenue is to be based on actual demands, including arrears, if any, and likelihood of realization during the year;
 - f) each Collecting Officer must provide holistically the estimates of receipts with which he or she deals;
 - g) lump sum provision in the budget should not made or proposed except in most exceptional circumstance, which should be invariably recorded;
 - h) all material reasons, facts and circumstances relied upon in adopting the figures for the Revised Estimates for the current financial year shall be recorded clearly;
 - i) the reasons for adopting the figures for the budget estimates of the coming financial year are clearly explained; and
 - j) the receipts shall cover all sources including fiscal transfers from Provincial Government.

16) Review of Revenue Base-

- 1) In order to ascertain and realize the revenue potential of the District Government, each Collecting Officer shall conduct a review of the revenue sources and the required information shall be prepared in Form BDR-3.

- 2) The objections and suggestions from the public and vetting by the Government shall be obtained after the taxation proposals have been discussed by the Council.
- 3) The timeframe to be followed for finalizing the taxation proposals is specified in the budget calendar provided in the Second Schedule.

17) Submission of Receipt Forms to Head of Offices-

- 1) After duly completing the receipt forms, the Collecting Officer shall sign the same and retain one copy for record in his office, and forward the original to the Head of Offices. The explanatory notes to the receipt forms shall be provided in Form BDR-5.
- 2) The Collecting Officer shall in no case submit the estimates of receipts directly to the District Officer Finance and Planning.
- 3) The Head of Offices shall ensure the receipt of complete information from all of its Collecting Officers and shall ensure timely follow up on anything outstanding.

18) Scrutiny and Consolidation of Estimates of Receipts-

- 1) On receiving the estimates of receipts from the Collecting Officer, each Head of Offices concerned shall finalize and consolidate the figures furnished by his Collecting Officers.
- 2) Each Head of Offices shall prepare a note explaining any differences between-
 - a) the revised estimates proposed for the current financial year, and the budget estimates for the current financial year;
 - b) the 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.
- 3) A copy of the duly completed forms and the explanatory note prepared in Form BDR-5 shall be forwarded to the District Officer Finance and Planning.

19) Administrative Responsibility-

- 1) The Heads of Offices and the Collecting Officers shall be responsible for the correctness of all figures supplied to the District Officer Finance and Planning.

20) Consolidation of Receipts-

- 1) Upon receipt by the District Officer Finance and Planning of the estimates of receipts from the Heads of Offices, the District Officer Finance and Planning shall consolidate such estimates. The estimates of receipts shall be incorporated in the budget documents and submitted for the approval of District Council.

PART V
ESTIMATES OF CURRENT EXPENDITURE

21) Preparation of Estimates of Current Expenditure-

- 1) The estimates of Current Expenditure shall be prepared by Drawing and Disbursing Officers (DDOs) in accordance with the budget guidelines according to which directions may be provided by the respective Head of Offices.
- 2) The estimates of expenditure shall be provided on the Forms BDC-1 to 6 relating to Current expenditure.

22) Instructions for Drawing and Disbursing Officers-

- 1) The following guidelines shall be followed for purposes of determining the Estimates of Current Expenditure-
 - a) each Drawing and Disbursing Officer shall develop the most realistic and sound estimates;
 - b) the estimates for each financial year shall provide only for such expenditure as are to be actually paid during the financial year;
 - c) lump sum provision in the budget should not be made or proposed except in most exceptional circumstances, which should be invariably recorded;
 - d) the estimates of expenditure should not be merely an arithmetical average of preceding years' figures. The average is a guide but it should not be taken absolutely;
 - e) all items of expenditure that can be foreseen shall be provided for in the budget estimates;
 - f) provision for each expenditure shall be included under the appropriate head as per the classification structure of Chart of Accounts;
 - g) provision should not be made in the estimates for posts decided to be left unfilled;
 - h) 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 onset of the next financial year ;
 - i) the estimates for current expenditure shall be based on the evidence of peoples' needs and the policy objectives of the sector with an aggregated view of the total budget of the office i.e. current (ongoing and new) and development, if any;
 - j) the measures for economy in expenditure outlined in the instructions issued from time to time, as well as other requirements applicable in general to the preparation of the estimates should be strictly followed;
 - k) the estimates for current expenditure should not be prima facie more than the occasion demands.
 - l) the making of revised estimates should always precede estimates for next financial year; and
 - m) compliance to indicative budgetary ceilings shall be strictly adhered to.

23) Submission to Head of Offices-

- 1) After completing the forms the Drawing and Disbursing Officer (DDO) shall retain one copy for record in his office and forward the original together with an explanatory note on BDC-7 showing the reasons for his proposal to the Head of Offices.

24) Scrutiny and Consolidation by Head of Offices-

- 1) Each Head of Office shall develop an Annual Business Plan according to the priorities laid out in the Budget Call Circular and ADP guidelines for the respective offices under his administrative control.
- 2) The plan referred to in sub-rule (1) shall include all technical requirements taking into account the weaknesses of the past gaps and the proposals with detailed workings including the following on Forms BSF 1 to BSF 3-
 - a) areas where the community can and is likely to participate and 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 staffing requirements and establishment;
 - f) status of ongoing development projects, if any; and
 - g) proposed sectors and projects for the next year's development budget based on the technical assessment by the concerned offices.
- 3) Upon receipt of expenditure estimates, the Head of Offices shall review and finalize the estimates of expenditure and then send the same to District Officer Finance and Planning.
- 4) Each Head of Offices shall ensure that no Drawing and Disbursing Officer under its administrative control directly furnishes estimates for expenditure to the District Officer Finance and Planning.
- 5) The Head of Offices shall ensure that the overall estimates are kept within the indicative budgetary ceilings and that any request for additional bids over and above these ceilings shall be thoroughly reviewed and full justification thereto shall be provided to the District Officer Finance and Planning .
- 6) Each Head of Offices must provide holistically the estimates of expenditure with which it deals;
- 7) The Head of Offices shall ensure the receipt of complete information from all of its Drawing and Disbursing Officers and shall ensure timely follow up on anything outstanding.

25) Consolidation of Expenditure-

- 1) The District Officer Finance and Planning shall consolidate the estimates received from each Head of Offices.

- 2) The estimates shall be submitted to the District Council as part of the budget documents after finalization through pre-budget departmental hearings.

26) Other Statements-

- 1) The details of budget shall include-
 - a) Statement of investment if any as per Form BDO-1;
 - b) Statement of General Provident Fund as per Form BDO-2; and
 - c) Statement of outstanding liabilities, if any, on prescribed Form.

27) Calculation of Establishment Charges-

- 1) The salary budget of the offices shall be prepared on the basis of the HR database maintained in the online-real-time Integrated Financial Management Information System by the District Officer Finance and Planning.
- 2) The District Officer Finance and Planning shall provide full information to each Head of Offices at the Drawing and Disbursing Officers level in a timely manner.
- 3) A schedule for meetings on finalization of the salary budget of district offices shall be developed and circulated by the District Officer Finance and Planning each year.
- 4) The Head of Offices shall ensure effective engagement of its subordinated offices in the meetings referred to sub-rule (3) above.
- 5) The District Officer Finance and Planning shall ensure that the HR database is kept up to date, based on the information collected from the Head of Offices.
- 6) The following forms shall be used for the calculation of establishment charges-
 - a) Form BDO-3 shall be used for calculating the salaries of the officials;
 - b) Form BDO-4 shall be used for calculating the allowances of the officials; and
 - c) Forms BDO-3 and BDO-4 shall be for the internal use of the offices and shall not be submitted with any of the budget documents.

28) Conditional Grants-

- 1) All conditional grants shall be budgeted and utilized in accordance with the conditions applicable to the grant.

PART VI
STATEMENT OF NEW EXPENDITURE (CURRENT BUDGET)

29) New Expenditure-

- 1) Expenditure on new activities shall include the recurring costs of the development projects to be completed in the next financial year and expenditure relating to new current activities.
- 2) The Statement of New Expenditure shall be subject to prior approval of Provincial Finance Department.
- 3) Due diligence and utmost foresight shall be ensured to keep the Statement of New Expenditure consistent with the policy objectives and the fiscal space available to the Head of Offices.
- 4) The new expenditure shall be provided with the budget documents as a Statement of New Expenditure (SNE).

30) New Proposals under Current Budget-

- 1) Each Drawing and Disbursing Officer shall for the next financial year send to the Head of Offices, all proposals involving new current expenditure along with their estimates in Forms BDC-1 to 6.
- 2) An explanatory note justifying the new proposals shall be provided in Form BDC-7.
- 3) The details of the recurring expenditure of the development projects to be completed during the budget year, shall also be communicated by the Drawing and Disbursing Officer (DDOs) to the concerned Head of Offices.

31) Instructions for New Expenditure-

- 1) The respective 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; and
 - iii. duration of employment of any proposed officials.
 - b) all relevant revenue implications have been described, quantified and included in the estimates of receipts; and
 - c) detail of non-salary expenditure have been specified under relevant heads as per the classification structure of Chart of Accounts.
- 2) Drawing and Disbursing Officers shall forward the estimates of new expenditure separately to the Head of Offices along with the current budget.
- 3) In submitting proposals for new expenditure administrative difficulties and delays in sanctioning processes should always be borne in mind and no such sums should be recommended for provision in the budget than is likely to be incurred during the course of the financial year.

PART VII PROCESSING OF DEVELOPMENT PROJECTS

32) Development Projects-

- 1) A development project is a scheme or activity provided within a development expenditure grant included in the Schedule of Authorised Expenditure and required to be prepared on the Form BDD-4.
- 2) Development projects shall have-
 - a) a finite project life;
 - b) a nominated project manager;
 - c) a specified source of funding;
 - d) an approved project plan and budget; and
 - e) specified deliverables.
- 3) All development project expenditure shall be recorded in the District Fund of the District Government.
- 4) Development expenditure out of revenue account shall be distinguished from development expenditure out of capital account.
- 5) Each development project shall be classified according to the elements contained in the Chart of Accounts with a unique code assigned to each development project.

33) Processing of Development Projects-

- 1) The development projects shall be processed as follows-
 - a) identification of development proposal, based on the evidence of peoples' needs, especially women and marginalized communities and consistent with the District Development Plans or any other duly approved district-based developmental vision document;
 - b) preparation of project outline by concerned Office;
 - c) approval of development project outline by the District Development Committee;
 - d) preparation of detailed development project proposal;
 - e) preparation of technical sanction for development projects involving works;
 - f) approval by the District Development Committee;
 - g) issuance of Administrative Approval and Technical Sanction;
 - h) inclusion in Annual Development Programme and District Development Plan;
 - i) approval by the District Council.

34) Role of the Nazim of District Government-

- 1) The Nazim of District Government shall-
 - a) provide vision for district-wide development, leadership and direction for efficient functioning of district government;
 - b) develop strategies and timeframe for accomplishment of goals approved by district council;

- c) oversee formulation and execution of the annual development plan;
- d) interact with the stakeholders to assess their needs;
- e) encourage the community participation and public private partnership in the development activities and ensure that such projects are given priority;
- f) oversee the preparation of development project proposals;
- g) ensure that all development project proposals are feasible, sustainable and in line with the priorities set by the District Council; and
- h) review progress of development projects and ensure timely completion of development projects.

35) Identification of Development Projects-

- 1) The identification of development projects shall be through a bottom up (top down) planning approach based on robust needs identification exercise with greater community participation, including women and marginalized groups;
- 2) The project proposals received during the year from various stakeholders shall be scrutinized by the concerned Head of Offices.
- 3) All Heads of offices shall submit the outline of new development project proposals to the District Development Committee through the Deputy District Officer Planning for approval and further processing. The new development projects shall be based on the detailed plans prepared by the respective Head of Offices as specified in Rule 22.

36) Approval by District Development Committee-

- 1) The District Development Committee shall review the outline of the new development project proposal received from the concerned office and give approval for the preparation of detailed development project proposals which have been cleared by the District Development Committee.
- 2) The concerned office after receiving the approval by the District Development Committee shall initiate the process of preparing the detailed development project proposal on Form BDD-4.
- 3) The detailed development project proposal on completion by Head of Offices shall be submitted to the Deputy District Officer Planning.
- 4) The Deputy District Officer Planning shall frame a working paper on the basis of the information examining the financial, economic and environmental viability of each development project.
- 5) The working paper along with a copy of the detailed proposal shall be circulated among members of the District Development Committee by the Deputy District Officer Planning.
- 6) The District Development Committee shall review the development project proposal and its decisions shall be recorded for each development project proposal.
- 7) The District Development Committee shall be competent to approve projects up to a cost as prescribed by the Government.
- 8) The District Development Committee shall not be competent to 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.

- 9) The District Development Committee shall ensure to approve only such project proposals having completion period of-
 - a) one year. for building and infrastructure projects;
 - b) nine months for roads projects; and
 - c) six months for any others projects
- 10) The District Development Committee shall allow time extension or revision of project only once during the currency of the project in case of exceptional or unavoidable circumstances.
- 11) A copy of the development project proposal approved by the District Development Committee shall be submitted to the District Council for information.

37) Approval-

- 1) After the District Development Committee has approved the development project proposal, the Deputy Commissioner shall convey the Approval on behalf of the respective Committee.
- 2) Only the development projects approved by the District Development Committee shall be considered for inclusion in the Annual Development Programme.

38) Revision in Development Project Proposals-

- 1) The upward revision of cost, or a major change in the objective or scope of a development project shall require the approval of the District Council.
- 2) The revision within the cost approved by the District Council shall be approved by the District Development Committee. The District Development Committee shall ensure that the objectives and scope are not altered.

39) Completion of Ongoing Development Projects-

- 1) An on-going development project approved by the District Council shall be funded and completed as approved.

40) 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 estimate, preliminary plans, information to the site and other details as may be necessary to fully elucidate the proposals. The estimates and preliminary plans should be obtained from the concerned office dealing with works.
- 2) For every work proposed to be carried out, except petty works and repairs a properly detailed estimate must be prepared for the sanction of the competent authority. This sanction is known as the "Technical Sanction" to the estimate. Such sanction shall only be accorded by the officials in accordance with the powers delegated to them.
- 3) Technical sanction shall be issued within one month after approval of PC-I.
- 4) Cost the Technical sanction in no case shall exceed the administrative approval cost.
- 5) In cases in which it becomes apparent during the execution of the work that the amount administratively approved or the amount of technical sanction is likely to exceed beyond the limit of approval, the approval of the District Council shall be obtained.

PART VIII DEVELOPMENT BUDGET AND ANNUAL DEVELOPMENT PROGRAMME

41) Annual Development Programme-

- 1) The Annual Development Programme shall be a compilation of the development projects including the communities and public private partnership projects, approved by the District Council.
- 2) The Annual Development Programme shall be submitted as part of the budget documents.
- 3) The following provisions shall apply to the Annual Development Programme-
 - a) in pursuance to Section 53 of the Act, the Provincial Finance Commission shall determine the share of each district out of the Provincial Consolidated Fund duly indicating the development grants to be distributed;
 - b) the ADP shall be formulated within the ceilings communicated by the District Officer Finance and Planning and the Deputy District Officer Planning with projections for two outer years based on the District Development Plan, to be updated annually on rolling basis;
 - c) strict compliance to the guidelines provided in the ADP guidelines by the Deputy District Officer Planning shall be ensured by the Head of Offices;
 - d) the process for compilation of ADP both at the level of District Office Finance and Planning and the Heads of Offices in a way to ensure the linkage of District Government policies and priorities – to be not inconsistent with provincial sector policies and priorities - with annual budgeting through greater integration of current and development budget;
 - e) no liabilities of development projects completed from the Provincial ADP or any other federal programme shall be charged to the District ADP;
 - f) the key priority sectors for allocation of funds under District ADP shall be;
 - i. education with a focus on girls education;
 - ii. roads;
 - iii. health with a focus on maternal and child health; and
 - iv. drinking water supply and sanitation.
 - g) responsibilities and funds of on-going schemes under the Provincial ADP, falling within the mandate of the District Government can be transferred to it with a condition that they shall be duty bound to complete the same as per specifications and approved scope of work.

42) Classification of Annual Development Programme-

- 1) The Annual Development Programme shall classify projects by sector, function and geographic location.
- 2) The Annual Development Programme shall indicate new development projects and ongoing development projects separately.

43) Source of Funding-

- 1) Main sources of funding for the new development projects shall be-
 - a) total receipts of the district government less current expenditure, on-going expenditure of development projects and other liabilities; and
 - b) financial assistance received by way of development grants from the Government.

44) Phasing of ADP-

- 1) The development projects shall be completed within the stipulated time period with no throw forward liabilities.
- 2) In exceptional circumstances a project may be phased over two financial years as per Rule 34 of these rules;
- 3) Multi-year planning shall reflect and cater for the operation and maintenance costs of completed development projects and shall ensure that such costs are budgeted.
- 4) Annual priorities in various sectors shall be set up by the District Government and approved by the District Council.
- 5) The formulation of ADP must follow the budget calendar as circulated by the District Officer Finance and Planning along with the Budget Call Circular.
- 6) All the Provincial and Federal Governments' funded projects like District Development Initiatives, Priority Projects, Member National Assembly or Senators' Funds, and Prime Minister or President or Chief Minister Directives etc. shall be duly reflected in the ADP and budgeted.

45) Prioritizing Development Projects for inclusion in ADP-

- 1) For the District Government initiated development projects each Head of Offices shall select development projects for inclusion in the Annual Development Programme from the development projects processed by the District Development Committee pertaining to his offices and forward their details to the Deputy District Officer Planning in Forms BDD-1 to 3. The development projects recommended by the Head of Offices shall be in line with the budget guidelines included in the Budget Call Circular, ADP Guidelines and the detailed operational plans of the respective Offices under the administrative control of the Head of Offices.

46) Approval by the District Development Committee-

- 1) The Deputy District Officer Planning shall frame a working paper on the basis of the information provided by each Head of offices.
- 2) The working paper shall then be circulated among members of the District Development Committee.
- 3) The District Development Committee shall approve the development projects to be included in the Annual Development Programme while remaining within the fiscal

space available and keeping in view the detailed plans submitted by the Head of Offices.

- 4) The decisions of the District Development Committee shall be recorded for each development project proposal.
- 5) After approval by the District Development Committee, the Annual Development Programme shall be incorporated into the budget documents by the District Officer Finance and Planning.
- 6) After approval of the budget by the District Council, the approved Annual Development Programme shall be circulated to the concerned Offices by the Deputy District Officer Planning.

47) Monitoring of Development Projects Execution-

- 1) Expenditure can be incurred only on development projects for which Administrative Approval and Technical sanction (for works) has been accorded and the development project has been included in the budget and has been approved by the District Council.
- 2) Key Performance Indicators and Targets duly disaggregated gender wise shall be set as per the priorities set in the District Development Plan and the outcomes and outputs established in the budget by the Head of Offices.
- 3) The respective executing agency shall be responsible for the execution of the development projects as per parameters fixed in the approved PC-I and as per provisions of the rules or instructions relevant to the respective executing agency. Additionally, the executing agency shall be rigorously following the PC-III format of monitoring the development projects.
- 4) Monitoring of projects shall be made by community, elected representatives, District Deputy District Officer Planning as internal monitoring and the PROVINCIAL Planning Department through Divisional Directorate of Monitoring and Evaluation as external monitoring.
- 5) For development projects under execution, the executing agency shall send monthly progress reports in the prescribed Form BM-5 and BM-7 to the Deputy District Officer Planning and District Officer Finance and Planning, and the Monitoring Committee by 10th of each succeeding month. For projects in far flung areas pictorial data shall also be provided. Such reports, where possible, shall also include gender and marginalized groups disaggregated data to understand and track allocations and utilization of funds for women, girls and marginalized groups.
- 6) The District Development Committee shall hold quarterly reviews and annual review to monitor the progress of the projects. The results of such review shall be submitted to the Divisional Commissioner for information and the Nazim District Government for submission to the District Council.
- 7) The Nazim District Government shall hold periodic progress review of the financial as well as physical progress of the development projects.
- 8) The concerned Commissioner through its Divisional Monitoring and Evaluation setup shall monitor at least 25 percent of the projects in District.

- 9) The Nazim District Government and Deputy Commissioner each shall visit not less than 10 percent of the projects being funded through District ADP, while Head of Offices shall visit at least 70 percent of the projects.
- 10) The Heads of Offices shall be bound to furnish financial and physical progress of projects regularly on monthly basis to the Deputy District Officer Planning for periodic review of the Nazim District Government.
- 11) The Deputy District Officer Planning shall visit regularly major development projects. The inspection reports shall be discussed in the periodic review meetings. A copy of such reports shall invariably be sent to the Provincial Planning and Development Department along with recommended actions.
- 12) Third Party Validation shall be undertaken where required.
- 13) PC-IV signed by the Head of Offices shall be mandatory for all the projects whereas PC-V shall be prepared for mega projects.
- 14) The impact evaluation of important ongoing or completed development projects shall be conducted by the Deputy Commissioner and the Provincial Planning and Development Department.

48) Development Projects Completion-

- 1) On development project completion, a project handing over or taking over report shall be submitted by the concerned Head of Offices to the Deputy District Officer Planning and a copy provided to the District Development Committee, District Officer Finance and Planning and a copy shall be provided to the District Council.

49) Post Completion-

- 1) Post completion evaluation of each development project shall be undertaken jointly by the Deputy District Officer Planning in collaboration with concerned Head of Offices and a report submitted to the District Council.

50) Flow-on Effect to Current Budget-

- 1) The Heads of Offices, Deputy District Officer Planning and District Development Committee shall ensure that-
 - a) details of the recurring expenditure of each development project expected to be completed in the next financial year is communicated to the District Officer Finance and Planning; and
 - b) the recurring liability is included in the current budget and Statement of New Expenditure for the next financial year.

PART IX

INTEGRATED MULTIYEAR PLANNING AND BUDGETING

51) Multi-Year Planning-

- 1) Each District Government shall develop a medium term District Development Plan. The Nazim District Government shall provide vision to the District Government outlined in the District Development Plan.
- 2) The Annual Development Programme formulated each year shall be in line with the policy objectives of entailed in the District Development Plan and National or Provincial Sectoral policies and priorities, as the case may be.
- 3) The Multi-Year Planning 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.
- 4) The medium term shall be for a period of three years, including ensuing financial year and two outer years. The projections for the outer years shall be updated each year on a rolling basis to accommodate any changes.

52) Fiscal Framework-

- 1) The resources made available to the District Government through fiscal transfers from the Provincial Government shall comprise share of receipts of the concerned local government and shall constitute part of the District Fund.
- 2) The share of each District Government shall be in accordance with the PFC Award.
- 3) The Provincial Finance Department shall communicate the preliminary estimates of the respective District Government share as per the stipulated timeframe in the Provincial Budget Call Circular.
- 4) The Provincial Finance Department shall communicate the final estimates of District Government share in June each year.
- 5) The projections on account of revenue and receipts shall be-
 - a) computed by analysing the growth trend of the revenue items during previous financial years;
 - b) adjusted by taking into account the change in local economic conditions and likely policy initiatives; and
- 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 upon 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 Government shall-
 - a) identify new sources of revenue;

- b) detect and stop leakages of revenues from sources under their administrative control or supervision;
 - c) review and, if required, adjust user charges, fee and rates etc.;
 - d) review establishment costs;
 - 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) Form BMP-2 shall be used for the projections of revenue and receipts.
- 9) Forms BMP-3 and BMP-4 shall be used for the projections of expenditure.

53) Performance Framework-

- 1) Each Head of Offices shall develop key performance indicators to measure progress against the attainment of policy objectives. These 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.
- 2) The District Development Committee shall finalize with each Head of Offices their intended performance targets against each of the key performance indicator for the medium term. Such mutually agreed performance targets shall be prepared on Forms BSF-2 and BSF-3.
- 3) The performance targets shall be-
- a) clear, precise and unambiguous;
 - b) relevant; and
 - c) verifiable.
- 4) The status of Performance Targets achieved shall be provided regularly during the year through Forms BM-8 and BM-9.

54) Institutional Framework for Integration-

- 1) In order to ensure greater integration, coordination and harmony throughout the process of budget formulation, each Head of Offices under his chair shall constitute an internal core group having representation from;
- a) budget wing;
 - b) planning wing;
 - c) Drawing and Disbursing Officers;
 - d) Management Information System wing; and
 - e) Monitoring and Evaluation wing.
- 2) The internal core group of each district office shall have the following functions-
- a) serve as a platform for greater coordination between the various functional units of the department;

- b) ensure prompt and timely actions in the process of preparing budget in the light of Budget Call Circular and ADP Guidelines;
 - c) provide overall supervision and guidance throughout the budget cycle;
 - d) approve the annual business plan and input for the formulation of District Development Plan;
 - e) internal approval of its Goal(s), Outcomes, Outputs, Key Performance Indicators and Targets for submission to the District Development Committee;
 - f) continuous monitoring of budget execution
 - g) liaison and closer coordination with District Officer Finance and Planning and Deputy District Officer Planning on all issues relating to the budget and planning functions; and
 - h) ensure an effective system of Monitoring & Evaluation with timely reporting of performance information targets on monthly basis.
- 3) The District Officer Finance and Planning shall ensure appropriate institutional mechanisms for integration of current and development budget at the district level.

PART X
BUDGET PRESENTATION TO THE DISTRICT COUNCIL

55) Budget Documents- (last year budget numbers)

- 1) The District Officer Finance and Planning shall for the District Council prepare the budget documents specified below-
 - a) Budget speech of the Nazim;
 - b) Annual Budget Statement;
 - c) Budget Salient Features;
 - d) Estimates of Receipts;
 - e) Demands for Grants (Current expenditure);
 - f) Demands for Grants (Development expenditure);
 - g) Statement of New Expenditure;
 - h) Annual Development Programme;
 - i) Citizens' Budget; and
 - j) Supplementary Budget for current year if required.
- 2) The formats of the budget documents are provided in the First Schedule, while a brief description follows.

56) Budget Speech-

- 1) The Budget Speech of the Nazim District Government shall include the main features of the budget.

57) Annual Budget Statement-

- 1) The Annual Budget Statement shall include details of receipts and expenditure. The following shall be included in the Annual Budget Statement (ABS)-
 - a) Financial Abstract;
 - b) Details of Receipts;
 - c) Details of expenditure;
 - d) Details of Current expenditure by detailed function and major objects;
 - e) Details of Public Account Receipts and Disbursement; and
 - f) Function wise Development expenditure.
- 2) The Annual Budget Statement shall be submitted on Form ABS.

58) Budget Salient Features-

- 1) 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.
- 2) The salient features of each office shall be provided in Form BSF-1.
- 3) The performance targets shall be provided in Form BSF-2.
- 4) The status of service delivery facilities shall be provided in Form BSF-3.

59) Estimates of Receipts-

- 1) The estimates of receipts shall be prepared and consolidated pursuant to Part IV.
- 2) The estimates of receipts and other details shall be provided on Forms BDR 1 to 5.

60) Demands for Grants (Current Expenditure)-

- 1) The Demands for Grants for current expenditure shall include estimates of total current expenditure and shall be prepared pursuant to Part V.
- 2) The “Demand for Grants (Current expenditure)” and other details shall be provided in Forms BDC 1 to 7.
- 3) Other forms may be developed by the District Government for providing additional budgetary information.

61) Demands for Grants (Development Expenditure)-

- 1) The Demands for Grants and appropriation for development shall include the estimate of ongoing and new development projects. It shall be prepared pursuant to Part VII, VIII and IX.
- 2) The Demand for Grants (Development expenditure)” and other details shall be provided in Forms BDD 1 to 3.

62) Statement of New Expenditure-

- 1) The estimates of new expenditure relating to current budget shall be provided separately as well, and prepared pursuant to Part V and VI.
- 2) The Schedules and explanatory notes relating to the “Statement of New Expenditure” shall be provided in Forms BDC 1 to 7.

63) The Annual Development Programme-

- 1) The Annual Development Programme shall be formulated as prescribed in Part VII, VIII and IX and include details of each development project. It shall be an explanatory document to the Demands for Grants (Development).
- 2) The Annual development Program shall be provided in Form BDD-3.

64) The Citizens’ Budget-

- 1) Citizens’ Budget in local languages shall be developed by the District Officer Finance and Planning for greater budget transparency 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 Government.
- 3) Guidelines and instructions of the Provincial Finance Department regarding implementation roadmap of improved budget transparency measures shall be adhere to by the District Government.

65) Supplementary Budget-

- 1) A Supplementary Budget based on the Statement of Excess and Surrenders and 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.

66) Presentation to the District Council-

- 1) The budget documents shall be laid before the District Council for approval.
- 2) The District Council may refer the budget documents to the Finance Committee constituted by the District Council. The Committee 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 District Council.
- 3) No Demand for Grant shall be made to the District Council except on the recommendation of the Nazim.
- 4) The closing balance of the District Government shall not be allowed to fall below 5% of the total receipts (excluding those of the public account) anticipated for the year. For the purpose of this Rule the investments if any made out of the District Fund shall be deemed to be a part of the closing balance.
- 5) No lump sum provisions shall be made in the budget the details of which cannot be explained.
- 6) A budget shall not be approved by the District Council if the receipts do not match the proposed expenditure.

67) Authenticated Schedule of Authorized Expenditure-

- 1) Following approval by the District Council of the Annual Budget Statement in respect of the next financial year, the District Officer Finance and Planning shall-
 - a) prepare a Schedule of Authorized Expenditure;
 - b) procure the authentication of the Nazim for the Schedule mentioned in Sub-Rule (a) above;
 - c) Schedule of Authorized Expenditure shall be prepared in the same form as the Annual Budget Statement;
 - d) the Schedule authenticated by the Nazim shall be laid before the District Council, but shall not be open to discussion or vote thereon; and
 - e) The Schedule of Authorized Expenditure shall lapse at the end of the financial year.
- 2) In case of removal or dismissal of the District Council, the budget shall be approved by the Government.

68) Communication and Distribution of Grants-

- 1) The District Officer Finance and Planning shall intimate the details of the sums authorized in the Schedule of Authorized Expenditure for that financial year to;
 - a) Head of Offices;
 - b) Drawing and Disbursing Officers; and
 - c) District Accounts Officer.
- 2) A copy of the budget documents shall be supplied to the Government, Provincial Finance Commission and Local Government Commission. A copy shall be provided to other local governments in the District if requested by them.
- 3) The Citizens' Budget shall be made public widely through the official web portals of district offices and other media (print and electronic).
- 4) The revenue targets approved by the District Council shall be forwarded by the District Officer Finance and Planning to;
 - a) Head of Offices; and
 - b) Collecting Officers.
- 5) The District Officer Finance and Planning shall instantly upload details of the sums authorized in the Schedule of Authorized Expenditure for that financial year at the level of Drawing and Disbursing Officers in the online-real-time Integrated Financial Management Information System.
- 6) The District Officer Finance and Planning shall upon receipt of funds from the Government in Account – IV, release within three days the funds so received, through the online-real-time Integrated Financial Management Information System for utilization by the respective Heads of Offices and the Drawing and Disbursing Officers after completion of all formalities as required under the relevant rules.

PART XI REVENUE AND RECEIPTS MANAGEMENT

69) Revenue and Receipts Management-

- 1) The primary obligation of the Collecting Officers shall be to ensure that all revenue due is claimed, realized and credited immediately into the District Fund under the proper receipt head.
- 2) Guiding principles while receiving money on behalf of the government shall be-
 - a) public money shall in so far as possible be deposited directly in the bank through prescribed Challan forms on the same day but not later than the close of following day;
 - b) all public money received must be duly receipted on sequentially numbered printed receipts Form T.R. 5. As per the Treasury Rules these receipt books must be kept under lock and key in the personal custody of the officer authorized to sign the receipt on behalf of the District Government. Similarly, before a receipt book is brought into use, the number of forms contained therein shall be counted and the result recorded in a conspicuous place in the book over the signature of an officer in charge of the book. Counterfoils of used receipt books shall be kept in his personal custody;
 - c) money received shall not be rotated through a number of hands unnecessarily;
 - d) monthly reconciliation with the Treasury or DAO, as the case may be, shall be carried out by the district offices;
 - e) public money and private money shall be kept separately. A Government Officer who handles Government money should not, except with the special sanction of the Head of offices, be allowed to handle also in his official capacity money which does not belong to the District Government;
 - f) for opening of bank accounts for public money prior sanction of the District Officer Finance and Planning is mandatory. Separate bank accounts can be opened for private money without the prior approval of District Officer Finance and Planning;
 - g) In order to ensure proper accounting and reporting of government revenues or receipts, money tendered must be recorded under proper head of accounts as per the Chart of Accounts. All Challan forms as per the practice in vogue first need to be verified by the Treasury Office or DAO, as a pre-requisite;
 - h) DDO Codes on Challan Forms shall invariably be used to ensure the proper reporting of revenues or receipts at the district office level;
 - i) The district offices need to thoroughly check the Monthly Revenue Confirmation Statement as generated by the District Accounts Offices and ensure the earliest resolution of discrepancies.
- 3) The Head of the Offices shall supervise and take corrective measures in respect of the activities of the Collecting Officers.

- 4) The District Officer Finance and Planning shall ensure that all public money is duly recorded in the online-real-time Integrated Financial Management Information System.

70) Monthly Statement of Receipts-

- 1) The Collecting Officers shall reconcile his figures with the record maintained by the District Accounts Officer by the 10th day of the month following the month to which the statement relates.
- 2) The Collecting Officers shall furnish monthly reconciled statements of actual collections under the heads for which they are responsible to the Head of Offices in Forms BM-3 and BM-4 by 15th day of the month following the month to which the statement relates.
- 3) The Head of Offices shall consolidate the figures received from different Collecting Officers and cross check with statements confirming the actual amounts credited under the relevant receipt heads.as received from the District Accounts Office.
- 4) In the event that any error in recording of receipts is discovered the return shall be corrected and intimation shall immediately be sent to the District Accounts Officer for rectification.
- 5) In the event of any error detected in the office of the District Accounts Officer, it shall forward the details to the Head of Offices and relevant Collecting Officer.

71) Prompt Deposit of Receipts-

- 1) The receipts for a month shall be the figures of the receipts actually realized and credited during that particular month.
- 2) In the event that any money is realized in one month but not credited until the subsequent month except that relating to the last working day of a calendar month, the facts and circumstances shall be clearly stated in the monthly report in which the receipts were realized.
- 3) The sanction of the competent authority is necessary for the remission of, and abandonment of claims to revenue.

72) Monthly Report of Receipts-

- 1) The District Government shall submit a monthly report to the District Council relating to the receipts received during the month.
- 2) The monthly financial report relating to receipts shall include the following Forms-
 - a) BM-3 - Monthly Statement of Receipts; and
 - b) BM-4 - Monthly Reconciliation of Receipts.

73) Role of Districts Accounts Committee-

- 1) The Principal Accounting Officer (PAO) shall be responsible for resolving Audit paras relating to receipts.

- 2) The District Accounts Committee of the District Council shall monitor the receipts during the financial year.
- 3) The District Accounts Committee shall especially focus on the reconciliation of receipts and realization of monthly targets.
- 4) The Head of Offices shall be responsible to the District Accounts Committee of the District Council for issues relating to receipts.

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PART XII

EXPENDITURE MANAGEMENT

74) Standards of Financial Propriety-

- 1) Every officer incurring or authorizing expenditure from district fund shall be guided by high standards of financial propriety. Among the principles on which generally greater emphasis is laid are the following-
 - a) Every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public moneys as a person of ordinary prudence would exercise in respect of expenditure of his own money;
 - b) The expenditure should not be prima facie more than the occasion demands;
 - c) No authority should exercise its powers of sanctioning expenditure to pass an order which will be directly or indirectly to its own advantage;
 - d) Public moneys should not be utilized for the benefit of a particular person or section of the community unless the amount of expenditure involved is insignificant or-
 - i. a claim for the amount could be enforced in a court of law; or
 - ii. the expenditure is in pursuance of a recognized policy or custom.
 - e) The amount of allowances granted to meet expenditure of a particular type should be so regulated that the allowances are not on the whole a source of profit to the recipients.

75) Key Controls for Expenditure Management-

- 1) As a general rule no authority may incur any expenditure or enter into any liability involving expenditure from District Fund until the expenditure has been sanctioned by general or special orders of the Nazim District Government and the expenditure has been provided for in the authorized grants and appropriations for the year.
- 2) Each Head of Offices is responsible for enforcing financial order and strict economy at every step. He is responsible for observance of all relevant financial rules and regulations both by his own office and by subordinate disbursing officers.
- 3) The total expenditure shall be kept within the limits of the authorized appropriations.
- 4) It shall be ensured that the funds allotted to spending units are expended in the public interest and upon objects for which the money was provided.
- 5) Proper control for reporting not only of what has actually been spent from an appropriation but also what commitments and liabilities have been and will be incurred against it.
- 6) Systematic internal checks calculated to prevent and detect errors and irregularities in the financial proceedings and to guard against waste and loss of public money and stores.
- 7) Delay in the payment of money indisputably due from Government is contrary to all rules and budgetary principles and should be avoided.
- 8) The following provisions shall be complied with respect to the procurement of stores and stock-

- a) purchases must be made in the most economical manner in accordance with the definite requirements of the public service.
 - b) purchase Orders should not be split up to avoid the necessity for obtaining the sanction of higher authority required with reference to the total amount of the orders.
 - c) all materials received should be examined, counted, measured or weighed as the case may be, when delivery is taken, and they should be taken in charge by a responsible Government officer who should see that the quantities are correct and their quality good, and record a certificate to that effect, and entered into stock register
 - d) when materials are issued from stock for departmental use, manufacture, sale, etc., the officer in charge of the stores should see that an indent in the prescribed form has been made by a properly authorized person, examine it carefully with reference to the orders or instructions for the issue of stores and sign it; if he is unable to comply with the requisition in full, he should make suitable alterations under his dated initials in the description and quantity of material.
 - e) safe custody, for keeping stores in good and efficient condition and for protecting them from damage or deterioration.
 - f) an inventory of the dead stock should be maintained in all District Offices in a form prescribed by competent authority, showing the number received, the number disposed of (by transfer, sale loss etc.) , and the balance in hand for each kind of article.
 - g) physical verification of stores shall not be entrusted to a person-
 - i. who is the custodian, the ledger keeper, or the accountant of stores to be verified, or who is a nominee of, or is employed under the custodian, the ledger keeper or the accountant ;or has a conflict of interest with the job; or
 - ii. who is not conversant with the classification, nomenclature and technique of the particular classes of stores to be verified.
 - h) a prior sanction of competent authority should be obtained to the writing off of all losses, deficiencies or depreciation in the value of stores.
- 9) The following provisions shall be complied with respect to the contract management-
- a) the terms of a contract must be precise and definite and there must be no room for ambiguity or misconstruction therein;
 - b) as far as possible, legal and financial advice should be taken in the drafting of contracts and before they are finally entered into;
 - c) standard forms of contracts should be adopted wherever possible, the terms to be subject to adequate prior scrutiny;
 - d) the terms of a contract once entered into should not be materially varied without the previous consent of the authority competent to enter into the contract. No payments to contractors by way of compensation or otherwise outside the strict terms of the contract or in excess of the contract rates may be authorized without the previous approval of the competent authority;

- e) no contract involving an uncertain or indefinite liability or any condition of an unusual character should be entered into without the prior consent of the competent authority;
- f) whenever practicable and advantageous, contracts should be placed only after tenders have been openly invited and, in cases where the lowest tender is not accepted, reasons should be recorded;
- g) in selecting the tender to be accepted, the financial status of the individuals and firms tendering must be taken into consideration in addition to all other relevant factors; and
- h) provision must be made in contracts for safeguarding Government property entrusted to a contractor.

76) Role of Principal Accounting Officer-

- 1) The Deputy Commissioner shall be the Principal Accounting Officer of the District Government.
- 2) The Principal Accounting Officer shall have the following functions with respect to expenditure management of the District Government-
 - a. enforcing financial order and strict economy at every step;
 - b. observance of all relevant financial rules and regulations both by his own office and by subordinate disbursing officers;
 - c. must see that the total expenditure is kept within the limits of the authorized appropriation;
 - d. must see that the funds allotted to spending units are expended in the public interest and upon objects for which the money was provided;
 - e. must be in a position to assume before District Government and Districts Accounts Committee, if necessary, complete responsibility for departmental expenditure 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;
 - f. must satisfy himself not only that adequate provisions exist within the district offices for systematic internal check calculated to prevent and detect errors and irregularities in the financial proceedings of its subordinate officers;
 - g. to guard against waste and loss of public money and stores;
 - h. to ensure that the prescribed checks are effectively applied;
 - i. finance is an essential element in policy questions and the Principal Accounting Officer shall ensure that financial considerations are taken into account at all stages in framing and implementing decisions;
 - j. the two main principles for expenditure management shall be to ensure economy (greater value for money) and regularity (spending money for the purposed and in the manner prescribed by law and rules);
 - k. that the flow of expenditure does not give rise to demand for additional funds;

- l. shall ensure that all district offices regularly undertake monthly reconciliation of expenditure with the District Accounts Officer and that it receives consolidated statement of monthly expenditure duly reconciled;
- m. provide strategic guidance and oversight on generation and publication of monthly budget execution reports by the District Officer Finance and Planning; and
- n. instil institutional framework for conducting expenditure review meetings at regular time period.

77) Role of Head of Offices and DDOs-

- 1) Shall be responsible for controlling and managing expenditure from the Grants placed at their disposal.
- 2) Scrutinize and consolidate the anticipated savings in and excesses over grants and appropriations on a monthly basis.
- 3) Responsible for the monthly reconciliation of expenditure with the District Accounts Officer.
- 4) Ensure effective liaison and coordination with the District Officer Finance and Planning and Deputy District Officer Planning.
- 5) Adherence to the key controls stipulated in Rule 73 of these rules and other rules, regulations, policies and procedures of the Government.

78) Role of Districts Accounts Committee-

- 1) The District Accounts Committee of the District Council shall monitor the budget during the financial year.
- 2) The District Accounts Committee shall review the monthly financial reports including the accounts report submitted by the District Accounts Officer.
- 3) The District Accounts Committee shall especially focus on the reconciliation of expenditure.
- 4) The Principal Accounting Officer and Head of Offices shall be responsible to the District Accounts Committee of the District Council for issues relating to expenditure.

79) Steps for likely Excess Expenditure-

- 1) In the event that a Grant is likely to be exceeded, the Head of Offices shall take immediate steps to prevent the excess expenditure by-
 - a) ensuring strict control over the affected Grant; or
 - b) transferring funds under his powers of Re-appropriation; and
 - c) submitting as soon as the necessity becomes definite, an application for Supplementary Grant.
- 2) If funds cannot be provided through re-appropriations than a Supplementary Grant shall be prepared and got approved from the District Council before the additional expenditure is incurred. The procedure for Re-appropriations and Supplementary Grants are provided in Part XIII.

80) Reconciliation of Expenditure-

- 1) During the first week of each month, the District Accounts Officer shall provide for the previous month, a schedule showing the numbers, dates and amounts of vouchers paid during that month, and supply copy of each such schedule to the concerned Drawing and Disbursing Officer (DDO) and respective Head of Offices.
- 2) Upon receipt of the schedule from the District Accounts Officer, the Drawing and Disbursing Officer (DDO) shall-
 - a) compare such schedule with the statement prepared by him; and
 - b) reconcile expenditure with District Accounts Officer by 10th of the month for the previous month or as prescribed.
- 3) The respective Head of Offices, Drawing and Disbursing Officer (DDO) and the District Accounts Officer shall be jointly responsible for reconciling any differences and for correcting misclassifications or any other errors.
- 4) In case the reconciled statement is not provided by the Head of Offices by the 20th of the month to the District Officer Finance and Planning, following the month to which the Accounts relate, no bills may be passed by the Accounts Officer for the defaulting DDOs.
- 5) The Drawing and Disbursing Officer (DDO) shall provide a reconciled statement of expenditure not later than the 13th day of the month following the month to which the accounts relate, to the relevant Head of Offices in Form BM-1.
- 6) If any Head of Offices has one or more subordinate Drawing and Disbursing Officers (DDOs), such Head of Offices shall consolidate the statements he receives from any such Drawing and Disbursing Officers (DDOs).
- 7) The Head of Offices shall forward the consolidated statement of expenditure to the District Officer Finance and Planning, so as to reach him by the 16th day of the month following that to which the accounts relate.

81) Monthly Reports of Expenditure-

- 1) Each District Government shall submit a monthly report to the District Council relating to the expenditure incurred during the month.
- 2) The monthly financial reports shall include the following BM Forms-
 - a) BM-1 - Monthly Statement of Current expenditure;
 - b) BM-2 - Monthly Reconciliation of Current expenditure;
 - c) BM-3 - Monthly Statement of Receipts;
 - d) BM-4 - Monthly Reconciliation of Receipts;
 - e) (BM-5 - Monthly Progress Report Development Programme - government Projects & Community Projects/Public Private Partnership;
 - f) BM-6 - Monthly Reconciliation of Development expenditure;
 - g) BM-7 - Monthly Report- Operationalization of Projects;
 - h) BM-8 - Service Delivery Targets;
 - i) BM-9 - Service Delivery Facilities Status;
 - j) BM-10 - Establishment Status by Designation;

- k) BM-11 - Monthly Statement of Re-appropriations of Funds;
- l) BM-12 - Statement of Supplementary Grants; and
- m) BM-13 - Statement of Excesses and Surrenders.

82) Statement of Excesses and Surrenders-

- 1) The Statement of Excesses and Surrenders shall be prepared in Form BM-13 by the Head of Offices after 8 months of the financial year.
- 2) For purposes of completing Form BM-13, the Heads of Offices shall obtain the required information from the concerned Drawing and Disbursing Officers (DDOs).
- 3) Annually, one Statement of Excesses and Surrenders shall be prepared and submitted by the Heads of Offices to the District Officer Finance and Planning.
- 4) 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 keeping in view the expected expenditure in the remaining four months of the financial year.
- 5) The Excesses and Surrenders shall form the basis for -
 - a) preparing the revised estimates; and
 - b) formulating the demands for additional funds if required.
- 6) The revised estimates shall also be used to form the basis of the following year budget estimates and for determining the estimated closing balance of the District Fund.
- 7) The Heads of Offices shall submit together with the Statement of Excesses and Surrenders a note explaining the reasons for the excesses and surrenders.
- 8) The District Officer Finance and Planning shall consolidate the Statements of Excesses and Surrenders for approval by the District Council.

83) Revised Estimates and Supplementary Grants-

- 1) In addition to any revisions during the year the District Government shall after 8 months of the financial year prepare revised estimates based on the Statement of Excesses and Surrenders.
- 2) If additional funds, which cannot be met through re-appropriation are identified for the remaining four months a Supplementary Grant shall be submitted to the District Council for approval.
- 3) Subsequent to approval by the District Council and intimation by the District Officer Finance and Planning of the Supplementary Grant, the Heads of Offices concerned shall distribute the Supplementary Grant and communicate the break-up of the Grant to Drawing and Disbursing Officers and the District Accounts Officer concerned.
- 4) The Collecting Officer shall also be communicated the revised targets for receipt as approved by the District Council.

PART XIII
REAPPROPRIATIONS AND SUPPLEMENTARY GRANTS

84) General Provision-

- 1) In the event that unavoidable and unforeseen circumstances arise during the course of any particular financial year that requires incurring excess expenditure or expenditure not contemplated in the Schedule of Authorized Expenditure, such expenditure shall be made available through, re-appropriation or supplementary grants or both.

85) Re-appropriations-

- 1) Means the internal transfer of savings from one object to other object(s) in the appropriations of the same unit to meet anticipated excess expenditure in other object(s).
- 2) The officials shall re-appropriate in accordance with the re-appropriation powers delegated by the competent authority to them.
- 3) If any officer is competent to sanction a re-appropriation, such officer may do so pursuant to the powers delegated to him. A copy of the order sanctioning any re-appropriation shall be communicated to the Head of Offices, District Officer Finance and Planning and the Districts Accounts Officer.
- 4) A request for re-appropriation shall be prepared by the concerned Drawing and Disbursing Officer. If it involves different Drawing and Disbursing Officers then the Head of offices shall process the re-appropriation.

86) Supplementary Grants-

- 1) In case that a Head of Offices considers that the need for additional funds has arisen for which no re-appropriation is available. He shall submit a proposal for Supplementary Grant to the District Council through the District Officer Finance and Planning.
- 2) The proposal shall be accompanied by an explanatory note justifying the Supplementary Grant.
- 3) Requests for Supplementary Grant during the financial year shall be consolidated by the District Officer Finance and Planning in the form of a Supplementary Budget Statement. The same details shall be included as in the annual budget and shall be furnished to the District Council.
- 4) However, the proposal for supplementary grant should be within budgetary cover or available resource in respective District A/C-IV. Creation of supplementary without budgetary cover or available resource will be treated as misconduct on part of Principle Accounting Officer.

SECRETARY

LOCAL GOVERNMENT ELECTIONS & RURAL DEVELOPMENT

FIRST SCHEDULE - FORMS

ANNUAL BUDGET STATEMENT (ABS)

DRAFT

FORM ABS
ANNUAL BUDGET STATEMENT
[See Rule 55]

1. Financial Abstract

A. District Fund

Description	Rupees			
	Actuals (Last Year)	B.E (Current Year)	R.E (Current Year)	B.E (Next Year)
Cash Balance on July 1st				
Receipts				
Current Expenditure				
Development Expenditure				
Total Expenditure				

B: Public Account

Description	Rupees		
	Estimates (Current Year)	Adjusted Estimates (Current Year)	Estimates (Next Year)
Opening Balance on July 1st			
Assets			
Liabilities			
Closing Balance on June 30th			

Note:

1. Anticipated cash balance as on July 1st to be determined after finalizing the revised estimates.
2. The Public Account transactions shall be reported on the basis of Net Balances under Assets and Liabilities.

5. Details of Development Expenditure by Sub-detailed Function

Major, Minor, Detailed and Sub-detailed Functions	Rupees			
	Actuals (Last Year)	B.E (Current Year)	R.E (Current Year)	B.E (Next Year)
Total				

6. Details of Public Account

Major, Minor and Detailed Object Heads	Rupees		
	Estimates (Current Year)	Adjusted Estimates (Current Year)	Estimates (Next Year)
Assets			
Total			
Liabilities			
Total			

BUDGET SALIENT FEATURES

DRAFT

**FORM BSF-1
POLICIES AND PROPOSED ACTIVITIES
[See Rule 56]**

Grant No "....."
Name of the Office "....."

Vision of the Department

"....."
....."

Policy

"....."
....."

Outcome (s) & Output(s)

OUTCOMES	OUTPUTS
1.....	1.1....

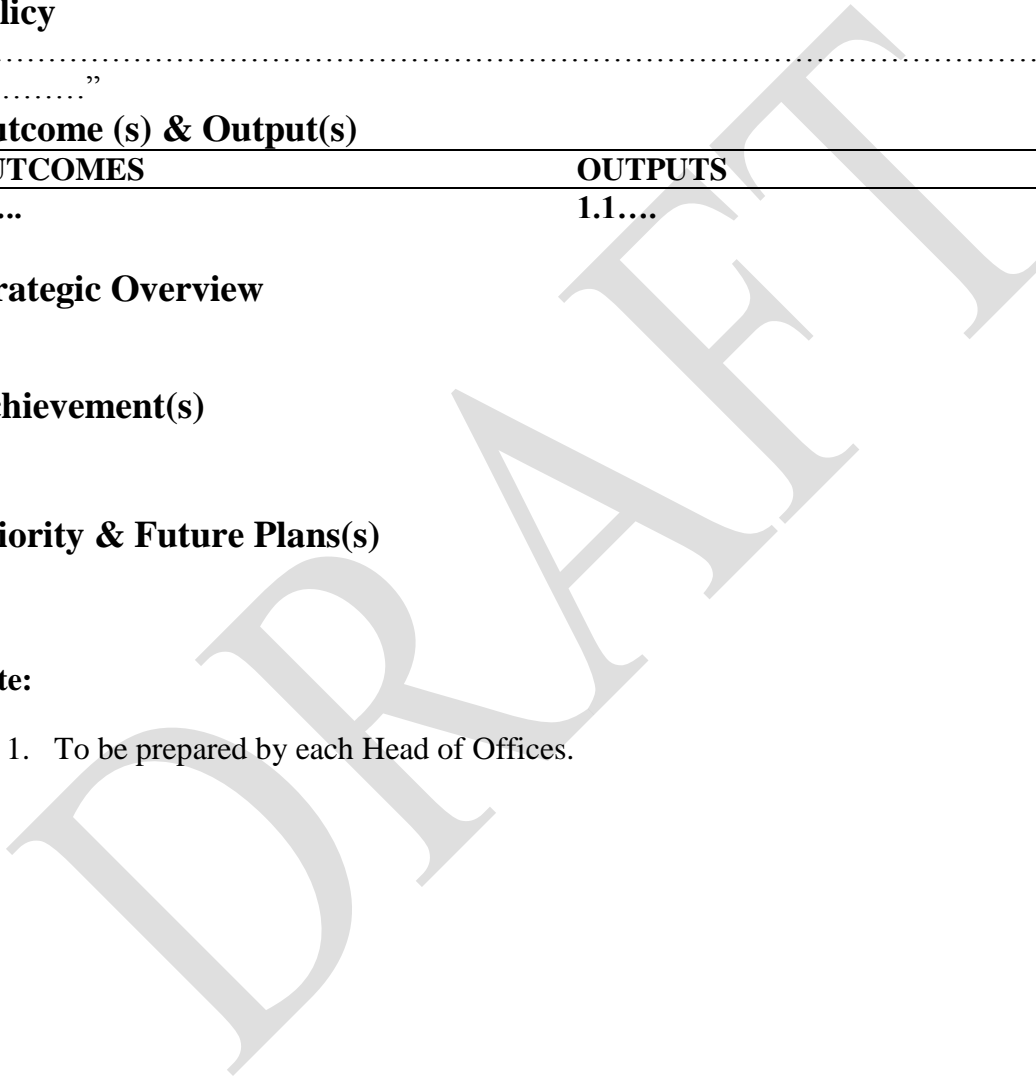
Strategic Overview

Achievement(s)

Priority & Future Plans(s)

Note:

1. To be prepared by each Head of Offices.



FORM BSF-2
SERVICE DELIVERY PERFORMANCE INDICATORS & TARGETS
 [See Rules 45, 51 and 52]

Grant No “.....” Name of the Office
 “.....”

Outcome(s)/Output(s)	Key Performance Indicator(s)	Targets	Progress	Medium Term Targets		
		Current Year	Budget Year	Outer Year I	Outer Year II	
1) Outcome						
1.1)Output	1.1.1) KPI					

Note:

1. To be prepared by each Head of Offices.
2. Key Performance Indicators and Targets shall be developed in such a way to fully depict gender sensitivity.

FORM BSF-3
SERVICE DELIVERY FACILITIES STATUS
[See Rules 51 and 56]

Grant No “.....” **Name of the Office**
“.....”

Type of Facility	**Expected Status On 1 st July Current Year			Planned During The Budget Year			
	Operational	Closed	Under Construction	Closed To Be Made Operational (from Column 3)	Existing Facilities Proposed To Be Closed (from Column 2)	Under Construction To Be Completed (from Column 4)	New Construction To Be Initiated (as planned in the Annual Development Programme)
1	2	3	4	5	6	7	8

Note:

1. To be prepared by each Head of Offices.
2. Expected status as on March of each year.

BUDGET DETAILS - RECEIPTS

DRAFT

FORM BDR-1
ESTIMATES OF RECEIPTS (FY20__)
[See Rules 12 and 57]

Name of the District Government “.....”

Rupees						
1	2	3	4	5	6	7
Major/Minor Detailed Head	Description	Actuals of last year	Budget Estimates of the current year	Actual collection in the first eight months of current financial year	Revised Estimates for the current year	Budget Estimates for next year
Total						

Note:

To be prepared by each Collecting Officer of the respective District.

FORM BDR-2
MONTHLY TARGETS OF RECEIPTS (FY20__)
[See Rules 12 and 57]

Name of the District Government “.....”

Rupees														
1	2	3												
Major/Minor Detailed Head	Description	Monthly collection Targets For Next Year												
		JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	TOTAL
Total														

Note:

To be prepared by each Collecting Officer of the respective District.

FORM BDR-3
SCHEDULE OF TAXES
[See Rules 12, 14 and 57]

Name of the District Government “.....”

Name of District Office “.....”

RCO Code and Description “.....”

Sr. No	Major/Minor Detailed Receipt Head	Description of Receipt	Rate for the current year	Base of the current year	Estimates of receipts for current year	Rate proposed for the next year	Base proposed for the next year	Estimates of receipts for next year			Mode of Recovery	Rupees
								Existing	New	Total		% change = Column (9-8)X100 /8
1	2	3	4	5	6=4x5	7	8	9=7x8	10=7x8	11= Col 9 or 10	12	13

Note:

1. To be prepared by each Collecting Officer of the respective District.
2. Base means the number of units on which the estimates are based.
3. Mode of Recovery means by contractor, by own office etc.

FORM - BDR-4
SCHEDULE OF ARREARS
 [See Rules 12 and 57]

Name of the District Government “.....”
Name of District Office “.....”
RCO Code and Description “.....”

Rupees

Major/ Minor Receipt Head	Arrears For Previous Years	Collection Of Arrears			Balance of arrears and monthly collection target												
		Actual collection Up-to February	Last 4 Months expected	Total expected collection	J U L	A U G	S E P	O C T	N O V	D E C	J A N	F E B	M A R	A P R	M A Y	J U N	T O T

DRAFT

BUDGET DETAILS – CURRENT EXPENDITURE

EXISTING, NEW AND TOTAL

DRAFT

FORM BDC-4
ESTABLISHMENT STRENGTH BY DESIGNATION
 [See Rules 19 and 28]

Name of the District Government “.....”

Sr. #	BPS	Designation	Sanctioned			Filled			Vacant			Recruitment Planned for Next Year			Total Establishment (Filled + Recruitment)		
			M	F	Total	M	F	Total	M	F	Total	M	F	Total	M	F	Total

FORM BDC-5
ESTIMATES OF DEMAND FOR GRANTS (CURRENT EXPENDITURE) (FY20__)
 [See Rules 19 and 28]

Name of the District Government “.....”

Grant No “.....”

Sub-detailed Function

“.....”

Grant Name “.....”

Rupees

1	2	3	4	5	6
Major/ Minor/ Detailed Object & Description	Actuals of the last year	Budget Estimates of the current year	Actual of first 8 months of current financial year	Revised Estimates of the current year	Budget Estimates proposed for next year
Total					

Note:

1. To be prepared by each DDO.
2. To be Prepared Separately For new expenditure.
3. Charged/Voted/Total expenditure to be shown separately.

FORM BDC-6
DRAWING & DISBURSING OFFICERS WISE BUDGET DISTRIBUTION

[See Rules 19 and 28]

Name of the District Government “.....”

Grant No “.....”

Grant Name “.....”

Sub-Detailed Function	Name of Office	DDO Name & Code	Last Year Actuals	Budget (Current Year)	Revised Budget (Current Year)	Total Budget (Next Year)								
						Charged			Voted			Total		
						Existing	New	Total	Existing	New	Total	Existing	New	Total
Total														

FORM BDC-7
DRAWING & DISBURSING OFFICERS WISE BUDGET DISTRIBUTION

[See Rules 19, 21 and 28]

Name of the District Government “.....”

Grant No “.....”

Sub-detailed Function “.....”

Grant Name “.....”

Sr. #	Detailed Object Head	Justification / Explanation For Estimates

Note:

1. To be prepared by each DDO and consolidated by Head of Offices.

BUDGET DETAILS – DEVELOPMENT EXPENDITURE

DRAFT

FORM BDD-1
ABSTRACT OF DEMANDS FOR GRANTS - DEVELOPMENT
 [See Rules 43 and 59]

Rupees

Grant #	Grant Name	Last Year Actuals	Budget Estimates (Current Year)			Revised Estimates (Current Year)			Budget Estimates (Next Year)		
			On-Going	New	Total	On-Going	New	Total	On-Going	New	Total
Total											

FORM BDD-2
ESTIMATES FOR DEMANDS FOR GRANTS DEVELOPMENT (FY20--)

[See Rules 43 and 59]

Name of the District Government “.....” Grant No “.....”

Sub-detailed Function “.....” Grant Name “....”

Rupees

1	2	3	4	5	6	7
Scheme Code/ Name / Location	Cost of Scheme	Actuals upto last year	Budget Estimates of the current year	Actual of first 8 months of current financial year	Revised Estimates of the current year	Budget Estimates proposed for next year
Total						

Note:

1. To be prepared by each DDO.
2. To be prepared separately for ongoing, new and total expenditure.

FORM BDD-3
ANNUAL DEVELOPMENT PROGRAMME – DISTRICT GOVERNMENT (FY20--)

[See Rules 43, 59 and 61]

Name of the District Government “.....”
Grant No and Description “.....”
Fund No and Description “.....”
Sub-detailed Function “.....”
DDO Code and Description “.....”

Rupees

Sr. No	ADP Code No.	Name/ Location of Scheme	Status of Scheme	Project Cost		Budget & Expenditure				Allocation proposed for next Year(s)					Total
				Original	Current	Previous Years Exp.	Current Year (BE)	Current Year (RE)	Current Year Actual Exp.	Next Year	YR +1	YR +2	Other YR		
													+3	+...	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16

DRAFT

FORM BDD-4
PROJECT PROPOSAL
 [See Rules 31 to 36, 38 and 44]

I. Name of Project

1. Name of Project _____
 2. Project Code _____
-

II. Implementation Arrangement for the Project

1. Sponsoring Agency
2. Executing Agency
3. Implementing Agency after Completion
4. Indicate the Capacity (personnel etc.) to implement the current proposal and the capacity to manage it after completion.

III. Proposed Project Profile

1. Commencement Date of Project
2. Completion Date of Project
3. Location/Geographic Area Covered by the Project
4. Main Sector/Sub-Sector
5. Provide a brief analysis of the Current situation (issues/problems/on-going efforts) in the sector/sub-sector?
6. Main Description and Objectives (What does the project aim to do and achieve?)
7. Please indicate how the environmental/poverty aspects of the project have been taken into account.
8. Provide details of:
 - -related facilities providing similar services
 - -institutions performing similar activities
 - -similar projects.

IV. Project Activities

A (Inputs/Outputs/ Work Plan)

Sr. No	Activity	Start Date	Completion Date	Targets	Units

Provide Details/Explanation of Work Plan on Separate sheet if required.

B- Project Beneficiaries

Type Of Benefit	Male	Female	Total

C. Other Benefits

D. Interaction with other agencies

Name of Agency/Office	Type of interaction / work required

V. Community Participation Component in the Project

- a) How was the community (Men and Women) involved in need identification/preparation of project proposal?
- b) How do you propose to involve the community (Men and Women) in project implementation?
- c) How will the community (Men and Women) be involved after completion of this project?

VI. Project Management

How will you manage the work plan and carry out monitoring of the Project.

Explain the system for keeping record and reporting of information.

VII. Financial Summary of Project

a. Anticipated sources of funding

b. Total Cost of Project

Development Costs/One Time Cost-----

Yearly recurrent cost after completion of project-----

 Salary-----

 Non-salary-----

5 _____

c. Sources of funding of recurring cost

VIII. Detailed Costs of the Project
A. Development Cost

Sr. #	Item Description	Costs (Rupees)					Total
		Year 1	Year 2	Year 3	Year 4 +...		

B. Annual Recurring Cost after Completion of project

 Grant # _____ Sub-Detailed Function
 Code _____

Rupees

Sr. #	Major/Minor Detailed Object Head	Total

C. Staffing Details after Completion of Project

Sr.#	BPS	No. of Posts	Designation	Sanctioned		
				Male	Female	Total
	Total					

IX. Estimated Revenues of the Project if any

Rupees

Sr. No.	Major/Minor Detailed Object Head	Total
Total		

Note: Show detailed calculations on a separate sheet

X. Proposed Progress Reporting Schedule

Sr. No.	Name / Details Of Report	Date / Frequency Of Submission

XI. Indicate the risk involved in the project.**XII. Project Preparation/Approval**

Prepared by _____ Date _____

Checked by _____ Date _____

Approved by _____ Date _____

Administrative Approval by _____ Date _____

Technical Sanction by _____
Date _____

BUDGET DETAILS – OTHER

DRAFT

FORM BDO-1
STATEMENT OF INVESTMENT

[See Rules 24]

Particulars of Investment	With Whom deposited	Anticipated Opening Balance July 1 st	Amount proposed to be invested	Amount proposed to be withdrawn	Closing balance on June 30 th	Rupees
						Income

Note: The form may be adjusted to suit local requirements.

FORM BDO-2
STATEMENT OF GENERAL PROVIDENT FUND

[See Rules 24]

Opening	Subscription	Withdrawals	Total	Amount/Working balance in Bank	Investment (face value) Million	Remarks

FORM BDO-3
CALCULATION OF PAY (FY20--)

[See Rules 24 and 25]

Name of the District Government “.....”

Grant No “.....”

Sub-detailed Function “.....”

DDO Code “.....”

1	2	3	4	5	6	7	8		9
Sr #	Name	Post & Designation	BPS	Monthly Pay on 1st July (Current Year)	Monthly Pay on 1st July (Next Year)	Pay for first five months (Next Year)	Increment due in December (Next Year)		Total Pay
							Monthly Rate (8a)	Amount seven months (8b)	
						(Col 6) * 5		(Col 8a) * 7	Col 7+Col8b
	Total								

Note:

1. To be prepared by each DDO. Not to be submitted with budget

FORM BDO-4
CALCULATION OF ALLOWANCES (FY20--)

[See Rules 24 and 25]

Name of the District Government “.....”

Grant No “.....”

Sub-detailed Function “.....”

DDO Code “.....”

1	2	3	4	5	6	7	9
Sr #	Name	Post & Designation	BPS	Allowance 1	Allowance 2	Allowance 4	Total Pay
	Total						

Note:

To be prepared by each DDO. Not to be submitted with budget

BUDGET MANAGEMENT

DRAFT

FORM BM-1
MONTHLY STATEMENT OF CURRENT EXPENDITURE (FY20--)

[See Rules 78, 79 and 80]

Name of the District Government “.....” Grant No and Description
“.....”

Sub-detailed Function “.....” Month “.....”

Detailed Object	Description	Budget Grant at the start of the month	Addition /Reduction during the month	Budget Grant at end of month	Total expenditure upto previous month	Rupees		Balance remaining (col.5- 9)
						Expenditure during the month	Total expenditure to date	
1	2	3	4	5	6	Actual	Actual Total	9

Note: Form BM-1 to be filled by each DDO.

FORM BM-2
MONTHLY RECONCILIATION OF CURRENT EXPENDITURE (FY20--)

[See Rule 79]

Name of the District Government “.....” Grant No and Description
“.....”

Sub-detailed Function “.....” Month “.....”

Name of Office “.....” DDO “.....”

Detail Object	Budget Grant	Re-Appropriations	Supplementary	Surrender	Final Grant	Actual (For the Month)	Progressive (Up to Current Month)
Total							

Note:

The District Accounts Office shall provide this statement to each DDO on monthly basis

FORM BM-3
MONTHLY STATEMENT OF RECEIPTS (FY20--)

[See Rules 68, 70 and 79]

Name of the District Government “.....”

Month “.....”

Rupees								
1	2	3	4	5	6	7	8	9
Major / Minor Head and Detailed Head	Budget Estimates for the Current Financial year	Revised Estimates for the current financial year	Target for the month	Actuals realized in the month	Target from the start of financial year to the close of the month	Actual realization from start of current financial year to the close of month	Anticipated realization for remainder of the current financial year	Total present estimate for the current financial year (Col. 7 + col.8)

Note : Form BM-3 to be filled by each Collecting Officer.

FORM BM-4
MONTHLY RECONCILIATION OF RECEIPTS (FY20--)

[See Rules 68, 70 and 79]

Name of the District Government “.....”

Month “.....”

Detail Object	Budget Estimate	Actual (For the Month)	Progressive (Up to Current Month)
Total			

Note:

The District Accounts Office shall provide this statement to each Collecting Officer on monthly basis

FORM BM-7
MONTHLY REPORT – OPERATIONALISATION OF SCHEMES

[See Rules 45 and 79]

Name of the District Government “.....”

Month “.....”

Sr. #	Scheme No. And Name	Planned Completion Date	Actual Completion Date	Date Handed Over To Implementing Office	Date Operationalized

FORM BM-8
SERVICE DELIVERY TARGETS

[See Rules 51 and 79]

Name of the District Government “.....”

Grant No “.....”

Sub-detailed Function

“.....”

Month “.....”

Outcome(s)/Output(s)	Key Performance Indicator(s)	Targets		Progress	
		Current Year	Current Month	Progressive To date	
1) Outcome					
1.1) Output	1.1.1) KPI				

FORM BM-11
MONTHLY STATEMENT OF RE-APPROPRIATIONS (FY20--)

[See Rule 79]

Name of the District Government "....." Month "....."

Re-appropriation To							Re-appropriation From							
Grant No.	Detailed Function Code DDO	Detailed Object	B.E. for current year	Budget at start of month	Amount added	Budget at end of month	Grant No.	Detailed Function Code DDO	Detailed Object	B.E. for current year	Budget at start of month	Amount Reduced	Budget at end of month	
Total														

Note: To be prepared by the concerned Finance Office.

FORM BM-12
STATEMENT OF SUPPLEMENTARY GRANTS (FY20--)

[See Rule 79]

Name of the District Government "....." Month "....."

Grant "....." Sub-Detailed Function "....."

A. Current Expenditure

Detailed Object	B.E. for current year	Budget at start of month	Supplementary Amount	Budget at end of month

B: For Development Expenditure

Name of Scheme	B.E. for current year	Budget at start of month	Supplementary Amount	Budget at end of month

FORM BM-13
STATEMENT OF EXCESSES AND SURRENDERS (FY20--)

[See Rules 79 and 80]

Name of the District Government “.....”

Grant “.....”

Sub-Detailed Function “.....”

								Rupees
1	2	3	4	5	6	7	8	9
Detailed Object	Description	Original Appropriation	Modified Grant	Actuals of the first 8 months of the current financial year (CFY)	Anticipated expenditure for the last 4 months of CFY	Revised Estimates for CFY (col.5+col.6)	Surrenders (Col.4 - col.7)	Excesses (Col.7 - col. 4)

Note: Form BM-13 to be filled by each DDO.
From BM-13 to be prepared after 8 months of financial year.

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SECOND SCHEDULE – BUDGET CALENDAR

BUDGET CALENDAR

DRAFT

BUDGET CALENDAR**[See Rules 3, 11 and 14]**

SCHEDULE FOR CURRENT & DEVELOPMENT BUDGET			
S#	Activity	Responsibility	Deadline
1.	Communication of 3 Years' Indicative District Share by PFC based on the projections of MTFI-I	Provincial Finance Commission Secretariat	By 31 st October
2.	Issuance of Budget Call Circular and ADP Guidelines	District Officer Finance and Planning	By 15 th November
3.	Review of Goal(s), Outcome(s), Output(s) and Performance Indicator(s) of the Office	Head of Offices and DDOs	By 30 th November
4.	Strategic Allocation of Indicative Ceilings by Outcome(s), Output(s) and Fund Centers/Spending Units/DDOs.	Head of Offices	By 10 th of December
5.	Issuance of Indicative Ceilings along with prescribed Budget Forms to all the Funds Centers/Spending Units/DDOs	Head of Offices	By 15 th of December
6.	Consolidation and review of schemes submitted by District Council and other stakeholders	District Development Committee and Deputy District Officer Planning	1 st Aug – 31 st December
7.	Approval to prepare project proposal	District Development Committee	By 30 th November
8.	Preparation of project proposal	Head of Offices and DDOs	By 31 st December
9.	Approval of project proposal	District Development Committee	By 15 th January
10.	Preparation of detailed estimates and accordance of Technical sanction	Head of Offices and Deputy District Officer Planning	By 15 th February
11.	Filling in and submission of 'prescribed Budget Forms to Head of Offices.	DDOs	By end of February
12.	Review and consolidation of Budget Forms	Head of Offices	By 15 th March

SCHEDULE FOR CURRENT & DEVELOPMENT BUDGET			
S#	Activity	Responsibility	Deadline
	and pre-budget meetings		
13.	Submission of Consolidated Draft Budget Proposals (Current and Development)	Head of Offices	By 31 st March
14.	Review, consolidation and pre-budget meetings	Deputy Commissioner	By 20 th of April
15.	Review of Draft Budget (Current and Development)	District Council	By 30 th April
16.	Communication of District Share by PFC as firmed up based on MTFE-II	Provincial Finance Commission	By 20 th of May
17.	Communication of changes in indicative budgetary ceilings to district offices	District Officer Finance and Planning	By 25 th of May
18.	Revision and changes in budget proposals and their submission to Finance & Budget Officer and Deputy District Officer Planning based on updated figures of ceilings	Head of Offices and DDOs	By 1 st June
19.	Submission of final Budget to District Council based on final estimates provided by the PFC.	District Officer Finance and Planning	June
20.	Approval of Final Budget	District Council	June
21.	Authentication of Schedule of Authorized Expenditure	Nazim District Government	June
22.	Communication of Budget	District Officer Finance and Planning	July
23.	Budget Release and Implementation	Head of Offices	July – June

THIRD SCHEDULE – BUDGET MULTI-YEAR PLANNING

BUDGET MULTI-YEAR PLANNING

DRAFT

FORM BMP-1
SUMMARY OF FINANCIAL PROJECTIONS AND FISCAL SPACE

[See Rules 49 and 50]

Name of the District Government “.....”

Receipts Projections	Budget Estimates (Current Year)	Revised Estimates	Budget Estimates (Next Year)	Next +1	Next +2	Total
Total Receipts (From Form BMP-2)						

Expenditure Projections Detailed Functions	Budget Estimates (Current Year)	Revised Estimates	Budget Estimates (Next Year)	Next +1	Next +2	Total
CURRENT EXPENDITURE						
Existing activities (Non-development) (From BMP-3A)						
Annual Recurring Costs of completed Development Projects (From BMP-3B)						
DEVELOPMENT (From Form 4)						
Total Expenditure						
Fiscal Space (net resources position) - (Receipts less expenditures)						

FORM BMP-2
ESTIMATES OF RECEIPTS

[See Rule 50]

Name of the District Government “.....”

Rupees							
1	2	3	4	5	6		
Detailed Head	Description	Last Year Actuals	Budget Estimates of the current year	Revised Estimates for the current year	Budget Estimates for next year		
					Next Year	+1	+2
Total							

Note: Form BMP-2 to be filled by each Collecting Officer

APPENDIX A – EXTRACTS FROM THE ACT

18. Functions and powers of the District Council.---The functions and powers of the district council shall be to-

- a) approve bye-laws for performance of functions devolved to district government;
- b) approve taxes on subjects provided in this Act;
- c) approve long term and short term development plans, annual and supplementary budgetary proposals of district government including proposals for changes in the schedule of establishment for devolved offices and, where required, intra-district fiscal transfers;
- d) elect Standing Committee of the district council for each office of district government to oversee matters and service delivery obligations assigned to the office and report to the district council its findings on efficiency, responsiveness, service delivery standards and performance of the respective office for review;
- e) elect Finance Committee of the district council for examination of tax and budget proposals, re- appropriations and supplementary grants;
- f) elect District Accounts Committee to scrutinize the accounts showing appropriations of sums granted by the district council for expenditure of the district government, audit reports, statement of income and expenditure and such other matters as the district council may refer to it;
- g) elect a Committee on Conduct of Business to consider matters regarding procedure and smooth conduct of business in the district council;
- h) elect District Committee on Assurances to scrutinize reports on implementation of assurances, promises and undertakings given to the district council;
- i) elect a Code of Conduct Committee to oversee the observance of code of ethics by the members;
- j) constitute joint committees of village and neighbourhood councils for overseeing working of Government offices, district government offices and municipal offices providing services in their areas;
- k) make recommendations for enhancement of care for disabled, disadvantaged and marginalized segments;
- l) review reports presented by the Nazim, district council; and
- m) review reports and recommendations of District Accounts Committee on the accounts of district government.

19. Functions of District Council in City District.---In addition to the functions specified in section 18, the district council in a city district shall perform the following functions, namely:

- a) approve master plans, zoning, land use plans, including classification and reclassification of land, environment control, urban design, urban renewal and

- ecological balances;
- b) review implementation of rules and bye-laws governing land use, housing, markets, zoning, environment, roads, traffic, tax, infrastructure and public utilities;
- c) approve proposals for public transport and mass transit systems, construction of express ways, fly - overs, bridges, roads, under passes, and inter- town streets;
- d) approve development schemes for beautification of areas along rivers; and
- e) review development of integrated system of water reservoirs, water sources, treatment plants, drainage, liquid and solid waste disposal, sanitation and other municipal services.

20. City District Council to approve certain plans for the Towns.---In case of a town in the city district, the city district council shall perform the functions of approval of such macro municipal plans as may be notified by city district government.

30. Establishment of Local Funds and Public Accounts. - (1) There shall be established a district fund, a tehsil fund, village fund and neighbourhood fund, as the case may be, for each respective local government.

(2) To the credit of the respective Fund shall be placed all revenues received by a local government from the following sources:

- (a) monies transferred by another local government under this Act;
- (b) grants made or monies received from Government or other authorities in Pakistan;
- (c) the proceeds of taxes levied by a local government under this Act;
- (d) rents and profits payable or accruing to a local government from immovable property vested in or controlled or managed by it;
- (e) proceeds or any other profits howsoever known or called from bank accounts and investments of a local government;
- (f) gifts, grants or contributions by individuals or institutions;
- (g) income accruing from markets or fairs regulated by a local government;
- (h) fines imposed and recovered under this Act; and
- (i) proceeds from other sources of income which are placed at the disposal of a local government under directions of Government.

(3) To the credit of respective Public Account of the local government shall be placed all revenues received by a local government from the following sources-

- (a) receipts accruing from trusts administered or managed by it;
- (b) refundable deposits received by it; and
- (c) deferred liabilities.

(4) A local government, may and if required by Government shall establish and maintain a separate fund for any special purpose to which one or more sources of revenue mentioned in sub-section (2) or any part of these sources or any specified portion of the Fund may be assigned and which shall be administered and regulated in such manner as Fund of the local government.

31. Custody and Operation of Funds and Public Account. – (1) Monies credited to a Fund or a Public Account of a local government shall be kept in the State Bank, Government Treasury, a post office or a bank in such manner as shall be specified by the Government from time to time.

(2) The Funds shall be operated in such a m a n n e r as may be prescribed.

32. Charged expenditure. -- (1) The following expenditure shall be charged on the Fund of local government, that is to say:

- (a) such sums as are required for repayment of debt;
- (b) any sum required to satisfy any judgment, decree or award against the local government by any Court or Tribunal;
- (c) such sums as the local government may be required by Government to contribute towards the conduct of elections, the maintenance of specified group of functionaries and the auditing of accounts; and
- (d) any expenditure declared by Government to be so charged.

(2) If any expenditure is a compulsory charge on the Fund of a local government and is not paid, Government may, by order, direct the person having the custody of the Fund to pay such amount, or so much thereof as may be possible from time to time, from the balance of the Fund.

33. Application of Funds. ---(1) The money credited to the Fund of a local government shall be expended in accordance with annual budget approved by the respective local council.

(2) No local government shall transfer monies to a higher level of Government except by way of repayment of debts or for carrying out deposit works or as provided in this Act.

(3) Where a new local government is to take over during a financial year as a result of fresh elections, the outgoing local government shall not spend funds or make commitments for any expenditure, under any demand for grant or appropriation, in excess of eight percent per mensum of the budgeted funds for remainder of its term in office.

34. Budget Preparation. ---(1) The annual budget for each local government shall contain estimates of:

- (a) grants-in-aid from Government;
- (b) amounts available in the respective Fund;
- (c) receipts for the next year; and
- (d) expenditures to be incurred for the next year.

(2) The Government shall, sufficiently before the beginning of each financial year, notify the provisional grants, which may be credited to the Fund of a local government from the Provincial Consolidated Fund.

(3) No demand for a grant shall be made except on the recommendation of the respective Nazim.

(4) Conditional grants from Government or other local government will be shown separately in the budget and will be governed by conditions provided therein.

(5) Before the commencement of a financial year each local government shall, for its Fund, prepare in the prescribed manner, a budget for that year.

35. Approval of Budget. -- (1) Before the commencement of the next financial year, each Nazim shall, present the budget for consideration and approval of the respective local council.

(2) The budget of a local government shall be approved by simple majority of the total membership of the respective council.

(3) No other business shall be taken up by a council during budget session.

(4) In case a budget is not approved by the local council before commencement of the financial year to which it relates, Government shall prepare, approve and authenticate budget for the local government.

(5) A local council shall not be empowered to approve a budget if the sums required to meet estimated expenditures exceed the estimated receipts.

(6) The Nazim shall authenticate by his signature a schedule specifying the:

- (a) grants made or deemed to have been made by the local council; and
- (b) the several sums required to meet the expenditure charged upon the Fund of the local government.

(7) The schedule so authenticated shall be laid before the local council, but shall not be open to discussion or vote thereon.

(8) The schedule so authenticated shall be communicated to the respective Accounts Officials and Government.

(9) At any time before the expiry of the financial year to which budget relates, a revised budget for the year may, if necessary, be prepared and sanctioned and such revised budget shall, so far as may be, be subject to the provisions of this section.

36. Accounts. --- (1) The accounts of receipts and expenditure of local governments shall be kept in such form and in accordance with such principles and methods as the Auditor- General of Pakistan may prescribe.

(2) The following arrangement for maintaining of accounts in local governments shall be followed:

- (a) the District Accounts Officer shall maintain the accounts of each district government;
- (b) the Tehsil Accounts Officer shall maintain the accounts of the tehsil municipal administration;
- (c) the Village Accountant shall maintain the accounts of village council;
- (d) the Neighbourhood Accountant shall maintain the accounts of neighbourhood council; and
- (e) the Accounts Officer mentioned in clauses (a), (b), (c) and (d) shall perform pre-audit of all payments from the respective Fund before approving disbursements of monies.

(3) The District Accounts Officer shall, quarterly and annually, consolidate the accounts of local governments in the district separately for receipts from the Government and local resources and send a copy to Government, Accountant General and Nazim district council.

(4) Local governments shall publish annual accounts for public information.

(5) Accounts Committees of the respective local councils shall hold public hearings to consider audit reports, objections to statement of accounts and recommend appropriate action to the local council.

37. Audit. --- (1) The Auditor General of Pakistan shall, on the basis of such audit as he may consider appropriate or necessary, certify the accounts compiled and prepared by the respective accounts officials of local governments for each financial year, showing annual receipts and disbursements for the purposes of each local government and shall submit certified accounts with such notes, comments or recommendations as he may consider necessary to the Government and Nazim of the respective local council.

(2) The Nazim shall cause the audit report to be submitted to the respective local council and the local council shall refer it to its Accounts Committee for examination.

(3) Every district government and tehsil municipal administration shall publish its annual audit report for information of public.

(4) Every Nazim, district council and tehsil council shall appoint an Internal Auditor as principal support person for provision of information to him and members of the respective local council on fiscal performance of the local government.

42. Imposition, notification and enforcement of Taxes. --- (1) A local government subject to the provisions of any other law may, and if directed by Government shall, levy all or any of the taxes and levies specified in the Third Schedule.

(2) No tax shall be levied without previous publication of the tax proposal inviting and hearing public objections and approval of the respective local council.

(3) A local government may reduce, suspend or abolish a tax.

(4) Where a tax is levied or modified, the local government shall specify the date for the enforcement thereof, and such tax or the modification shall come into force on such date.

(5) Government shall have power to direct a local government to levy any tax, increase or reduce any such tax or the assessment thereof and suspend or abolish the levy of any tax.

43. Model Tax Schedule.---Government may frame Model Tax Schedules and when such schedules have been framed a local government shall be guided by them in levying a tax.

44. Rating Areas and Property Tax.---(1) On commencement of this Act, every tehsil shall be rating area within the meaning of the Khyber Pakhtunkhwa Urban Immovable Property Tax Act, 1958 (W.P. Act V of 1958).

(2) The rate of property tax in an area within a tehsil shall be subject to approval of respective tehsil council:

Provided that in the areas within a tehsil where rate has not been determined, the areas shall be deemed to be exempted from property tax till determination of the rate.

(3) Unless varied under sub-section (2) above, the existing rates in the areas within a tehsil shall remain in force.

Explanation.---For the purpose of this section the "rate" shall mean the tax leviable under the Khyber Pakhtunkhwa Urban Immovable Property Tax Act, 1958 (W.P. Act V of 1958).

45. Collection and recovery of taxes.---(1) Failure to pay any tax and other money claimable under this Act shall be an offence.

(2) All arrears of taxes, rents and other moneys claimable by a local government under this Act shall be recoverable as arrears of land revenue.

(3) Government may empower any local government to recover arrears of taxes or any other moneys claimable by the local government under this Act by distress and sale of the movable property belonging to the person concerned or by attachment and sale of the immovable property belonging to him.

(4) Government may specify the officials or classes of officials by whom the power under sub-section (3) shall be exercised and prescribe the manner in which it shall be exercised.

46. Liability on account of taxes.---(1) A local government may by notification, call upon any person to furnish such information, produce such record or accounts or to present such goods or animals liable to any tax as may be necessary for the purpose of determining the liability of such person to a tax.

(2) Any official of a local government authorized in this behalf, may after due notice, enter upon any building or premises for the purpose of assessing the liability of such building or premises to any tax, or inspecting any goods or animals therein liable to any tax.

(3) Any official of a local government authorized in this behalf may, in the prescribed manner, seize and dispose of any goods or animals on which any tax is due and is not paid.

47. Deduction of taxes from salaries.---If a local government levies a tax on professions, trades or callings, it may require the employer of the person liable to such tax to deduct the tax from the salary or wages payable to such person, and on such requisition the amount of the tax due shall be deducted from the salary or wages of the persons concerned and credited to the Fund of the local government.

48. Petitions against valuation and assessment.---No assessment of a tax under this Act or valuation there for, or the liability of a person to be so taxed, shall be called in question except by a petition presented to such authority, in such manner and within such period as may be prescribed.

49. Taxation rules.---All taxes and other charges levied by a local government shall be imposed, assessed, leased, compounded, administered and regulated in such manner as may be prescribed by rules which may, among other matters, provide for the obligation of the tax payer and the duties and powers of the officials responsible for the assessment and collection of taxes.

50. Local governments not to incur debt.---(1) No local government shall incur any debt.

(2) No monies of the local government shall be invested in securities other than those floated or approved by the Government.

51. Constitution of Provincial Finance Commission. --- Government shall constitute a Provincial Finance Commission hereinafter referred to as “Finance Commission”.

53. Functions of the Finance Commission.---(1) The Finance Commission shall make recommendations to the Government on:

- a) the amount of grant for local governments out of the proceeds of Provincial Consolidated Fund in a financial year in addition to the grant in lieu of Octroi and Zilla Tax;
- b) Provided that in addition to the establishment charges budgeted for the devolved functions and transfers in lieu of Octroi and Zilla Taxes, the development grant for local governments shall be so determined that it is not less than thirty percent of the total development budget of the province in the respective year;
- c) formula for distribution of the grant among local governments in the province;
- d) Provided that the development grant for village and neighbourhood councils shall be determined on the basis of population;
- e) the amount of special grants for local governments with modalities and conditions to access the facility;
- f) grants in aid to local governments in need of assistance; and
- g) matters relating to local government finance.

(2) While making recommendations, the Finance Commission shall take into account the principles of fiscal need, fiscal capacity, fiscal effort and fiscal performance of local governments.

(3) The Finance Commission shall also take into consideration poverty, population, lag in infrastructure and revenue base of local governments as factors while formulating its recommendations.

(4) The Finance Commission shall present to the Government annually a report on the analysis of fiscal transfers, the situation of own-source revenue in local governments and the reach and quality of their services and the Government shall cause the report to be laid before the Provincial Assembly.

APPENDIX B – EXTRACTS FROM DISTRICT ROBs 2015

3. Allocation of business.-

(6) Notwithstanding anything contained in the schedules referred in (1) and (2) above, establishment of new facilities, having recurrent financial implications and creation of posts in all devolved sectors shall be within the purview of the provincial government.

6. Powers and functions of the Nazim. --- (1) The Executive Authority of the district government shall vest in Nazim and he shall exercise his powers and perform functions as provided in Sections 11, 12, 13, 14, 15 and 16 of the Act within the policy framework of the government.

(2) Nazim shall be the approving authority for expenditure within prescribed sphere of responsibilities however, he shall not be the co-signatory of the cheques with the Drawing and Disbursing Officers at District;

(3) Nazim shall be a non-voting co-opted member of District Development Advisory Committee in their respective district to participate in the meetings for avoiding duplication and overlapping of development schemes being executed under different funding arrangements.

8. Functions of the Deputy Commissioner.-

(c) Co-ordinate and supervise activities of district offices for evidence and need based robust planning, equitable and systematic development, effective and efficient functioning;;

(e) exercise general supervision and control over programs, projects, services, and activities of the district administration;

(g) perform as Principal Accounting Officer of the district government and be responsible to the Accounts Committee of the Council and Public Accounts Committee of the Provincial Assembly;

(j) prepare periodical reports including reports on implementation of development plans, segregated by gender, for submission to the government and presentation in the Council;

(l) be responsible to the Finance Department of the Government of Khyber Pakhtunkhwa in all financial management and financial discipline at district level.

9. Functions of district officer.-

(c) ensure that the human and material resources placed at his disposal are optimally utilized to improve governance;

(g) prepare and propose budgetary allocations for the office in his charge, prepare development plans for the devolved functions and implement approved plans.

(h) oversee utilization of resources necessary for proper execution of programs, projects, services, and other activities;

(j) prepare periodical and annual reports on the working and performance of the office in his charge.

(k) exercise financial sanctions for execution of development projects and release of payments for their respective devolved offices and functions.

14. Reference to the Nazim.- (1) No order by the district administration shall be issued without the approval of the Nazim, in the following cases:

(a) proposals for the levy of new taxes and making or withdrawal of byelaws;

(b) resource position and budget proposals before presentation of the budget and financial statements to the Council;

(c) vital social, political, economic and administrative policies of the District Government;

(d) requisition for meetings of the Council except meetings requisitioned for consideration of no confidence motion against him;

(e) annual reports on the working and performance of district government for submission to the Government; and

(f) important reports and documents required to be laid before the Council.

15. Consultation among district offices.- (1) When a case concerns more than one district offices:

(b) no orders shall be issued and no case shall be submitted to the Nazim or the Council until it has been considered by all the concerned District Offices and routed through the Deputy Commissioner.

16. Consultation with district finance office.- (1) All district officers shall, ensure previous consultation with district finance office in the following matters:

(a) expenditure for which no provision exists in relevant head of budget;

(b) a change in the number or nomenclature or basic scale of a post or in the terms and conditions of service of the Government Servants or their statutory rights and privileges which have financial implications;

(c) re-appropriation within the budget grants earmarked for education, health and clean drinking water and sanitation;

(d) alteration in financial procedure or in the method of compilation of accounts or of the budget estimates; or

(f) interpretation of financial rules.

(g)

17. References to Government on service and legal matters.-

(3) No district office shall, without approval of the Council, authorize any orders, other than an order in pursuance of any general or special delegation by the Government, which involve:

(a) reduction or extension in the scope of functions of a district office as specified in Second Schedule or the transfer of such functions from one district office to another;

(b) re-organization or change in the status of offices directly administered by a district office; and

(c) any change in the terms and conditions of service or the statutory rights and privileges of Government servants.

SECOND SCHEDULE – DISTRIBUTION OF BUSINESS AMONGST DISTRICT OFFICES

1. Administration:

Finance and Budgeting

- i. Supervision and control of District Finance
- ii. Ways and Means of District Government and matters relating to Provincial Finance Commission
- iii. Preparation and circulation of instructions for guidance of District Offices in financial management
- iv. Administration of Own Source Revenue of the District Government
- v. Examination and advice on matters affecting, directly or indirectly, the finances of District Government like emoluments, grants, contributions, allowances, honoraria, defalcation, embezzlement and losses
- vi. Assets and liabilities of District Government

- vii. Communication of financial sanctions
- viii. Tax proposals in areas within the authority of District Government
- ix. Preparation of Annual Budget, Supplementary Budget, Revised Estimates, Demands for Excess Grants and preparation and execution of output based budgeting
- x. Appropriation and Re-appropriation with in Grants
- xi. Supervision and maintenance of District Accounts
- xii. Abolition and creation of posts on the Establishment of District Offices and examination of Schedule of New Expenditure with the approval of Provincial Finance Department
- xiii. Arrangement for Audit of Receipts and Expenditure in District Offices
- xiv. Matters relating to District Accounts Committee and Public Accounts Committee
- xv. Management of Audit reports on the accounts of District Government
- xvi. Authentication of Audit Copies of releases from District Fund
- xvii. Assistance in the preparation of Annual Development Plan with clear targets for women, girls and marginalized groups.
- xviii. Reconciliation of monthly and annual accounts of Receipts and Expenditure
- xix. Preparation and publication of Annual Report on the State of Finance in District Government
- xx. Matters relating to internal controls and Departmental Accounts Committee
- xxi. Supervision and financial management in accordance with rules
- xxii. Consultation with Provincial Finance Department in policy matter
- xxiii. Mobilization of District Resources in consultation with Provincial Government.

Planning & Development

- i. Preparation, implementation, monitoring and evaluation of District Annual Development Program in co-ordination with District Offices.
- ii. Preparation of Medium and Long Term District Development Plans.
- iii. Appraisal of development projects.
- iv. Collection, Analysis, Compilation and Publication of Development and Socio-Economic Statistics of the district.
- v. Undertaking Research and Surveys on strategic issues pertaining to the district for preparation of projects, programmes and plans.
- vi. Coordination with Provincial P&D Department on issues pertaining to planning and development.
- vii. Working as secretariat for the District Development Committee for approval of development schemes and clearing house for development schemes within the competence of Provincial Development Working Party (PDWP).
- viii. Consolidation and processing of budgetary proposals for resource allocation, re-appropriation of district development funds, appropriations from block allocations and supplementary grants.
- ix. Coordination of nominations for training, seminars, conferences and workshops, notified by Provincial Government for elected representatives and officers of local governments in the district.
- x. Promotion of private sector development and public private partnership.
- xi. Focusing accelerated development of rain fed (barani) and less developed areas.
- xii. Framing guidelines for procurement of consultancy services.

13. Local Government and Rural Development

- iii. Matters relating to local taxes and local rate
- v. Grants, establishment and budget of village and neighbourhood councils

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