

MOST IMMEDIATE



**GOVERNMENT OF KHYBER PAKHTUNKHWA
LOCAL GOVERNMENT, ELECTIONS & RURAL
DEVELOPMENT DEPARTMENT**

No. SOB/LG&RDD/1-91/Instructions//2024-25
Dated Peshawar, the 23rd May, 2025

To

1. The Director General, LG&RDD Peshawar.
2. The Director General, PDA Hayatabad Peshawar.
3. The Secretary, Local Council Board, Hayatabad, Peshawar.
4. Director General, LUBCA, Khyber Pakhtunkhwa.
5. The Section Officer (General), LGE&RDD
6. Managing Director, UADAs, Khyber Pakhtunkhwa.
7. The Director UADAs,
Abbottabad, Bannu, D.I Khan, Haripur, Karak, Kohat, Mansehra, Mardan,
Swabi & Swat.
8. The Chief Executive Officers WSSC/WSSP,
Abbottabad, Bannu, D.I Khan, Mardan Kohat, Peshawar & Swat.
9. All TMAs in Khyber Pakhtunkhwa.
10. All Assistant Director, LG&RDD in Khyber Pakhtunkhwa.

**Subject: - INSTRUCTIONS/REVIEW FOR PREPARATION OF THE BUDGET FOR
THE NEXT FINANCIAL YEAR 2025-26.**

I am directed to refer to the subject noted above and to state that due to the ongoing Local Government Reforms Initiative, the Competent Authority i.e. Secretary LGE&RD Department, Khyber Pakhtunkhwa has been pleased to direct all public sector entities/Directorate/Sub-offices/attach formations for strict adherence to the following instructions for the preparation of the annual Budget for the Financial Year 2025-26:

➤ General Directions:

- i. **Commencement of Budget Preparation:** All organizations shall immediately commence the preparation of their respective budgets for the Financial Year 2025-26, if not already initiated.
- ii. **Compliance with New Accounting Model (NAM):** The budget preparation process must strictly adhere to the principles and guidelines stipulated in the New Accounting Model (NAM) of Govt. of Pakistan and adopted by Govt. of Khyber Pakhtunkhwa for all its department and attach formation.
- iii. **Adoption of Zero-Based Budgeting (ZBB):** The budget for FY 2025-26 shall be prepared following the Zero-Based Budgeting methodology. All expenditures must be justified for each new period, starting from a "zero base." All receipts are to be estimated with calculations that can be justified in incremental increase in the budget to be avoided.

- iv. **Refraining from Over/Misstating Opening Balances:** It is to be made sure and strictly followed that the opening balances are not overstated/misstated to bring the overall budget into surplus. The Principal Accounting Officer (PAO) shall be held responsible for any misreporting for communicating of false sense of satisfactory performance.

➤ **Specific Directives/Instructions:**

- i. **Mapping to Updated Chart of Accounts:** All heads of receipts, expenses, liabilities, assets, and other financial transactions are to be meticulously mapped onto the updated Government Chart of Accounts.
- ii. **Unique Chart of Accounts Codes:** It is imperative that no two distinct heads of account are assigned the same chart of accounts code. Each code must uniquely identify a specific financial head.
- iii. **Standardization of Codes:** A uniform coding structure for similar heads of account shall be applied across all organizations. For instance, the code A03901, representing 'Expense on Stationery Items,' shall be the sole and standardized code for this head across all branches, wings, and sections within a single organization and consistently among all organizations. The DG PDA/LG, UADA Board and LCB shall facilitate and coordinate amongst PDA/CMGP/TMAs/ UADAs/WSSCs to ensure this standardization.
- iv. **Flexibility for Code Expansion:** While maintaining the integrity of the core standardized codes, all organizations are permitted to create or edit sub-codes (extensions) to existing codes where operational needs necessitate further itemization or classification. For example, the code C02701 for 'Rent' shall remain uniform across all organizations. However, a specific TMA/UADA (e.g., TMA/UADA X) is authorized to expand this code to create sub-codes such as C0270101 for 'Rent of District Council Shops, C0270102 for 'Rent of BTS Towers, etc. These expanded sub-codes for rent (and other similar heads where required) may vary between different organizations, but the primary code (e.g., C02701) must remain consistent. All RMOs to ensure compliance the directions.

02. In case of any ambiguity, a training session will be arranged in Local Council Board School on Wednesday from 09:00AM to 12:00PM accordingly, please.

Endst: No. & Date Even.

Copy forwarded to the: -

1. PS to Minister LGE&RDD Khyber Pakhtunkhwa.
2. PS to Secretary LGE&RDD.
3. PS to Special Secretary (Estt.), LGE&RDD
4. PA to Additional Secretary, LGE&RD Department.
5. PA to Deputy Secretary (Admin), LGE&RDD.
6. Master File.

Section Officer (Budget)

23/05/2025

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23/05/2025