



AN-ABU-297  
GOVERNMENT OF SINDH  
RURAL DEVELOPMENT DEPARTMENT

ISN 93574

ROAD RESOURCES MANAGEMENT PROJECT

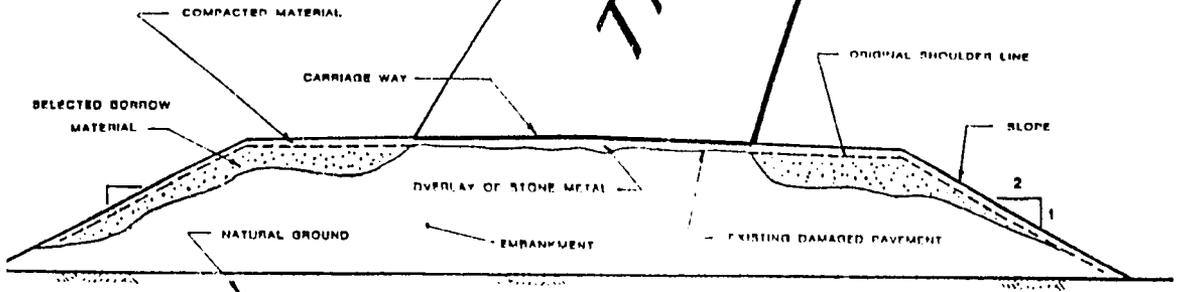
FINAL REPORT

BUDGETARY  
PROCEDURE IMPROVEMENTS  
SEMINARS

May 30, 1991  
Sukkur

June 06, 1991  
Hyderabad

TRAINING PROGRAM



CONSTRUCTION CONTROL SERVICES CORPORATION

&

USAID

DURHAM, NORTH CAROLINA, USA



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SECTION 1.

## FINANCIAL MANAGEMENT TRAINING

### I. SEMINAR SESSION OVERVIEW

#### A. GENERAL INTRODUCTION

Over the past several years, there has been an increasing interest by Government of Sindh officials to help Districts improve their District Budgeting Procedures. Technological changes and serious limitation of local resources, together with local manpower cuts and inadequate Training of clerical and accounting staff, have augmented the need for Districts to improve their use of the District Council Budget as a Planning Document and implement market oriented procedures for estimating revenues more realistically. Current budgeting procedures are producing budget deficits which are disrupting the fiscal integrity of the District Council. With ever-increasing costs for municipal requirements throughout the Province, District officials have also expressed their increasing interest in learning new ways by which they can restore financial order to the district budgeting and fiscal management process.

To assist the District Councils in strengthening their organizational and institutional capabilities, a series of training programs on District Financial Management and Accounting is underway, as developed and implemented by the consultants to train Sindh Accounts Clerks, Accounts Officers, Auditors and Taxation Officers in areas such as: budget preparation, basic bookkeeping procedures, accounts maintenance and the collection of revenues. This seminar, held in Hyderabad and in Sukkur for Sindh District Accounts Officers and accounting, technical and management functionaries of the Government of Sindh was one of these important programs destined to strengthen the fiscal responsibility and accountability of the District Council as a key local government institution.

#### B. PURPOSE OF THE SEMINAR

The purpose of this seminar was to provide high-level District Accounts Officers and Chief Officers and functionaries involved in the budget process with an overview of the importance of the procedural improvements which are necessary to responsibly prepare a district budget. Tax revenues arrears and other potential sources of increased income include: the recovery of lease monies; the production of Bank Guarantees; the Execution of Agreement; the Recovery of Income Taxes; and the Recovery of Salaries and Pension Contributions. These are revenue items which have not generally been realistically treated in current budgeting practices.

District Council Accounts personnel are provided budgetary guidelines from the Sindh Government but many of these rules have never been implemented and there is no uniform system for comparing the budgetary controls and collection procedures from one district with those of another. Also, the implementation of performance budgeting systems, as required by Sindh Council Rule No. 50, following an action plan which is being developed by the Consultant, will greatly improve the quality of the expenditure budgets and result in improved efficiency in financial administration of the Districts.

The Budget Procedures Improvement Seminar will provide an opportunity for those key personnel within each district to participate and work on some uniform and appropriate guidelines, based on sound financial and accounting principles and practices which, with follow up training, can readily be implemented by District Personnel.

It is noteworthy that all rural district were represented at the Seminar, suggesting an exceptionally high level of interest in this topic.

#### SEMINAR PRESENTERS

Two principle speakers from the Consultant Team delivered the lectures and led the discussions: Robert E. Katz, Chief of Party, and Rukhsana Rabbani, Finance Specialist.

The program also included a guest lecturer, Mr. Ilyas Qureshi, Director, Local Fund Audit, Finance Department, Government of Sindh. As Director, Mr. Qureshi is very familiar with critical budget problems and the tremendous impact they make on the District Council's ability to manage their financial responsibilities. Over the years Mr. Qureshi has observed the efforts made by experienced provincial accounts and budget officers who have endeavored to prepare and administer the budgets of each District. During his tenure he has observed numerous areas of concern which the consultant plans to rectify by the implementation of improved budgeting and fiscal management practices and the strong adherence to existing rules and regulations. Concrete practical remedial steps were the focus of his presentation in this seminar rather than budget theory.

Additional speakers included Mr. Agha Shahbuddin, Director of the Rural Academy, Tando Jam, who is well versed in the field of Training for District Council fiscal management. Mr. Ibrahim Qureshi Director Local Government, Mr. Abdul Hameed Rajpot, Director Technical, MLGRD, Hyderabad, Mr. Khursheid Naeem Malik, Acting Director General RDD, Mr. Baduruddin Ujan, Deputy Secretary Local Government, Mr. Syed Mazar Ali Shah Bukhari, Director Local Government Sukkur and Mr. Mohd. Aslam Pathan, Director Technical Sukkur.

## PERFORMANCE OBJECTIVES

At the conclusion of the seminar the participants are now be able to:

- o Describe and explain common concerns surrounding the preparation of revenue budgets for their respective District Councils;
- o Recognize the importance of applying existing laws, rules and regulations which will permit them to prepare more realistic expense budget;
- o Identify several procedures which will allow them to improve the quality of their budget/fiscal administration and avoid the most common auditing difficulties;
- o Understand the basic principles underlying the development of a performance budget; and
- o Develop indicators for measuring efficiency of administrative operations.

## TRAINING METHODOLOGY FOR CONDUCTING THE SEMINAR

The training techniques for the seminar included:

- o Formal lecture presentations;
- o Question-and-Answer sessions as well as group discussions between the participants and the presenter on the topics presented at the conclusion of each session; and
- o A final open discussion and forum, guided by the presenters, including a review of specific recommendations.

## LENGTH OF SEMINAR

The seminar was scheduled for a one-day period at each venue. Formal sessions were kept relatively brief to stimulate maximum participation of those attending and to allow sufficient interaction with the presenters to assure that each presenter responded optimally to the specific needs of the participants.

## SEMINAR FEATURES

There are always several activities necessary to successfully carry out a seminar and this was no exception. A seminar coordinator was designated and assigned to ensure that the facilities were arranged on time, classroom materials procured and made available at the proper times, instructors and trainees notified of schedule changes,

duplication of seminar materials completed made available as required, entry procedures and verbal seminar evaluations administered, etc.

The facilities at each venue very good and all desired instructional items were available and in good working order. Available items of equipment, supplies and facilities included the following:

- a. MATERIALS: Student note pads and pens, and a folder in which to keep them; training certificates; spare projector lamps, slide film, blank poster and wall chart paper, chalk, magic markers (washable), masking tape.
- b. AIDS: Trainee handouts, developed 35 mm slides (including slides of computer screen presentations) and wall charts.
- c. EQUIPMENT: Slide projector, a sound system, microphones and speakers; projection screen; lectern or rostrum; white board; easel and paper.
- d. FACILITIES: A conference room with fans and air-conditioning; hand microphone and comfortable chairs arranged to facilitate group involvement.
- e. FOOD: The tea breaks and a well presented Pakistani buffet facilitated easy discussion of seminar topics.

#### GENERAL OBSERVATION

Overall, this seminar, the fifth in a series of similar programs conducted by the Road Resources Management Project, was a very successful. Attendance was very high, as all rural districts were represented and several departments of Government of Sindh. The participants were eager and enthusiastic and they participated throughout the day. Verbal comments from all of the participants indicated that the seminar was well-organized, smoothly operated and featured high quality, useful presentations.

At the conclusion of the seminar, the participants voted a resolution to pass seven specific recommendations to an executive committee of GOS and District Council financial officers who will work with the consultant to develop an action plan for their speedy implementation. In this way, the training seminar was converted from a passive learning experience to a vehicle for practical solution of District problems.

LESSON PLAN OUTLINE

Seminar C - Budgetary Procedure Improvements in the District Councils  
of Sindhs

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LESSON NO. :	1	LESSON TITLE:	Budgetary Procedure Improvement
LESSON CODE :	C-1/2		in the District Councils of Sindh m

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1. DATE: 06 / 06 /1991 DAY: Thursday TIME : 0900 - 1600
2. VENUE: Hotel Fataz Hyderabad/CCSC Office Sukkur
3. DURATION: 8 Hours
4. TEACHING METHOD: Lecture / Slide Presentation/Group Discussion

TOPICS TO BE COVERED:

- a. Formulation of Budgets and Forecasting Techniques
- b. Introduction to Performance Budgeting
- c. Demerits of Over-Estimation of Revenues
- d. Coordination of Budgeting & Accounting System and Revised Budgeting
- e. \_\_\_\_\_
- f. \_\_\_\_\_
- g. \_\_\_\_\_

TRAINING AIDS & EQUIPMENT REQUIRED:

- a. Lecture notes, student handouts, PM wall posters.
- b. Slides Projector, spare bulb, screen, transparencies, Computer Screen  
Slides
- c. Required microphones, spotlights, electrical cords,
- d. Whiteboard, markers, eraser
- e. Posters, pointers, tape.

SECTION 2



**CONSTRUCTION CONTROL SERVICES CORPORATION**

USAID CONSULTANTS FOR ROAD RESOURCES MANAGEMENT PROJECT

CONTRACT NO: 391-0480-C-00-8246-00

June 10, 1991

Mr. Asad Ullah Sheikh,  
Director General Rural Development  
Sindh Secretariate  
Karachi

Dear Mr. Sheikh,

I am pleased to report that the Budget Seminars held on May 30 in Sukkur and June 6 in Hyderabad were very successful and enjoyed 100 % attendance in terms of Rural District representation.

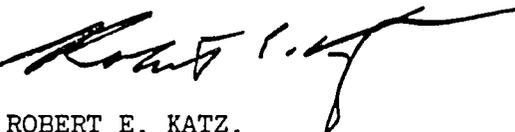
In order to be sure that the recommendations developed are actually implemented and result in real benefits to the Districts, the Seminar Participants voted a resolution requesting the executive committee ( formed last November 7, 1990 ) to develop an action plan to implement each of the recommendations that they approved during the session.

A copy of the resolution is enclosed along with a list of committee members for your information.

Your assistance in convening a one day meeting of the committee to act on the attached agenda will be most appreciated.

Thank you for your assistance & cooperation.

Very truly yours,  
CONSTRUCTION CONTROL SERVICES CORPORATION.

  
ROBERT E. KATZ.  
CHIEF OF PARTY.



## CONSTRUCTION CONTROL SERVICES CORPORATION

USAID CONSULTANTS FOR ROAD RESOURCES MANAGEMENT PROJECT

CONTRACT NO: 391-0480-C-00-8246-00

THE PARTICIPANTS OF THE BUDGETARY PROCEDURES IMPROVEMENTS SEMINAR HAVE DETERMINED THAT IT IS DESIRABLE TO IMPLEMENT RULE 50 - " PERFORMANCE BUDGET " AND RESOLVE THAT THE EXECUTIVE COMMITTEE, PREVIOUSLY CONSTITUTED, IS HEREBY REQUESTED TO DEVELOP AN ACTION PLAN FOR IMPLEMENTING THE FOLLOWING RECOMMENDATIONS VOTED UPON BY THE PARTICIPANTS OF THE JUNE 6 SEMINAR ON BUDGETARY PROCEDURE IMPROVEMENTS :

### R E C O M M E N D A T I O N S

1. DEVELOP PERFORMANCE BUDGETS AS REQUIRED BY RULE 50 OF THE SINDH LOCAL COUNCIL BUDGET RULES 1985.
2. EXCLUDE "SUSPENSE ACCOUNT" FROM THE REVENUE AND CAPITAL BUDGETS.
3. LIMIT THE ARREARS, AS REVENUE ITEMS, TO THE PERCENTAGE OF THE ARREARS ACTUALLY RECEIVED IN THE PREVIOUS BUDGET YEAR.
4. AVOID OVER-ESTIMATION OR INFLATION OF REVENUES.
5. ADOPT CURRENT MARKET RATE FOR REVISING & ESTIMATING BUDGET REVENUES.
6. MAKE ALL REVENUE ESTIMATES AS REALISTIC AS POSSIBLE.
7. ESTABLISH SPECIFIC RULES THAT SHOULD LIMIT THE DISCRETIONARY AUTHORITY OF ELECTED OFFICIALS WITH RESPECT TO OBLIGATION OF BUDGET FUNDS.



## CONSTRUCTION CONTROL SERVICES CORPORATION

USAID CONSULTANTS FOR ROAD RESOURCES MANAGEMENT PROJECT

CONTRACT NO: 391-0480-C-00-8246-00

### AGENDA FOR THE FIRST SESSION OF FINANCE COMMITTEE

To focus the attention of Local Government rural department official to make the following effective improvements in the current system.

#### 1. IMPROVEMENT IN BUDGETARY PROCEDURES

- DEVELOP PERFORMANCE BUDGET AS REQUIRED BY RULE 50 OF THE SINDH LOCAL COUNCIL BUDGET RULES 1985.
- EXCLUDE SUSPENSE ACCOUNT FROM THE REVENUE & CAPITAL BUDGET.
- LIMIT THE ARREARS, AS REVENUE ITEMS, TO THE PERCENTAGE OF THE ARREARS ACTUALLY RECEIVED IN THE PREVIOUS BUDGET YEAR.
- AVOID OVER ESTIMATION & INFLATION OF REVENUES, AND PURSUE RULE 49 (1).
- ADOPT CURRENT MARKET RATE FOR REVISING & ESTIMATING BUDGET REVENUE.
- MAKE ALL REVENUE ESTIMATES AS REALISTIC AS POSSIBLE IN PURSUANCE OF RULE 48 (1).
- ESTABLISH SPECIFIC RULE THAT SHOULD LIMIT THE DISCRETIONARY AUTHORITY OF ELECTED OFFICIALS WITH RESPECT TO OBLIGATION OF BUDGET FUNDS.

#### 2. REVENUE FROM EXPORT TAX

- Ginswar Register for Export Tax collection should be maintained by the Contractors & in turn return to District Council as a record.
- The Security deposit amount from the Export Tax Contractors should be enhanced from 10 % to 15 % in order to protect District Council revenue rights.
- The Bank guarantee for the revenue collection given by the banks to protect the Contractors, should be abolished.
- Rule 48 of Export Tax Rules 1976, under which the bank guarantee from the lessee to the extend of amount of contract of the collection of the Tax - this provision is not adhered to by any of the District Councils of Sindh - this provision should be ammended suitably to make it practical.



## **CONSTRUCTION CONTROL SERVICES CORPORATION**

USAID CONSULTANTS FOR ROAD RESOURCES MANAGEMENT PROJECT

CONTRACT NO: 391-0480-C-00-8246-00

- A model Export Tax Contract is being drafted at Local Government level that should be regulated in prescribe format in all District Councils.
- Reduce the arrears of Export Tax as much as possible.
- All the Export Tax Contracts should be barred of civil proceeding.
- The Magisterial power for the recovery of Export Tax arrears should be given to Chief Executive/Officer.

### 3. RECOVERY OF INCOME TAX

- The recovery of income tax from the Contractors should be the responsibility of the Income Tax & Revenue Departments.
- District Council should not be made responsible for collection of income tax of the contractors.



**CONSTRUCTION CONTROL SERVICES CORPORATION**

USAID CONSULTANTS FOR ROAD RESOURCES MANAGEMENT PROJECT

CONTRACT NO: 391-0480-C-00-8246-00

May 30, 1991  
F.0591. 95

Mr. Agha Shahabuddin  
Director  
Sindh Local Government and  
Rural Development  
Academy Tando Jam.  
Hyderabad.

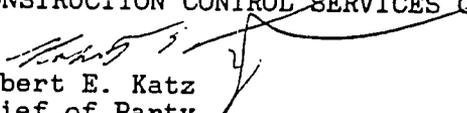
Ref: Seminar on "Budgetary Procedure Improvements"  
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Dear Mr. Shahabuddin

In accordance with the advices of Director General LGRD we are holding a one day seminar on "Budgetary Procedure Improvements" at our Hyderabad office. It will be our pleasure if you can join us on June 30, at Hyderabad. Your presence will add to the quality of the Seminar and to the enthusiasm of the participants. The Seminar Agenda is enclosed for your information.

Thankyou for your continued support and cooperation. We look forward to your active participation.

Yours truly  
CONSTRUCTION CONTROL SERVICES CORPORATION

  
Robert E. Katz  
Chief of Party

CC: DIRECTOR GENERAL LGRD



**CONSTRUCTION CONTROL SERVICES CORPORATION**

USAID CONSULTANTS FOR ROAD RESOURCES MANAGEMENT PROJECT

CONTRACT NO: 391-048D-C-00-8246-00

May 30, 1991  
F.0591. 94

Mr. Mohd Ibrahim Quershi  
Director Local Government  
Hyderabad.

Ref: Seminar on "Budgetary Procedure Improvements"

Dear Mr. Qureshi

In accordance with the advices of Director General LGRD we are holding a one day seminar on "Budgetary Procedure Improvements" at our Hyderabad office. It will be our pleasure if yourself, Mr. Abdul Rashid, Director Rural Development and Mr. Abdul Hamid Rajput, Director Technical, can join us on June 6th, 1991. The schedule of the seminar is enclosed for your information.

Thankyou for your cooperation

Yours truly  
CONSTRUCTION CONTROL SERVICES CORPORATION

  
Robert E. Katz  
Chief of Party

CC: DIRECTOR GENERAL LGRD  
Director Technical Hyderabad Division  
Director Rural Development



**CONSTRUCTION CONTROL SERVICES CORPORATION**

USAID CONSULTANTS FOR ROAD RESOURCES MANAGEMENT PROJECT

CONTRACT NO: 391-0480-C-00-8246-00

May 23, 1991  
F.0591.84

Mr. Mohd Aslam Pathan  
Director Local Government  
Sukkur.

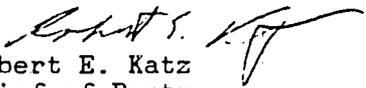
Ref: Seminar on "Budgetary Procedure Improvements"  
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Dear Mr. Pathan

In accordance with the advices of Director General LGRD we are holding a one day seminar on "Budgetary Procedure Improvements" at our Sukkur office. It will be our pleasure if yourself and Mr. Syed Mazar Ali Shah Bokhari, Director Local Development Sukkur Division, can join us on May 30th, 1991. The schedule of the seminar is enclosed for your information.

Thankyou for your cooperation

Yours truly  
CONSTRUCTION CONTROL SERVICES CORPORATION

  
Robert E. Katz  
Chief of Party

CC: DIRECTOR GENERAL LGRD  
DIRECTOR Local Government Sukkur Division



**CONSTRUCTION CONTROL SERVICES CORPORATION**

USAID CONSULTANTS FOR ROAD RESOURCES MANAGEMENT PROJECT

CONTRACT NO: 391-0480-C-00-8246-00

Date: June 01, 1991  
F.0591.

Mr. Khurshid Naeem Malik  
Director General \*  
Local Government Rural Development  
Sindh Secretariate  
Karachi

Ref: Seminar on "Budgetary Procedure Improvements"

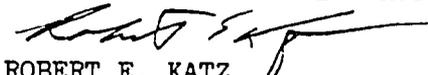
Dear Mr. Malik,

We highly appreciate your attending Budget Seminar for Sukkur division on May 30th, which would not have been as successful without your presence. Now we take the opportunity to invite you to the Seminar for Hyderabad division on June 6, at our Hyderabad office.

It will be a pleasure for us if yourself, Mr. Karim Shiekh and Mr. Ilyas Qureshi could join us at Hyderabad at the Seminar. The Travel arrangements and Hotel stay will be on our project expense. Copy of the proposed schedule Seminar is attached.

We look forward to your corporation and attendance.

Very truly yours  
CONSTRUCTION CONTROL SERVICES CORPORATION

  
ROBERT E. KATZ  
CHIEF OF PARTY

CC. MR. ILYAIS QUERSHI DIRECTOR LOCAL FUND AUDIT  
MR. KARIM SHIEKH DIRECTOR TECHNICAL LGRD



## CONSTRUCTION CONTROL SERVICES CORPORATION

USAID CONSULTANTS FOR ROAD RESOURCES MANAGEMENT PROJECT

CONTRACT NO: 391-0480-C-00-8246-00

May 22, 1991

F. 591.79

Mr. Ahmed Magsood Hameedi  
Additional Chief Secretary  
Government of Sindh  
Sindh Secretariat  
Karachi.

Dear Mr. Hameedi:

As I am sure you are aware, the USAID Road Resources Management Project, which is funding and supervising the rehabilitation of District Council roads in the Sindh, has an important Institutional Development component which is directed at assisting District Councils to improve their financial management capabilities and enhance local revenues.

On November 7, 1990, at one of our financial management seminars, the official participants of the Government of Sindh and the District Councils unanimously resolved to form a committee to develop an action plan for implementing the recommendations and conclusions developed at that seminar.

Unfortunately, the first meeting of the committee, planned for January, was canceled due to the Gulf Crisis, and has continued to be delayed due to changes in staffing at DGRD.

With the help of Mr. Ilyas Qureshi, Director Local Fund Audit, we hope to reestablish the committee and hold the first action plan meeting at the Municipal Training Research Institute. Your assistance in providing high-level support for the goals of this committee will be most helpful in motivating the committee members. These goals will be discussed at our upcoming Budgeting Seminars, 30 May in Sukkur and 06 June in Hyderabad.

Enclosed please find copy of letter establishing the committee and a copy of the "Conclusions and Recommendations" to be acted upon by this committee.

I would greatly appreciate the opportunity to meet with you to discuss the Committee Action Plan as well as respond to any questions you may have regarding any aspect of our project construction and training activities.

Yours truly  
CONSTRUCTION CONTROL SERVICES CORPORATION

  
ROBERT E. KATZ  
Chief of Party

2-9

CC: MR. ILYAS QUERSHI, DIRECTOR LOCAL FUND AUDIT

43/10/F, P. E. C. H. Society, Block 6, Karachi-29 Tel: 442135

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## CONSTRUCTION CONTROL SERVICES CORPORATION

USAID CONSULTANTS FOR ROAD RESOURCES MANAGEMENT PROJECT

CONTRACT NO: 391-0480-C-00-8246-00

### CONCLUSION & RECOMMENDATION OF FINANCIAL MANAGEMENT SEMINAR

1. Jinswar Register for Export Tax collection should be maintained by the Contractors & in turn return to District Council as a record.
2. The Security deposit amount from the Export Tax Contractors should be enhanced from 10 % to 15 % in order to protect District Council revenue rights.
3. The Bank guarantee for the revenue collection given by the banks to protect the Contractors, should be abolished.
4. Rule 48 of Export Tax Rules 1976, under which the bank guarantee from the lessee to the extent of amount of contract of the collection of the Tax - this provision is not adhered to by any of the District Councils of Sindh - this provision should be ammended suitably to make it practical.
5. A model Export Tax Contract is being drafted at Local Government level that should be regulated in prescribe format in all District Councils.
6. Reduce the arrears of Export Tax as much as possible.
7. All the Export Tax Contracts should be barred of civil proceeding.
8. The Magisterial power for the recovery of Export Tax arrears should be given to Chief Executive/Officer.
9. The recovery of income tax from the Contractors should be the responsibility of the Income Tax & Revenue Departments.
10. District Council should not be made responsible for collection of income tax of the contractors.



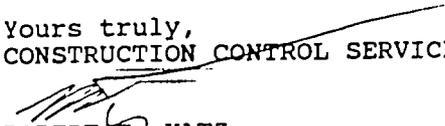
9. Mr. Abdul Rashid Brohi,  
Accounts Officer, Dist. Council Karachi Member
10. Mr. Amir Bux Hajiano,  
Accounts Officer, Dist. Council Sukkur Member
11. Mr. Syed Iqbal Hussain Shah,  
Accounts Officer, Dist. Council Hyderabad Member
12. Miss. Rukhsana Rabbani,  
Finance Specialist, CCSC, Karachi Member/Secretary

Additionally, I will be pleased to offer my services on this committee in any capacity which you may deem appropriate so that the important recommendations raised at the seminar can be discussed at length, further refined and implemented in one or more districts to test their efficacy.

I shall be grateful if you may please convene this committee and finalize the recommendations at your convenience. I believe that, if the members of the committee could retreat for one or two days at a convenient location, such as Tando Jam Academy, the deliberations would lead to most fruitful conclusions.

There is also a meeting pending to discuss the reports and recommendations previously submitted by the CCSC Financial Management Team. It would be helpful to convene this meeting as soon as possible and provide a copy of the minutes for the benefit of the above mentioned committee.

Yours truly,  
CONSTRUCTION CONTROL SERVICES CORPORATION

  
ROBERT E. KATZ  
Chief of Party

cc: Mr. Hasan Masood, Project Officer

GOVERNMENT OF SINDH  
LOCAL GOVERNMENT, PUBLIC HEALTH  
ENGINEERING AND RURAL DEVELOPMENT  
DEPARTMENT  
(R.D.WING)

NO:RD/DIR(TECH)1-44/84(Seminar)/ Karachi, dated 21-05-1991.

To

1. The Chief Officer,  
District Council,  
Hyderabad / Thatta / Badin / Tharparkar /  
Thar / Sanghar / Dadu.
2. The Accounts Officer,  
District Council,  
Hyderabad / Thatta / Badin / Tharparkar /  
Thar / Sanghar / Dadu.
3. The Taxation Officer,  
District Council,  
Hyderabad / Thatta / Badin / Tharparkar /  
Thar / Sanghar / Dadu.

Subject:- ONE-DAY SEMINAR ON BUDGETARY PROCEDURE  
IMPROVEMENT .

The USAID R.R.H. Project Consultants, Construction Control Services Corporation (CCSC) is arranging a One-day Seminar on budgetary procedure improvement on Thursday 6th June, 1991 at Hyderabad in the Office of Construction Control Services Corporation (CCSC) 96, Defence Society, Hyderabad (Telephone No. 22682). Copy of the Programme is enclosed.

2. You are requested to please attend the Seminar at Hyderabad on the above date positively.

DIRECTOR(TECHNICAL-I)  
RURAL DEVELOPMENT  
PH: NO: 51 55 53

A copy is forwarded for information to the Chairman, District Council, Hyderabad / Thatta / Badin / Tharparkar / Thar / Sanghar / Dadu.

DIRECTOR(TECHNICAL-I)  
RURAL DEVELOPMENT

A copy is forwarded for information and necessary action to :-

1. The Director, Local Government, Hyderabad.
2. The Director(Development), Rural Development, Hyderabad. He is requested to ensure that all the Chief Officers, Accounts Officers and Taxation Officers of District Councils must attend the Seminar.

DIRECTOR(TECHNICAL-I)  
RURAL DEVELOPMENT

GOVERNMENT OF SINDH  
LOCAL GOVERNMENT, PUBLIC HEALTH  
ENGINEERING AND RURAL DEVELOPMENT  
DEPARTMENT  
(R.D.MING)

NO:RD/DIR(TECH)1-14/84(Seminar)//05/Karachi, dated 21-05-1991.

To

1. The Chief Officer,  
District Council,  
Nawabshah / Naushero Feroze / Khairpur /  
Sukkur / Shikarpur / Jacobabad / Larkana.
2. The Accounts Officer,  
District Council,  
Nawabshah / Naushero Feroze / Khairpur /  
Sukkur / Shikarpur / Jacobabad / Larkana.
3. The Taxation Officer,  
District Council,  
Nawabshah / Naushero Feroze / Khairpur /  
Sukkur / Shikarpur / Jacobabad / Larkana.

Subject:- ONE-DAY SEMINAR ON BUDGETARY PROCEDURE  
IMPROVEMENT.

The USAID R.R.M. Project Consultants, Construction Control Services Corporation (CCSC) is arranging a One-day Seminar on budgetary procedure improvement on Thursday 30th May, 1991 at Sukkur in the Office of Construction Control Services Corporation (CCSC) 42, Muslim Housing Society, Military Road, Sukkur (Telephone No. 60900). Copy of the Programme is enclosed.

2. You are requested to please attend the Seminar at Sukkur on the above date positively.

/

DIRECTOR(TECHNICAL-I)  
RURAL DEVELOPMENT  
PH: NO: 51 55 53

A copy is forwarded for information to the Chairman, District Council, Nawabshah/Naushero Feroze/Khairpur/Sukkur/Shikarpur/Jacobabad/Larkana.

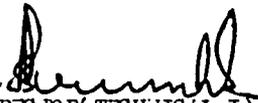
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DIRECTOR(TECHNICAL-I)

- A copy is forwarded for information & necessary action to :-
1. The Director, Local Government, Sukkur/Larkana.
  2. The Director(Dev), Rural Development, Sukkur.  
He is requested to ensure that all the Chief Officers, Accounts Officers and Taxation Officers of District Councils must attend the Seminar.

✓

c.c.  
Chief of Party, 2-14,  
Construction Control Services Corp  
43/10/F, PCHS, Karachi.

  
DIRECTOR(TECHNICAL-I)  
RURAL DEVELOPMENT

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**CONSTRUCTION CONTROL SERVICES CORPORATION**

AID CONSULTANTS FOR ROAD RESOURCES MANAGEMENT PROJECT

CONTRACT NO: 391-0480-C-00-8246-00

Date: May 22nd, 1991  
F.0591.74

Director General  
Local Government Rural Development  
Sindh Secretariate  
Karachi

Ref: Seminar on "Budgetary Procedure Improvements"

Dear Sir;

In accordance with the advices of Mr. Abdul Karim Shiekh, Deputy Director LGPD and Mr. Ilyais Quershi, Director Local Fund Audit We shall be pleased to participate in the presentation of the Budget Seminar on the proposed dates of May 30th, in Sukkur and June 6, in Hyderabad.

It will be our privilege to receive yourself, Mr. Karim Shiekh and Mr. Ilyais Quershi as our guests at Sukkur for the Seminar. The Air Tickets will be sent to your office tomorrow, our Sukkur staff has attended to your lodging accomodations which are now confirmed at the Forum Inn Hotel. Copy of the proposed schedule Seminar is attached.

we look forward for your corporation and attendance.

Very truly yours  
CONSTRUCTION CONTROL SERVICES CORPORATION

  
ROBERT E. KATZ  
CHIEF OF PARTY

CC. MR. ILYAIS QUERSHI, DIRECTOR LOCAL FUND AUDIT



**CONSTRUCTION CONTROL SERVICES CORPORATION**

SAID CONSULTANTS FOR ROAD RESOURCES MANAGEMENT PROJECT

CONTRACT NO: 391-0480-C-00-8246-00

May 22, 1991  
F.0591.57

Mr. Hasan Masood,  
Project Officer, RRMP  
USAID.  
Karachi.

Ref : SEMINAR ON BUDGETARY PROCEDURE IMPROVMENTS

Dear Mr. Masood,

We have been informed by Mr. Ilyais Qureshi that DG LGRD has approved the following dates for the Seminar and has notified District Councils accordingly.

May 30th 1991 at CCSC Sukkur office

June 6th 1991 at CCSC Hyderabad office

Attached are the copies of the schedule for each venue. We hope that you will be able to attend the Seminar at least one of these locations.

Very truly yours,  
CONSTRUCTION CONTROL SERVICES CORPORATION

  
ROBERT E. KATZ  
Chief of Party.



**CONSTRUCTION CONTROL SERVICES CORPORATION**

USAID CONSULTANTS FOR ROAD RESOURCES MANAGEMENT PROJECT

CONTRACT NO: 391-0480-C-00-8246-00

Date: May 16th, 1991

F.0591. 48

Mr. Anwar Ali Khokhar  
Director General  
Local Government Rural Development  
Government of Sindh (GOS)  
Sindh Secretariate, Block 89  
Karachi.

Ref: Seminar on Budgetary Procedures Improvements

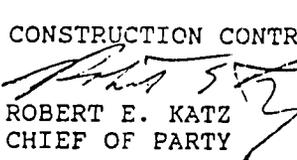
Dear Mr. Khokhar;

The tentative dates of the budget seminar had been proposed for May 19th and May 21st in Hyderabad and Sukkur respectively; After discussion of the feasibility of these dates with Mr. Ilyais Qureshi, Director Local Fund Audit, it was agreed that because of the unexpected change in the designated DGLGRD it would be desirable to wait until the new Director General is named, so that he can coordinate this important function.

The handout material and the speakers manuscript have been sent to the office of Director Local Fund Audit earlier. It is requested that the office of the DGLGRD coordinate with the Director, Local Fund Audit and the District councils to determine appropriate dates for these seminar. We will manage the logistical details of arranging if you can provide us with one week advance notice of the dates selected.

Thankyou for your cooperation in this matter.

CONSTRUCTION CONTROL SERVICES CORPORATION

  
ROBERT E. KATZ  
CHIEF OF PARTY

CC: MR. NAZAR SHIEKH, FINANCE SECRETARY  
MR. HASAN MASCOD, PROJECT OFFICER RRMP, USAID



**CONSTRUCTION CONTROL SERVICES CORPORATION**

USAID CONSULTANTS FOR ROAD RESOURCES MANAGEMENT PROJECT

CONTRACT NO : 391-0480-C-00-8246-00

Date: May 12, 1991

ENG/RRM.0591.29

Mr. Anwar Ali Khokhar  
Director General  
Rural Development Department  
Government of Sindh (GOS)  
Sindh Secretariat, Block 89  
Karachi

Dear Mr. Khokhar:

Construction Control Services Corporation, as part of its Road Resources Management Project, is planning to hold a one day seminar on budgeting, prior to the district council budgeting exercise, which usually becomes intensive in June.

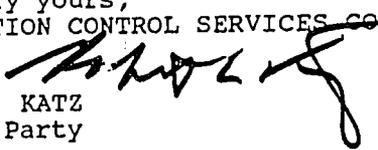
In consultation with Local Fund Audit and District Finance Personnel, we have concluded that it would be appropriate to present the seminar on two occasions, at separate venues for the convenience of district council personnel to the Sukkur and Hyderabad Divisions. We propose to convene at 9:00 A.M. on May 19 in Hyderabad and at 9:00 A.M. on May 21 in Sukkur with Mr. Ilyas Qureshi as one of major speakers.

If this schedule meets with your approval, we would appreciate your assistance in notifying the District Council, Chief Officers, Accounts Officers and Taxation Officers. We would appreciate your assistance in arranging for Mr. Qureshi to be available for these two sessions. A copy of the Agenda is enclosed for your review.

If this schedule presents any difficulties please advise so that we can work with you to prepare an alternative schedule that will meet with your approval.

Thank you for your cooperation in this matter.

Very truly yours,  
CONSTRUCTION CONTROL SERVICES CORPORATION

  
ROBERT E. KATZ  
Chief of Party

cc: Mr. Nazar Sheikh, Finance Secretary  
Mr. Hasan Masood, USAID Project Officer

SECTION 3

## FINANCIAL TRAINING SEMINAR SCHEDULE

COURSE TITLE: BUDGETARY PROCEDURE IMPROVEMENTS IN THE DISTRICT COUNCILS OF SINDH.

DATE: 30.05.1991

LOCATION: CCSC SUKKUR OFFICE

COORDINATOR: FINANCIAL SPECIALIST, CCSC  
DIRECTOR LOCAL FUND AUDIT

Time	Topic	Resource Person
0900 - 0910	Arrival & Registration Questionnaire	Mr. Imamshah Mr. Sohail Ahmed
0910 - 0915	Seminar Inauguration	
0915 - 1015	Formulation of Budgets and Forecasting Tech- niques	Miss Rukhsana Rabbani Financial Specialist RRMP - CCSC
1015 - 1045	Introduction to Performance Budgeting	Mr. Robert E. Katz Chief of Party RRMP - CCSC
1045 - 1115	T E A B R E A K	
1115 - 1245	Demerits of Over- Estimation of Revenues	Mr. Ilyas Qureshi Director Local Fund Audit
1245 - 1345	L U N C H	
1345 - 1445	Coordination of Budget- ing & Accounting System and Revised Budgeting	Miss Rukhsana Rabbani
1445 - 1530	Group Discussion	Miss Rukhsana Rabbani Mr. Ilyas Qureshi Mr. Robert E. Katz All Participants
1530 - 1600	Evening Tea	
1600 - 1630	Seminar Closing Ceremonies	Director General

Note: The certificates of participation will be awarded to all attendees to this workshop/seminar. Please be sure your full name and title is clearly written on the attendance sheets, so that certificates can be properly sent by courier, after the presentation.

## FINANCIAL TRAINING SEMINAR SCHEDULE

COURSE TITLE: BUDGETARY PROCEDURE IMPROVEMENTS IN THE DISTRICT COUNCILS OF SINDH.

DATE: 06.06.1991

LOCATION: CCSC HYDERABAD OFFICE

COORDINATOR: FINANCIAL SPECIALIST, CCSC  
DIRECTOR LOCAL FUND AUDIT

Time	Topic	Resource Person
0900 - 0910	Arrival & Registration Questionnaire	Mr. Nadeem Quershi Mr. Sohail Ahmed
0910 - 0915	Seminar Inauguration	Director General LGRD
0915 - 1015	Formulation of Budgets and Forecasting Techniques	Miss Rukhsana Rabbani Financial Specialist RRMP - CCSC
1015 - 1045	Introduction to Performance Budgeting	Mr. Robert E. Katz Chief of Party RRMP - CCSC
1045 - 1115	T E A B R E A K	
1115 - 1245	Demerits of Over-Estimation of Revenues	Mr. Ilyas Qureshi Director Local Fund Audit
1245 - 1345	L U N C H	
1345 - 1445	Coordination of Budgeting & Accounting System and Revised Budgeting	Miss Rukhsana Rabbani
1445 - 1530	Group Discussion	Miss Rukhsana Rabbani Mr. Ilyas Qureshi Mr. Robert E. Katz All Participants
1530 - 1600	Evening Tea	
1600 - 1630	Seminar Closing Ceremonies	Mr. Agha Shahbuddin Principal LGRD ATJ

SECTION 4

LIST OF PARTICIPANTS

SUKKUR DIVISION

1. Abdul Ghaffar Siddiqui	Jacobabad
2. Abdul Karim Shaikh	Sukkur
3. Ahmed Ali Mangrio	Sukkur
4. Amir Bukhsh Hajiano	Sukkur
5. Atta Mohammad	Jacobabad
6. Budruddin Ujjan	
7. Bashir Ahmed Samoon	Nawabshah
8. Bashir Ahmed Gandaro	Sukkur
9. Gull Hasan Shaikh	Khairpur
10. Ghulam Mustafa Memon	Nawabshah
11. Haji Ghulam Sabir Jatoi	N. Feroze
12. Iqbal Imtiaz Phulpota	Sukkur
13. Khurshid Naeem Malik	Karachi
14. Muhammad Buphal Banban	Shikarpur
15. Masroor Memon	Khairpur
16. Moiz-ud-din Shaikh	Shikarpur
17. Mohammad Ilyas Qureshi	Karachi
18. Mohammad Aslam Pathan	Sukkur
19. Mohammad Ayub	Larkana
20. Kazi Deedar Ali	Larkana
21. Raj Kumar	Nawabshah
22. S. Ali Zulfiqar Rashdi	Khairpur
23. Syed Mazhar Ali Shah Bukhari	Sukkur
24. Zamir Hussain	Larkana

LIST OF PARTICIPANTS

HYDERABAD DIVISION

1. Abdul Hameed Rajput	Hyderabad
2. Abdul Hussain Memon	Thatta
3. Agha Shahab Uddin	
4. Allah Bukhsh Shah	Thatta
5. Allah Dino Chachar	Dadu
6. Ali Akbar Bhurt	Badin
7. Aman Ullah Solangi	Hyderabad
8. Amir Ali Unnar	Thatta
9. Arjun Das	Sanghar
10. Ghulam Mohammad Memon	Mirpurkhas
11. Ghulam Asghar Wagon	Sanghar
12. Ilahi Bukhsh	Badin
13. Imran Aslam	Thatta
14. Jan Murad Talpur	Hyderabad
15. Memon Ibrahim Qureshi	Hyderabad
16. Merab Khan	Badin
17. Muhammad Yusuf Geth	Mirpurkhas
18. Mamer Meloog	Sanghar
19. Mohammad Abid Shaikh	Thatta
20. Mohammad Mehboob	Sanghar
21. S. Iqbal Hussain	Hyderabad

PARTICIPATION INFORMATION FORM - ACCOUNTS OFFICERS

USAID ROAD RESOURCES MANAGEMENT PROJECT (RRMP)

CONSTRUCTION CONTROL SERVICES CORPORATION (CCSC)

NAME OF PARTICIPANT	NAME OF DISTRICT	COMPLETE MAILING ADDRESS	PARTICIPANT IN ATTENDANCE	FOLIO RECEIVED
MOIZ UDDIN SHAIKH	SHIKARPUR	C/O D.C. Shikarpur	<del>Shaiikh</del>	Yes
Gul Hassan Shaikh	Khairpur	C/O D.C. Khairpur	<del>Shaiikh</del>	Yes
Amir Bux Hajana	Sukkur	A/O D.C. Sukkur	<del>Amir</del>	Yes
Ghulam Mustafa Memon	Nauabshah	A.O. D.C. N'shak	<del>Amir</del>	Yes

## PARTICIPATION INFORMATION FORM - CHIEF OFFICERS

USAID ROAD RESOURCES MANAGEMENT PROJECT (RRMP)

CONSTRUCTION CONTROL SERVICES CORPORATION (CCSC)

NAME OF PARTICIPANT	NAME OF DISTRICT	COMPLETE MAILING ADDRESS	PARTICIPANT IN ATTENDANCE	FOLIO RECEIVED
MOHD. RUPHAL BANBAN	SHIKARPUR	C/O D.C SHIKARPUR	Yes	Yes
Masood A. Memon	Khairpur	C/O D.C. Khairpur	Yes	Yes
Ahmed Ali Mangro	Sukkur	C.O. D.C. Sukkur	Yes	Yes
Abdul Gaffar Siddiqi	Jacobabad	C.O. D.C. Jacobabad	Yes	Yes
Bashir Ahmed Saman	Naushahero Feroz	C.O. D.C. Naushahero	Yes	Yes
Haji Ghulam Shahid Jatoi	Naushahero Feroz	C.O. D.C. N.S. Feroz	Yes	Yes

PARTICIPATION INFORMATION FORM - TAXATION OFFICERS

USAID ROAD RESOURCES MANAGEMENT PROJECT (RRMP)

CONSTRUCTION CONTROL SERVICES CORPORATION (CCSC)

NAME OF PARTICIPANT	NAME OF DISTRICT	COMPLETE MAILING ADDRESS	PARTICIPANT IN ATTENDANCE	FOLIO RECEIVED
Iqbal Imtiaz Phulpoto	Sukkur	C/o D.C Sukkur	<i>[Signature]</i>	Yes
Bashir Ahmed P. Qudari	Nawshero Feroze	C/o D.C Sukkur	<i>[Signature]</i>	Yes
RAS KUMAR	Nawabshah	C/o D.C NWS	<i>[Signature]</i>	Yes.
S. Ali Zulhizar Raheeli	Khairpur	C/o D.C. Khairpur	<i>[Signature]</i>	Yes.

PARTICIPATION INFORMATION FORM - OTHER PERSONNEL

USAID ROAD RESOURCES MANAGEMENT PROJECT (RRMP)

CONSTRUCTION CONTROL SERVICES CORPORATION (CCSC)

NAME OF PARTICIPANT	NAME OF DISTRICT	COMPLETE MAILING ADDRESS	PARTICIPANT IN ATTENDANCE	FOLIO RECEIVED
Khurshid Naeem Malik		D.G.R.D., Block 89 Karachi.		
Mahd. Ilyas Qureshi		Director Local Fund Audit		
Abdul Karim Shaikh		Acting Director Technical R.D	Shariq	
MR. Badaruddin Ujan		Deputy Secretary Local Govt. Department Sindh		

PARTICIPATION INFORMATION FORM - OTHER PERSONNEL

USAID ROAD RESOURCES MANAGEMENT PROJECT (RRMP)

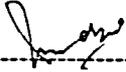
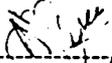
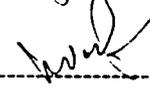
CONSTRUCTION CONTROL SERVICES CORPORATION (CCSC)

NAME OF PARTICIPANT	NAME OF DISTRICT	COMPLETE MAILING ADDRESS	PARTICIPANT IN ATTENDANCE	FOLIO RECEIVED
Syed Mazhar Alishah Bukhari	Sukkur	Director Development Rural Development Department Sukkur Division	<i>[Signature]</i> 30/5/11	Yes
MOHD. ASLAM PATHAN	SUKKUR	Director / C-Sukkur	<i>[Signature]</i>	Yes

## PARTICIPATION INFORMATION FORM - ACCOUNTS OFFICERS

USAID ROAD RESOURCES MANAGEMENT PROJECT (RRMP)

CONSTRUCTION CONTROL SERVICES CORPORATION (CCSC)

NAME OF PARTICIPANT	NAME OF DISTRICT	COMPLETE MAILING ADDRESS	PARTICIPANT IN ATTENDANCE	FOLIO RECEIVED
ZAMIR HUSSAIN	LARKANA	House No 1631/C LARKANA		Received
HTTA MOHAMMED	JACOBABAD	RAHMAT GILL <sup>PUR</sup> LARKANA		Received
RAZI DEEDAR ALI	LARKANA	Chief Officer D/Council		Received
MOHAMMAD AYUB	LARKANA R/D	Director Rural Development <sup>LARKANA</sup>		Received

PARTICIPATION INFORMATION FORM - OTHER PERSONNEL

HYD

USAID ROAD RESOURCES MANAGEMENT PROJECT (RRMP)

CONSTRUCTION CONTROL SERVICES CORPORATION (CCSC)

NAME OF PARTICIPANT	NAME OF DISTRICT	COMPLETE MAILING ADDRESS	PARTICIPANT IN ATTENDANCE	FOLIO RECEIVED
Abdul Hameed Rajput	Director Technical RDO, Hyd.	Buglaw no C-7 Aetobhan Road Unit no: 2 Katifakia Hydissela	Abdul	
Asha Shehabuddin	Distt. Secy, Roadways, Jw		ET	
Naseem Hani	USAID		Naseem	
Jay Mund Talp	Director (Dev) Hyd		JM	
Abdul Basit	Basit	Officer in Charge (OIC) New Canal Section	Basit	
Mr. Abdul Hussain Memon	Asstt. Director Local Govt. Hyd.	Asstt. Director Local Govt Thatta	AM	
Mahamud Ibrahim Qureshi	Director Local Govt Hyd.	Secretary of Board of Revenue Thatta		6/6/91 6/6/1991

PARTICIPATION INFORMATION FORM - CHIEF OFFICERS

USAID ROAD RESOURCES MANAGEMENT PROJECT (RRMP)

CONSTRUCTION CONTROL SERVICES CORPORATION (CCSC)

NAME OF PARTICIPANT	NAME OF DISTRICT	COMPLETE MAILING ADDRESS	PARTICIPANT IN ATTENDANCE	FOLIO RECEIVED
Amir Ali Umar	Thaka	Distt Council Thaka	[Signature]	
Mehrab Khan Husaini	Bedin	Dist. Council Bedin	[Signature]	
Mohammad Yousaf GILL Thulom Asghar Hussain <del>Chief Officer</del>	Mirpur Mathela	Dist Council Mirpur Mathela	[Signature]	
<del>Chief Officer</del>	Sanghar	Dist Council Sanghar	[Signature]	
Mohamed M. Chowdhury T.O	Sanghar	D/Council	[Signature]	

PARTICIPATION INFORMATION FORM - ACCOUNTS OFFICERS

USAID ROAD RESOURCES MANAGEMENT PROJECT (RRMP)

CONSTRUCTION CONTROL SERVICES CORPORATION (CCSC)

NAME OF PARTICIPANT	NAME OF DISTRICT	COMPLETE MAILING ADDRESS	PARTICIPANT IN ATTENDANCE	FOLIO RECEIVED
Allah Bux Sheh	Thatta	Distt. Council Thatta	<i>[Signature]</i>	
ALLAH DINO CHACHAR	DADU	DISTRICT COUNCIL DADU	<i>[Signature]</i>	
ILAHI BAKSH	BADIN	Distt. Council Badin	<i>[Signature]</i>	
S Iqbal Husain Sheh	Hyderabad	District Council Hyd	<i>[Signature]</i>	
GHULAM MUHAMMAD MEMON	Mirpur Khas	" " M.P. Khas	<i>[Signature]</i>	
Arif Khan	Sanghar	" " Sanghar	<i>[Signature]</i>	

PARTICIPATION INFORMATION FORM - TAXATION OFFICERS

USAID ROAD RESOURCES MANAGEMENT PROJECT (RRMP)

CONSTRUCTION CONTROL SERVICES CORPORATION (CCSC)

NAME OF PARTICIPANT	NAME OF DISTRICT	COMPLETE MAILING ADDRESS	PARTICIPANT IN ATTENDANCE	FOLIO RECEIVED
IMRAN ASLAM	Thatta	Taxation officer <sup>Thatta</sup> Dist-Council	Jundani ASC	
Mohand Abdul Samd. Jhyd		Taxation Officer <sup>Dist</sup> Council	RRMP	
AMANULLAH SOLANOI	Mingora lehr	Taxation officer <sup>Jhyd</sup> Dist: Council Mingora	Jundani	
Mohammed Melode	Sanghar	Taxation Officer	Jundani	
Ali Akber Bhuit	Badin	Taxation Officer Dist-Council	Jundani	

SECTION 5

DEMERITS OF OVER ESTIMATIONS OF REVENUES &  
REVISED BUDGETING

BY

MR. ILYAS QURESHI  
DIRECTOR LOCAL FUND AUDIT  
GOVERNMENT OF SINDH

## DEMERITS OF OVER ESTIMATIONS OF REVENUES & REVISED BUDGETING

Before going into the details of the above mentioned topic, it is necessary to understand the conceptual frame-work of Local Councils Finances. Financial management itself is quite complicated, but can be handled without excessive effort if the concept is clearly understood.

The purpose of Local Councils Finance Administration is to provide and to appraise the significance and usefulness of fiscal mechanisms. The major functions must be guided by generally accepted principles of organization and procedure, and the relationships of the several fiscal functions to each other must be clear within the entire context of Local Government.

Recently the problems of Local Councils' Finances have changed to reflect depression, war, inflation, and population growth, particularly population influx in urban areas. Due to these problems the finances of Local Councils has become such a broad and complex subject that it must be studied in all of its various aspects utilizing a number of analytical approaches. It would be an ambitious undertaking to explore all the details of such a complicated subject. The approach employed for this discussion therefore, will not be geared to the level of lower staff and officers of Local Councils but will be more applicable to the needs of the head of Finance Administration and the Mayor, Chairman or elected Councilors. The Mayor/Chairman or elected representative of Local Councils cannot manage the affairs of the Council without sound knowledge of the broad aspects of Local Council Finances (Local Funds). The head of a Council must know the current financial position of the Council and be able to give complete and accurate financial reports to the Council for the preparation of budget, for treasury management, for controlling expenditure and so on. Thus his responsibility goes upto the Council/Government and down through the organization of the Council. Mayor/Chairman, Councillor or the officers must be acquainted with the theories of Local Councils Finances and their practical application in detail in order to perform their duties satisfactorily.

The fiscal policy of a Council is a course of action which has been decided by its citizens or their elected representative with respect to:

1. the quantity and quality of activities, services and improvements which they wish to undertake and
2. the financing of these services and improvements.

In determining and implementing this policy many questions need to be answered, such as:

1. Shall borrowing be used; if so for what purpose?

2. Shall financing of all or a part of improvements be on pay as you go basis?
3. What kind of Taxes shall be levied or increased?

These decisions have to be made and the fiscal policy of a council should be determined by the elected representatives of a council. Thus they should be ready to exercise leadership on the basis of training and experience in the initiation of what they consider to be sound fiscal policies, and to act as advisors in the process of final determination. It is essential to achieve this objective in organizing the Finance Administration. It is a channel (or more appropriately, a complicated series of channels) through which authority flows from the top to the bottom and through which information and suggestions flow from bottom to top. It is the arrangement of functions and positions in the manner thought best to achieve the given end.

The most important of fiscal activities are those budgeting, accounting, treasury management and auditing services through which the council administration exercises effective control for the dual function of economy and efficiency. To regulate the fiscal functions, Sindh Local Government Ordinance 1979 - Chapter X has legal frame work supplemented by rules which were promulgated from time to time. Chapter X deals with constitution of Local Fund (Section 69), withdrawal from the fund (Section 70), charged expenditure (Section 71), Budgets (Section 72), Accounts (Section 73), Audit (Section 74), Accounts Committee (section 75) and property of the Councils (Section 76).

One of the most important documents prepared is the budget. A budget may be defined as "A comprehensive plan, expressed in Financial terms, by which an operating program is effective for a given period of time".

It includes estimates of:

- a. the services, activities, and projects comprising the program;
- b. the resultant expenditure requirements; and
- c. the resources usable for their support.

In fact, the budget is interwoven with, and is the product of, the entire management and legislative process and it is influenced by the same social, economic, and political forces affecting the conduct of public affairs.

There are three logical stages in which the budgetary process may be divided.

They are:

1. budget preparation;

2. consideration and adoption; and
3. execution of the budget plan.

The West Pakistan Municipal Committees (Budget) Rules 1985 provide legal details of the above three stages.

In democratic government final authority to establish the budget constitutes the most effective control exercised by the Council over the administrative officials. Under the Sindh Local Government Ordinance, 1979, full powers were given by the Government to the Council with regard to the formation, sanction and enforcement of budget vide Section 72- read with Government Notification No: OSD/Elect/LG/DP-27/79 dated 7-2-1991.

In the process of reviewing the budget the council has an opportunity to judge the adequacy of the proposed operating program; to establish the level of services to be rendered; to determine the basic organization and personal staffing patterns; and to review the efficiency of the work method. A complete budget, including all proposed work programs, expenditures, and revenues, makes it possible for the Council to compare the needs of one service with the needs of another and weigh the desirability of the services proposed against the burden of taxes required to finance the work program. A well documented and thoroughly explained budget will inspire public confidence more effectively than any other action taken by the Council or the Chief Executive.

Revenue analysis is a vital phase of budgeting but it must be remembered that the revenue totals in the long run will be reflections of expenditure needs. Therefore, a major emphasis in the budget process inevitably will be directed towards the estimating of expenditure requirements, particularly those relating to program.

Thus each source of revenue may require a different formula in order to forecast a reliable figure to be included in the budget. Some revenue account may produce practically the same amounts each year. Other revenue sources fluctuate and cannot be relied upon to produce the same amounts every year. However, for each revenue source there will be a rate of charge and an item subject to levy of tax, licence or charge. The yield must be estimated by determining how frequently the item subject to tax will occur. No source of revenue should be estimated solely upon collections of previous years.

The following steps are suggested:

1. Prepare and keep up to date a revenue analysis for each source, containing summary of legal background, date of adoption and reference to ordinance - rule and summary of schedule of rates charges on items to which it is applied.

2. Calculate the percentage collected each month as compared to annual totals for the past three to five years. This information is used for establishing monthly, quarterly and annual revenue anticipations for budget control purposes- and for estimating receipts for the required period.

The chief problem of local administration in all countries is that of making both ends meet at the close of the fiscal year. The financial needs of modern communities seem to increase much more rapidly than their population or wealth. Even the same administrative services cost more and more each year. Each year brings a demand that the local council should enlarge its sphere of action for the benefit of its citizens. Things which were formerly left to private enterprise are constantly being socialized. The whole pressure is in the direction of greater expenditure.

This increase is due to several factors which are as follows:

1. the growth of population;
2. the enlargement of the functions of Local Councils;
3. the depreciation in the value of currency; and
4. the adoption of higher standards and more complex techniques.

The revenues and expenditure of any Government are by their very nature circumscribed. No Local Council can enjoy unlimited income or unrestricted license to spend as much as it might desire. With limited finances on one hand, and ever expanding services on the other, a grave problem confronts every Local Council administration. How may the Local Council adequately use its limited finances to encompass the many demands upon it? The answer to this question is obviously by financial planning. A budget is nothing more than a plan of financial operation for a given period of time. Each individual figure in the budget represents an activity of the Council. Since Local Councils exist to carry out functions essential to community welfare which the individual members of the community themselves could not perform successfully, each budget figure symbolizes a necessary community activity as part of the Municipal life.

The need of the hour is to make the budgets really live and dynamic. To do this, certain financial management principles must be applied.

These principles are:

1. Relations between the budgetary system and the fiscal activities of the political unit:
  - a. Comprehensiveness;
  - b. Exclusiveness;

2. Treatment by the budgetary mechanism of the factors included in the system:
  - a. Unity
  - b. Specification
  - c. Annuity
  - d. Accuracy
3. Forms and techniques for presentation of the budget contents:
  - a. Clarity
  - b. Publicity

Comprehensiveness requires that the budget should embrace all of the financial activities of the political unit, that there should be no extra-budgetary funds or finance outside the control of the budgetary process.

Exclusiveness means that the budget should deal only with financial matters, not with substantive legislation.

Unity requires that the budget is to be presented in gross terms; that is, total revenues and total expenditures should be set forth, not net revenues and net expenditures.

Annuity requires that budgets be presented each year, and they cover only one fiscal year.

Accuracy means that revenues and expenditures should be correctly (though conservatively) estimated.

Clarity means that the budget should be clear and definite.

Publicity means that the budget should be an instrument for educating the people in the policies of the political unit.

The tendency with the Local Council is that the maintenance and development expenditure is raised indiscriminately and the increase in maintenance and development expenditure outpaces the increase in income. The net result is that the financial capacity of the Local Council to undertake development works does not increase with a raise in income but on the other hand shows a downward trend.

It is necessary to re-orient the financial policies . Budgets can serve as useful instruments for this reorientation. This can be brought about if the rules on the subject (i. e. Budget Rules 1985) are followed in letter and spirit- particularly if the provisions of rules 35, 36 and 37 are strictly adhered to. Unfortunately, experience shows that these provisions are not adhered to, resulting in overestimating of the revenues and expenditures. The overestimating in revenues is made only to balance the budget as required under rule 4g *ibid*. To substantiate this fact, some of the instances are shown in annexure to this paper. It would be evident that revenues are not recovered as provided in the budget, but expenditure is not curtailed proportionate to the reduction of income.

Due to this fact, the following position emerged:-

- a. A deficit gap is created which is not bridged as the councils are lacking sources of income and do not strive to achieve the targets as provided in the budget estimates.
- b. To meet the expenditure, the liability is created to be carried over to next year - and this process continues to create a budget deficit.
- c. The development or execution of work as provided in the budget are not carried out or postponed.
- d. The provision of capital income (particularly the recovery of arrears) is set forth in the Budget. The development expenditures are correspondingly provided in the budget. What actually happens, however, is that arrears are not recovered but the expense is incurred.
- e. The councils do not fix the percentage of expenditure on establishment of revenue accounts & unlimited amount on establishment is expended (rule 44(2) *ibid* ). As a result in most of the councils the development grant and deposit funds are utilized to meet the establishment expenditure.
- f. The provision of rule 45-46 are not adhered to, resulting in failure to provide adequate funds for development expenditure and commercial schemes of public utility.
- g. The provision of rule 48 in determining estimates of expenditure is not followed and the provisions are made on wishful thinking, rather than on the basis of certainty (or at last high probability) .
- h. Due to overestimating the revenue with respect to expenditure, the real surplus potential as required under rule 49 for development work is not available.
- i. Lump-sum provisions are made on wishful thinking, in contravention of rule 56.

- j. Revenue collection program as require under rule 69 bid is not prepared. Consequently, no check is exercised on the recovery staff and no information with regard to recovery program is available on a periodic basis. Finally classified ledgers are not maintained, or if maintained, are incomplete.
- k. In violation of rule 74, budget estimates do not provide for provisional payments against expenditures.

As a result over expenditure is incurred as compared to actual revenue provision. This creates a financial gap between income and expenditure.

All the above factors contribute to overestimation of revenues, there by inhibiting District Council. The residents of these district are the victims of this poor performance.

To eliminate the above systemic weaknesses, the adherence to budget rules is the sine-quo-non. It would be most desirable to implement performance budgeting with vigilant oversight to achieve the goal/purpose of the budget documents.

The revision of the budget is the secondary stage after the initial budget and it is done to regulate the excess/surrender under Chapter V of the budget Rule 1985 with particular reference to rules 77 to 80 *ibid*.

It is hoped that the points discussed in this paper will be considered to improve Financial performance of the council.

CONSTRUCTION CONTROL SERVICES CORPORATION  
ROAD RESOURCES MANAGEMENT PROJECT

FORMULATION OF BUDGETS  
BUDGETARY ACCOUNTING  
BUDGETARY REPORTING

PERFORMANCE APPROACH IN BUDGETING

BY  
CCSC FINANCIAL TEAM

FORMULATION OF BUDGETS  
BUDGETARY ACCOUNTING  
BUDGETARY REPORTING

BUDGETING is the process of allocating scarce resources to unlimited demands.

BUDGET is a rupee and paisa plan of operation for a specific period of time.

At a minimum, such a plan should contain information about the types and amounts of proposed expenditures. The purposes for which they are to be made, and the proposed means of financing them.

Although practices are by no means uniform, budgeting and budgets typically play a far greater role in the planning, control, and evaluation of governmental operations than in those of privately owned businesses. The importance of the budget process can be emphasized as follows:

- a. An annual budgets should be adopted by every governmental unit.
- b. The accounting system should provide the basis for appropriate budgetary control.
- c. Budgetary comparisons should be included in the appropriate financial statements and schedules for governmental funds for which an annual budget has been adopted.

The adoption of a budget implies that decision have been made on the basis of a planning process -as to how the unit is to reach its objectives. The accounting system then assists the administrators to control the activities authorized to carry out the plans and to prepare the statements that permit comparison of actual operation with the budget and evaluation of variances.

## BUDGETARY PHASES AND FUNCTIONS

The three budgetary phases and functions Planning, Control and evaluation are the crucial aspects of all budgetary approaches and Processes.

Budgeting, budgetary accounting, and budgetary reporting are uniquely important and distinctive features of governmental fund accounting and financial reporting, indeed. Governmental fund accounting is often referred to as "budgetary accounting":

Governmental fund operating statements are prepared on both the accounting and budgetary basis.

## BUDGETARY PLANNING, CONTROL, AND EVALUATION

### PLANNING:

Planning phase of budgeting concern the following:

- (1) The type, quantity, and quality of governmental goods and services provided are not normally evaluated and adjusted through the open market mechanism:
- (2) These goods and services (e.g. education police and fire protection and sanitation) are often considered among the most critical to the public interest and well-being:
- (3) The scope and diversity of modern government activities have become so great that comprehensive, thoughtful and systematic planning is a prerequisite to orderly decision making in this complex environment: and
- (4) Government local councils are "owned" by their citizens and planning and decision making are therefore generally a joint process participated in by citizens, either individually or in groups, by their elected representatives within the legislative branch, and by the members of the Local councils.

The Local government and Local councils, division of powers, is exercised here. The "checks-and balances" device is operative as the budget is adopted by any Council.

Often after public hearings in which interested citizens or groups are able to participate. Written budget proposals are obviously essential to communication. Discussion, revision and documentation of plans by those concerned with and responsible for planning.

**CONTROL:**

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Budgets are also widely used as devices of control in governments. both in regard to

(1) Exercise of control by the legislative branch over the executive branch and

(2) Exercise of control by the chief executive over subordinate executive agencies or departments.

When a budget is enacted by the Local government & Local council the expenditure estimates become appropriations- both authorizations to expend and expenditure limitations upon the executive branch.

Appropriations may be enacted in broad categorical terms or in minute detail.

When appropriations are enacted in broad categorical terms, the legislature exercises general or policy level control only and the Chief executive is given much managerial discretion in the conduct of government business as is the case in our Local Council.

**EVALUATION:**

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The budgetary authority extended one branch or level of government by another therefore becomes a standard for measurement of legal and administrative compliance or noncompliance.

Appropriate financial reports that compare the budgeted and actual revenue and expenditure amounts for the period-serve as a basis for evaluating the extent of compliance with standards established by the various sanctioned budgets.

## THE PERFORMANCE APPROACH IN GOVERNMENTAL BUDGETING

### Defination of Performance Budget

A performance budget is typical forecast financial statement presenting the budget based on functions, activities and projects, in terms of services and work projects rather than in terms of the things bought.

### Significance of a Performance Budget:

- Specifies activities to be performed
- Requires measurable outputs
- Measures performance against goals (Targets)
- Permits measurement of relative efficiency

### A PERFORMANCE BUDGET FUNCTIONS

A budget wherein expenditures are based primarily upon measurable performance of activities which are logically grouped together to form goal oriented work programs. A performance budget may also incorporate other bases of expenditure classification, such as character and object class, but these are given a subordinate status to activity performance.

This approach shifts budgeting emphasis from objects of expenditure to "measurable performance of activities and work programs". The primary focus on evaluation of the efficiency with which existing activities are being carried out; its primary tools are cost accounting and work measurement. The gist of this method may be summarized as

- (1) Classifying budgetary accounts by function and activity, as well as by organization unit and object of expenditure,
- (2) Investigating and measuring existing activities in order to obtain maximum efficiency and to establish cost standards, and
- (3) Basing the budget of the succeeding period on unit cost standards multiplied by the expected number of units of the activity estimated to be required in that period. The total budget for an agency would be the sum of the products of its unit cost tandards multiplied by the expected units of activity in the upcoming period. The enacted budget is viewed somewhat as a performance contract between the local government budget approving authorities and the chief executive of District Councils.

## BENEFITS

Probably the most important contributions of the performance approach have been its emphasis on:

- 1) Narrative description of proposed activities
- 2) Organization by activities with quantitative work units and costs
- 3) Output measurement as well as input (results vs. effort)

The performance budget thus emphasizes the activities for which appropriations are requested rather than merely how much will be spent, and requires answers to questions such as:

1. What are the agency's objectives: for what reason does the agency ask for appropriations: what services does the agency render to justify its existence? (POLICY)
2. What programs or activities does the agency use to achieve its objectives? (OBJECTIVES OR GOALS)
3. What volume of work is required in each of the activities? (DESIRED QUALITY AND QUANTITY STANDARDS)
4. What levels of services have past appropriations provided? (ACTUAL ACHIEVEMENT)
5. What level of activity or service may legislators and the taxpayers expect if the requested amounts are appropriated? (REALISTIC TARGETS, NOT IDEALS!)

To provide Budgetary Authority with a reasonable program, each department must do some clear thinking about what it is trying to do and how it can do it best. When the Budgetary Authority fully understand the department's work, its objectives and its resource requirements, with useful information to rationally, (the appropriation ordinance communicates its full meaning as a contract between the executive and Budgetary Authority).

Cuts are made with the understanding that we are reducing programs and goals, not just resources that is because performance data also provide additional freedom to reduce or expand the amounts requested for particular functions or activities. Where information is available as to particular functions and activities, the activities may be readily expanded or contracted at the will of chief executives: But where only object of expenditure data are available, the chief executives must deal with minute details: it may be tempted to make changes arbitrarily, such as slashing all requests a given percentage. If the final appropriation under the performance approach provides more or less than was requested for a function or activity, the executive branch must of course revise its plans in order to make the most effective use of amounts appropriated.

The performance approach also provides the chief executive with a more meaningful avenue of control over his or her subordinates. Rather than being restricted merely to how much subordinates spend he or she may evaluate the performance of activities in terms of both dollar and activity unit or work production standards. This is the essence of production management in the private sector and there is no reason not to implement this tool in the public sector in an effort to improve public sector productivity.

#### CONCLUSIONS

The approach has proved extremely helpful, especially when its application has been limited to discrete tangible routine types of activities such as public works maintenance and operations police patrol and garbage collection. Further performance data are frequently used to supplement or support object-of-expenditure budget requests and are essential to program budgeting.

**SINDH LOCAL COUNCILS BUDGET RULES 1985**

SINDH COUNCIL (BUDGET) RULES, 1985

CHAPTER - I  
PRELIMINARY & DEFINITIONS

Rule 1. Short Title and Commencement

1. These rules may be called the Sindh Council (Budget) Rules, 1985
2. They shall come into force at once.

Rule 2. Definitions

In these rules unless the context otherwise requires, the following expressions shall have the meanings hereby respectively assigned to them, that is to say:

- a. APPROPRIATION means the amount of the budget grant for a particular unit;
- b. DEPARTMENT means a Department of the Council under Sindh Councils (Conduct of Business Rules 1980);
- c. FORM means a form appended to these rules;
- d. HEAD means a Head of Expenditure referred to in sub-rule (2) of Rule 6;
- e. ORDINANCE means the Sindh Local Government Ordinance 1979;
- f. SCHEDULE means a Schedule of the Budget;
- g. SUB-HEAD and Unit respectively means a sub-head or Unit or Expenditure referred to in sub-rule (2) of rule 6;
- h. UNFORESEEN EXPENDITURE shall include expenditure for which no specific head of expenditure is provided in the budget;
- i. VOLUME means a Volume of the Budget;
- j. REVISED ESTIMATES means estimates of the receipts & expenditure for the current financial year based on the transactions already under-taken and anticipations for the remaining period of the financial year.

Rule 3. Volume of the Budget

The budget shall extend over two volume, namely Volume I and Volume II.

Rule 4. Volume - I

Volume - I shall comprise:

- a. Estimates of Revenue;
- b. Estimates of Expenditure;
- c. Statements of the Demands for Grants;
- d. Financial Abstract;
- f. Schedule of New Expenditure;
- g. Schedule of Development Expenditure;
- h. Schedule of Charged Expenditure;
- i. Schedule of Establishment;
- j. Schedule of Contingencies;
- k. Schedule of Works;
- l. Schedule of Liabilities
- m. Schedule of Arrears;
- n. Schedule of Miscellaneous Funds; and
- o. Schedule of Taxes.

Rule 5. Estimates of Revenue

1. The Estimates of Receipts shall be in Form B-1 and shall provide for the budget estimates for the ensuing year, the revised estimates for the current year, the sanctioned estimate for the current year and the actual figures for the proceeding year.
2. The items of income specified in Form B-1 may be adopted, modified, replaced, or new item introduced according to the requirements of the council.

#### Rule 6. Estimates of Expenditure

1. The estimates of Expenditure shall be in form B-2 and shall provide for the budget estimates for the ensuing year, the revised estimates for the current year, the sanctioned estimates for the current year, and the actual figures for the proceeding year.
2. Every Department shall form a Head of the Budget and every Head shall be divided into a number of sub-heads and every sub-heads into Units as shown in Form B-2, or in such other manner as may be specified by the council to suit its requirement.
3. A provision shall be made in the estimates of expenditure against each Unit and such provision shall be referred to as an appropriation.

#### Rule 7. Statement of Demands for Grant

The Statement of the Demands for grant shall be in Form B-3, wherein a demand for grant shall be raised for each sub-head.

#### Rule 8. Financial Abstract

The Financial Abstract shall be in Form B-4, and shall contain such statistical data as the council may, from time to time, specify with a view to giving a clear picture of the financial operations and principal activities of the council.

#### Rule 9. Schedule of New Expenditure

The Schedule of New Expenditure shall be in Form B-5, and shall provide for the details about each item of new expenditure included in the budget.

#### Rule 10. Schedule of Development Expenditure

The Schedule of Development Expenditure shall be in Form-6, and shall provide for the details about each item of development expenditure in the context of the development plan of the council included in the budget.

#### Rule 11. Schedule of Charged Expenditure

The Schedule of Charged Expenditure shall be in Form B-7, and shall provide for the details about each item of charged expenditure included in the Budget.

#### Rule 12. Schedule of Establishment

The Schedule of Establishment shall be in Form B-8, and shall furnish the necessary particulars about the establishment and establishment charges under various sub-heads.

#### Rule 13. Schedule of Contingencies

The Schedule of Contingencies shall be in Form B-9, and shall contain a detailed break-up of the estimates of Contingencies under various sub-heads.

#### Rule 14. Schedule of Works

The Schedule of Works shall be in Form B-10, and shall contain a detailed break-up of various works provided for under various sub-heads, and it shall be divided in to two section, the first section, containing necessary particulars about the work pertaining to repairs and maintenance with the second section containing necessary particulars about all original works.

#### Rule 15. Schedule of Liabilities

The Schedule of Liabilities shall be in Form B-11, and shall contain estimates of the liabilities of the previous years proposed to be met during the ensuing year.

#### Rule 16. Schedule of Arrears

The Schedule of Arrears shall be in Form B-12, and shall furnish full particulars about the arrears under the various items of income and the estimates of revenue under various items likely to realized on account of arrears, and included in the estimates of income.

#### Rule 17. Schedule of Miscellaneous Funds

The Schedule of Miscellaneous Funds shall be in Form B-13, and shall furnish particulars about opening balance, income expenditure and closing balance with regard to suspense accounts, depreciation funds, provident fund accounts, investments and other funds maintained by a council.

#### Rule 18. Schedule of Taxes

The Schedule of Taxes shall be in Form B-14, and shall contain a digest of the various taxation proposals prepared in accordance with the Sindh Councils (Imposition of Taxes Rules 1979).

Rule 19. Volume II

Volume II shall consist of the Explanatory Memorandum to explain the provisions contained in the Estimates and the Schedules.

Rule 20. Explanatory Memorandum

The Explanatory Memorandum shall be divided into parts and each part shall deal with one Estimates , Statement, or Schedule.

Rule 21. Explanatory of Estimates of Revenue

While explaining various provisions in the Estimates of Revenue, the Explanatory Memorandum shall review the various sources of income how far such sources are productive or otherwise to what extent such sources have been exploited and the problem arising with regard to each item of income and the manner in which such problems are proposed to be tackled.

Rule 22. Explanation of Estimates of Expenditure

While explaining various provisions in the Estimates of Expenditure, the Explanatory Memorandum shall among other matters review the Principal activities of the council under various fields indicating the performance targets already achieved and proposed to be achieved in the ensuing year.

Rule 23. Explanation of the Statement of Demand for Grants

While explaining the statement of the Demands of grants such points as need special notice of the council shall be indicated and explained.

Rule 24. Explanation of the Schedule New Expenditure

While explaining the Financial Abstracts, the Explanatory Memorandum shall contain a general review of the finances of the council and this may include such graphs charts and diagrams as may be necessary to illustrate the council.

Rule 25. Explanation of the Schedule of New Expenditure

While explaining the provisions in the Schedule of New Expenditure, each item of New Expenditure shall be numbered, and full particulars shall be given about the history of the case, the expenditure involved, the justification for the proposed expenditure, and the receipts if any.

Rule 26. Explanation of the Schedule of Development Expenditure

While explaining the provisions in the Schedule of Development Expenditure, the explanatory memorandum shall review the Development plan of the council the extent to which such plan has already been executed and the extent to which it is proposed to be executed in the ensuing year.

Rule 27. Explanation of Charged Expenditure

While explaining the provisions in the Schedule of charged Expenditure, each item of Charged Expenditure shall be numbered, and full details shall be furnished about each item.

Rule 28. Explanation of the Schedule of Establishment.

While explaining the provisions in the Schedule of Establishment full details shall be furnished about the staff employed under various branches and where new establishment is proposed to be employed during the ensuing year full justification therefore shall be given.

Rule 29. Explanation of the Contingencies

While explaining the provisions in the Schedule of the Contingencies, full detail shall be furnished as justification of Expenditure on various items of Contingencies with particular reference to new items and such items on which expenditure is proposed to be increased.

Rule 30. Explanation of Schedule of Works

While explaining the provisions in the Schedule of Works, each work shall be numbered and full particulars shall be furnished about the justification for each work, the probable cost, the period during it will be executed, the manner in which it will be financed the agency through which it will be executed, and the likely benefits to occur from the execution of the works.

Rule 31. Explanation of Schedule of Liabilities

While explaining the provisions in the Schedule of Liabilities, each item shall be numbered, and full details shall be furnished about each item.

Rule 32. Explanation of Schedule of Arrears

While explaining the provisions in the Schedule of Arrears, each items shall be numbered, and full details shall be furnished for each item including the reasons for the accumulation of arrears, and the steps proposed to be taken for recovery of the arrears.

Rule 33. Explanation of Schedule of Miscellaneous Funds

While explaining the provisions in the Schedule of Miscellaneous Funds, each fund shall be numbered and full details shall be furnished about each fund.

Rule 34. Explanation of Schedule of Taxes

While explaining the Schedule of Taxes each Tax shall be numbered and full particulars shall be furnished about each tax and the financial implications thereof.

SIND COUNCIL (BUDGET) RULES, 1985

CHAPTER - II  
PRINCIPLES OF BUDGETING

Rule 35. Basis of Preparation of Estimates of Revenue

1. Estimates of Revenue in the Budget shall be as accurate as possible, and shall neither be indented, nor over-pitched.
2. In preparing the estimates, the receipts during the preceding years, the receipts during the current year, the economic factors regulating such receipts and other relevant facts shall be given due consideration.

Rule 36. Receipts on Account of Government Grants or other Contributions

No fresh receipt on account of Government grant, or contribution by any other authority shall be shown in the estimates on the revenue side unless a definite communication in writing under-taking the payment of such amount has been received from Government or the authority concerned as the case may be.

Rule 37. Receipts on Account of Tax Fee etc. Revenue Income Margin

No receipts shall be shown in the estimates on the revenue sides on account of any tax, fee, loan charge or other levy unless such tax, fee, loan, charge or other levy has been sanctioned by the competent authority.

Rule 38.

Revenue Income during any year shall be the total income excluding the income from capital receipts and the receipts from arrears.

Rule 39.

Capital receipts shall mean the income from

- a. The sale of immovable property;
- b. The disposal of capital assets;
- c. The sale of investments;
- d. The Loans, arrears; and
- e. The Grants and other receipts of a non-recurring nature;

#### Rule 40. Revenue Expenditure

1. Revenue Expenditure during any year shall be the total expenditure excluding the development expenditure, the capital expenditure not included in the development expenditure and the expenditure to meet liabilities.

#### Rule 41. Capital Expenditure

Capital Expenditure shall mean the expenditure for:

- a. Acquisition of immovable property;
- b. Execution of original works;
- c. Purchase of investments;
- d. Acquisition of capital assets; and
- e. Any grant or contribution of a non-recurring nature.

#### Rule 42. Prohibition to Divert Capital Receipts

Except with the sanction of the Government no capital receipt shall be diverted to meet expenditure on revenue account.

#### Rule 43. Earmarking of receipts of Government Instructions

A Council may, and if required by Government shall earmark any receipts for expenditure in specified items, and if any items are earmarked the receipts therefore shall not be diverted to meet expenditure on any items other than the items for which such receipts are earmarked.

#### Rule 44. Allocation of Percentage of Revenue Income

1. A Council may, from time to time and if required by Government shall specify the percentage of the revenue income which shall be allocated to various Departments for the purpose of revenue expenditure where such percentage has been fixed the shares of revenue expenditure shall be based on such percentage.
2. A Council may from time to time, if required by Government shall, fix the percentage of the revenue income beyond which the total expenditure on establishment on revenue account shall not exceed and where such percentage has been fixed the estimates of revenue expenditure shall be based on such percentage.

#### Rule 45. Earmarking of Revenue Income for Development Expenditure

A Council may from time to time, fix the percentage of the revenue income which shall be earmarked for development, and the allocation out of the revenue income for development expenditure shall not fall below such percentage.

#### Rule 46. Commercial Service

A Council may from time to time, and if required by Government shall declared the revenue expenditure for such service shall not exceed the revenue receipts therefrom.

#### Rule 47. Development Expenditure

1. Development Expenditure shall mean
  - a. The expenditure on a Development plan;
  - b. The Expenditure for an original work;
  - c. Any Expenditure declared by Government to be development expenditure; and
  - d. The expenditure for new service or an expansion in an existing service.
2. Where a Development Plan has been sanctioned, development expenditure shall be provided in accordance with the provisions of the Development Plan and no development expenditure shall be provided in the Budget which is not provided in the Development Plan.

#### Rule 48. Maintaining Accuracy in Estimates

1. The estimates of expenditure shall be framed as accurately as possible and shall as far possible be based on the principle of certainty and not on the principle of probability.
2. All items of expenditure that can be foreseen shall be provided for taking care that the amount of provisions is restricted to the absolute minimum requirements.
3. The estimates shall be based on the revised estimates of the current year after scrutinizing fully and carefully in the context of all relevant factors.
4. No item for expenditure shall be included in the estimates without proper consideration and an exhortation of foresight

under sub-rule (2) shall not be construed as an innovation to provide for new items of expenditure without proper consideration.

5. All items of expenditure shall at the time of framing of the estimates be reviewed and such economy as may be possible shall be made.

#### Rule 49. Balance/Deficit Budget

1. The surplus potential of the council for a year shall be the excess of revenue income over revenue expenditure and where there is no surplus potential the budget will not be balanced.
2. The budget of a council shall as far as possible be balanced and the revenue and development expenditure shall not exceed the revenue and capital receipts of the council but where a deficit budget is unavoidable, the fact shall be brought to the notice of the Government by the 1st day of May.
3. Where the Revenue Budget of a council cannot be balanced Government may direct a special study of the finances of the council and in the improvement of its finances as may be specified.

#### Rule 50. Performance Budget

The Budget shall as far as possible be a performance budget and it shall made due provision to ensure that the standard of performance in the various activities of the council rises progressively and is not allowed to fall or deteriorate.

#### Rule 51. New Expenditure

1. The Schedule of New Expenditure shall provide for the following types of expenditure that is to say
  - a. Expenditure relating to a new service;
  - b. Increased expenditure as a consequence of the re-organization or addition to any existing service;
  - c. Any increase in any existing grant or contribution exceeding, ten percentum of the current grant or contribution;
  - d. Expenditure on original works; and
  - e. Any other expenditure which is declared by Government to be New Expenditure for the purposes to these rules.

2. All items of New Expenditure shall be scrutinized with due care before they are included in the Schedule of New Expenditure, and in scrutinizing the following principles shall be kept in view that is to say
  - a. The council shall concentrate on the performance of compulsory functions and additional liabilities on account of optional functions shall, as far as possible, be avoided.
  - b. The proposals for new expenditure shall be formulated on the basis of priority after taking stock of the overall requirements of the council in various departments.
  - c. Preference shall be given to development at requirements and new expenditure on revenue account shall as far as possible be kept at the minimum possible level; and
  - d. With reference to development projects preference shall be given to such projects, which do not involve a recurring cost.
3. When providing for a piece of new expenditure administrative difficulties and delays shall be kept in mind and only such amount shall be provided which is likely to be spent during the course of the year.

#### Rule 52. Charged Expenditure

The Schedule of Charged Expenditure shall comprise of all items of expenditure as are specified in sub-section (1) of Section 71 of the Ordinance.

#### Rule 53. Expenditure for Establishment

1. For the purpose of the Schedule of Establishment the establishment provided for under a sub-head shall be divided into categories, each category comprising of officials in the same grade of pay.
2. The estimates shall be prepared for each category and shall specify the number of posts in each category and the scales of pay and other particular about the officials included in the category and the manner in which the estimated are worked out shall be explained in the Expenditures Memorandum.

3. In framing estimates for the sanctioned establishment whether permanent or temporary, the pay including increments and allowance which is likely to be drawn by persons on duty during the year shall be provided for, but no provision shall be made for appointment to be held in advance or for those who are on deputation or absent in other way and unlikely to return to the strength within the year.
4. The expenditure for the establishment..... in various Department shall be provided Department-wise and Branch-wise under the sub-head "Council Secretariat" under the head General Department and the establishment for field services shall be provided for under the respective departments.

#### Rule 54. Charges for Contingencies

1. The Estimates under contingencies shall unless otherwise provided, include all charges for establishment and the phases for execution for works.
2. Estimates for fluctuating items of expenditure under contingencies shall be based on the allotment for the current year viewed in the light of the average of the past three years actual and allowances made for causes likely to modify the figure and any excess over the current budget shall be explained in the Explanatory Memorandum.

#### Rule 55. Expenditure for Works

1. No original work shall be included in the Estimates unless such work has been administratively approved by the competent authority
2. While giving particulars about original works in the Schedule of works, the works in progress shall be distinguished from the new works, and in estimating the amount required for works in progress during the ensuing year, due allowance shall be made to ensure that there is no rush of expenditure during the last month of the current year and the unspent grant for such works are carried forward to the next year

Rule 56. Prohibition for Lump-Sum Provision without Explanation

No lump-sum provisions the details whereof cannot be explained shall be made in the estimates, nor shall any provisions be made for an item which cannot be classified

Rule 57. Rounding off

All estimates on the Income and Expenditure side shall be rounded to the nearest hundred, and the figures below Rupees fifty shall be disregarded and figures of Rupees fifty or above shall be entered as a hundred

SIND COUNCIL (BUDGET) RULES 1985

CHAPTER 111  
PREPARATION AUTHENTICATION AND PUBLICATION OF THE BUDGET

Rule 58. Preparation of Budget Proposals

1. The Finance Department shall be responsible for the preparation of the Budget and for the enforcement of the provisions of these rules.
2. On or before the first day of February each year, the Heads of Departments shall forward their budget proposals to the Finance Department.
3. The Budget proposals shall, subject to such adjustments as may be necessary to suit the requirements of the department, be in the forms specified in Chapter -II.
4. The budget proposals shall be based on the actual of the first six months of the current year, and shall be formulated in accordance with the principles laid down in Chapter II, and such instructions as the Finance Department may issue in this behalf from time to time.

Rule 59. Scrutinizing Modification and Printing of Budget Estimates

1. All budget proposals received under rule 58 shall be scrutinized by the Finance Department, and forwarded to the Finance Sub-Committee.
2. The budget proposals shall be presented to the Finance Sub-Committee in the month of March every year which may make such recommendations of the estimates as may deem necessary.
3. As soon as the Second statement of Excess and Surrenders has been received from the Departments under Rule 78(1) (b), the Finance Department shall review the estimates and formulate such proposals for the modifications of the estimates as may be necessary in the light of such excesses and surrenders.
4. As soon as may be after the meeting of the Finance Sub-Committee, the Mayor or, as the case may be, Chairman shall consider

- a. The recommendation of the Finance Sub-Committee.
- b. Proposals for the modification of the estimates formulated by the Finance department and pass such orders for the modification of the estimates as may be necessary.

Rule 60. Copy of the Budget to be Furnished to Members

Copies of the budget as prepared under Rule 59 shall be forwarded to all members of the council in accordance with the Sindh Councils (Conduct of Business) Rule, 1980, for consideration of the Budget.

Rule 61. Forwarding Copy of the Budget to Government

1. The Chief Executive shall forward a copy of the budget as approved by the council to the Government within seven days of its approval for consideration under section 72 of the Ordinance.
2. If for any unavoidable circumstances, the budget cannot be forwarded to the Government within the stipulated period of seven days, the council may apply for extension of time as may be necessary.
3. If the Budget is not received by Government by the 30th day of June, Government may have the necessary budget prepared under sub-section (2) of section 72 of the Ordinance, and certify it in its own authority.

Rule 62. Action on Receipt of Modifications made by Government

On receiving an order of modification under sub-section (3) of section 72 of the Ordinance, the Mayor or as the case may be the Chairman shall amend the budget in accordance with such order and authenticate under his signatures a copy of the budget so amended and the budget so amended and the budget thus authenticated shall be the authorized budget.

Rule 63. Consideration of Observation made by Government after Authentication

If any observations are received from Government after the budget has been authenticated under Rule 62, the council shall consider such observations, and may take such action as it deems necessary.

Rule 64. Budget to the Public Document

The sanctioned Budget shall be treated as a public document and shall be made available for public inspection and publication of its extracts in the national newspapers.

Rule 65. Power to Government to Consider date the Budgets of the Councils

Government may consolidate the budget of all councils in the Province and publish them in such manner as may be necessary.

Rule 66. Collecting Officer and Assistant Collecting Officers

1. The head of the Taxation Department shall be the Collecting Officer for the purposes of all items of revenue.
2. A Council may, from time to time specify the Assistant Collecting Officers for the purposes of various items of income and where an Assistant Collecting Officer is not under the administrative control of the Taxation Department he shall be responsible to the head of the Taxation Department of his Administrative Department for the purposes of such collection.

Rule 67. Disbursing Officer and Assistant Disbursing Officer

1. Every head of Department shall be the Disbursing Officer for the purposes of the grants sanctioned for his Department.
2. A Council may from time to time specify the Assistant Disbursing Officer shall be responsible to the head of his Department for the purposes of all disbursements.
3. A Disbursing Officer or any Assistant Disbursing Officer may with the approval of the Mayor or as the case may be the Chairman delegate his powers under these rules to any officer subordinate to him.

SINDH COUNCIL (BUDGET) 1985

CHAPTER - IV  
ENFORCEMENT OF THE BUDGET AND PREPARATION OF  
SUPPLEMENTARY GRANTS

Rule 68. Communication of the Estimates of Income to the Collecting Officers

The Finance Department shall by the first day of July, communicate to the Collecting Officers and Assistant Collecting Officers, the estimates of the income under various items of receipts of the budget authenticated under Rule 63 and if the budget is not so authenticated by the 30th day of June, the estimates of the budget sanctioned and forwarded to Government under rule 61 shall be communicated there after.

Rule 69. Revenue Collection Program

The head of the Taxation Department may, from time to time and with the approval of the Mayor; or as the case may be the Chairman frame a revenue collection program in Form B-15, setting up the targets for collection during specified periods and the Assistant Collection Officers shall, as far as possible, follow the program.

Rule 70. Duties of the Assistant Collectors and the Head of the Taxation Department

It shall be the duty of the Assistant Collecting Officers and the Head of the Taxation Department to see that

- a. All income claimable is claimed realized and credit to the local fund ; and
- b. All work of collection proceeds is in accordance with the revenue collection program under the Rule 69, if any.

Rule 71. Revenue Collection Statement

1. The head of the Taxation Department shall forward to the Finance Department by the seventh day of every month a Revenue Collection Statement in Form B-16.
2. All Revenue Collection statements received under sub-rule (1) shall be scrutinized by the Finance Department which may, with the approval of the Mayor or as the case may be the Chairman make such observations thereon as may be necessary.

#### Rule 72. Communication of the Sanctioned Demands

The Finance Department shall by the first day of July, Communicate to the heads of Department and the Disbursing Officers the sanctioned Demands for grants under various Sub-heads and the appropriations for various Units under each Sub-head as in the authenticated budget or if the budget is not authenticated under Rule 62 by the 30th day of June due to any circumstances, the budget sanctioned if any made by Government shall be Communicated thereafter.

#### Rule 73. Reserve and other Specified Items

The provision against the Reserve and against such other item as may be specified by Mayor or as the case may be the Chairman shall be kept at the disposal of the Finance Department.

#### Rule 74. Appropriation

1. An appropriation against each item shall cover all the charges including the liabilities of past years to be paid during the year and to be adjusted in the accounts of the year.
2. An appropriation against an item shall be operative unit the close of the financial year and any unspent balance shall lapse and shall not be available for utilization in the following year.

#### Rule 75. Responsibility of Disbursing Officers

1. Every Disbursing Officer shall be responsible for watching expenditure incurred against supply communicated to him.
2. No expenditure shall be incurred without necessary appropriation or in excess of the sanctioned appropriation.
3. No money shall be spent hastily or in any ill considered manner simply because it is available.
4. Expenditure shall be watched and controlled not with a view to adapting the appropriations to the expenditure but the expenditure to appropriations.

#### Rule 76. Statement of Disbursement

1. Every head of Department shall forward to the Finance Department by the seventh day of every month a statement of Disbursement in Form B-17.

2. All statements shall be scrutinized by the Finance Department which may with the approval of the Mayor or as the case may be the Chairman communicate such observation thereon as may be necessary to the Department concerned.

Rule 77. Statement of Excesses and Surrenders

1. Every head of Department shall forward to the Finance Department shall in Form B-18.
  - a. The first statement of Excesses and Surrenders by the seventh day of January; and
  - b. The Second statement of Excesses and Surrenders by the seventh day of March.
2. When owing to unforeseen causes or due to over-budgeting it is not possible to utilize in full or in part the provision included in the estimates for a specific object, the amount involved shall be surrendered through the Statement of Excesses and Surrender.
3. Applications for the allotment of additional funds shown as excess in the Statement of Excesses and Surrenders shall be made to the Finance Department by the respective Departments in Form B-19.
4. The Finance Department shall scrutinize the Statements of Excesses and Surrenders, and where an amount is surrendered the the Finance Department shall with the approval of the Mayor or as the case may be the Chairman, incorporate such reduction in the Statement of Appropriation and Supplementary Grants under Rule 81.
5. When an excess is indicated in the Statement of Excesses and Surrenders the Finance Department shall scrutinize the applications and may with the approval of the Mayor or as the case may be the Chairman
  - a. For reasons to be specified, refuse to allot the additional funds; or
  - b. Agree to the allotment of additional funds to such extent as may be specified.

### Rule 78. Proposals for Inclusion of Surrendered amount in the Budget

If the head of Department concerned desires that the whole or a part of the amount surrendered under sub rule (2) of Rule 78, shall be passed in the form of a grant in the estimates of the following year he shall include such provision in the budget proposals have already been forwarded a supplementary proposal shall be forwarded to the Finance Department, But this shall not be later than the 7th day of March.

### Rule 79. Consequence of Refusal

Where the Finance Department refuses to allot additional funds under Rule 78, such refusal shall be communicated to the Department concerned, who shall be communicated to the Department concerned who shall take steps to ensure that the expenditure against the item in question does not exceed the original allotment.

### Rule 80. Re-appropriation and Supplements Grants

1. Additional funds to meet an excess may be provided by
  - a. Re-appropriation; or
  - b. Supplementary grant if the necessary funds cannot be found by re-appropriation.
2. Re-appropriation means transfer of funds from one unit to another to meet excess expenditure anticipated under a Unit.
3. Supplementary grant means additional funds provided under a Unit or a sub-head by process other than that of re-appropriation.
4. As soon as may be after the scrutiny of the first Statement of Excesses and Surrenders as the case may be the Mayor or as the case may be, the Chairman shall present to the council a statement of Appropriation and Supplementary Grants in Form B-20.
5. Any re-appropriation or Supplementary grant shall be made during the course of the financial year and not after its expiry and shall be considered by the council in the same manner as the Budget.
6. Whenever any Statement of Appropriation and Supplementary Grants is sanctioned the Mayor or as the case may be the Chairman shall cause the Budget to be amended in the light of such Statement and the modified provisions shall be communicated to the Departments concerned.

SINDH COUNCIL (BUDGET) RULES 1985

CHAPTER V  
BUDGET REVISION AND BUDGET CONTROL

Rule 81. Review and Reports by Finance Sub-Committee

1. The Finance Sub-Committee of the council shall from time to time review the operations of the Budget and bring to the notice of the Mayor as the case may be the Chairman and the council such financial irregularities in the administration of the Budget as may come to its notice.
2. All reports made by the Finance Sub-Committee shall be considered by the Mayor or as case may be the Chairman who shall take steps as may be necessary to remedy the financial irregularities if any.

Rule 82. Audit and Review by Audit Authority

When the accounts of a council are audited the Audit Authority shall among other matter review the operation of the Budget for the period of audit and point-out the financial irregularities if any in the administration of the Budget.

Rule 83. Financial Irregularities

1. For the purpose of this Chapter a financial irregularity shall include.
  - a. Any expenditure incurred without sanction;
  - b. Any expenditure incurred without sufficient appropriation;
  - c. Any expenditure incurred without proper justification;
  - d. Any extravagance or waste of fund of the council;
  - e. Any case of loss of money due to fraud, neglect or misappropriation;
  - f. Any case of over budgeting or under-budgeting; and
  - g. Any breach of the provisions of these rules.

2. The council shall take such steps as may be necessary to remedy the financial relegations pointed out under this Chapter.
3. Where due to the lapse of time or any other un-avoidable cause, any financial irregularity cannot be remedied, Government may for reasons to be recorded condone such financial irregularity.

Rule 84. Relaxation of Rules

Government may relax any of the provisions of these rules with reference to all any of the Councils.

SINDH COUNCIL (BUDGET) RULES 1985

CHAPTER VI  
DISTRIBUTION OF BUSINESS

Rule 35.

1. For the purpose of financial and executive administration the activities of a council shall be deemed to have been organized into the Department existing therein and more particularly into the following Departments that is to say:-
  - a. General Department;
  - b. Finance Department;
  - c. Taxation Department;
  - d. Education Department;
  - e. Social Welfare Department;
  - f. Public Health Department;
  - g. Medical Department;
  - h. Animal Husbandry Department;
  - i. Water Supply & Drainage Department; and
  - j. Building & Works Department.
2. In a council having smaller Schedule of establishment, two or more departments may be merged into one department known by the combined name of the departments merged, and in a council having greater schedule of establishment any further department may be created with the approved of Government.
3. Where a council does not have and it is not feasible to create any Departments, the Chief Executive shall be deemed to be the Head of the Department and the function assigned to the Departments shall be performed by the office of the council.

Rule 36.

The General Department shall be responsible for

- a. General Administration;
- b. The administration of the Council Secretariat;
- c. The administration of the service conditions of the employees of the Council;
- d. The co-ordination of the activities of various Department of the council.

Rule 37.

1. The Finance Department shall be responsible for
  - a. The financial administration of the Council.
  - b. The administration of the local and any other fund created by or under the Ordinance by or for the purpose of the council;
  - c. The raising of loans;
  - d. The maintain of accounts;
  - e. The framing and enforcement of the budget; and
  - f. The enforcement of the principles of sound finance in the administration of various Department.
2. No Department shall without previous consultation with the Finance Department, issue an order or take any action which either immediately or by repercussion is likely to affect the finances of the council by involving increased expenditure, or a relinquishment of the revenue.

Rule 38.

The Taxation Department shall be responsible for the collection and administration of all taxes, fees, rents, charges, receipts and other revenues of the council.

Rule 39.

The Education Department shall be responsible for

- a. The administration of educational institutions maintained by the council;
- b. The payment of grants or contributions to educational institutions ;
- c. The award of scholarships;
- d. The enforcement of compulsory education; and
- e. The undertaking of other activities incidental or consequential to the promotion of education.

Rule 40.

The Social Welfare Department shall be responsible for

- a. The organization of social welfare work;
- b. The administration of welfare institutions maintained by the council;
- c. The administration of community projects;
- d. The co-ordination of the activities of welfare organizations in the council;
- e. The disbursement of grants for social welfare purposes;
- f. Publicity, dissemination of information and public relations ;
- g. Libraries and other cultural institutions; and
- h. The organization of sports.

Rule 41.

The public Health Department shall be responsible for

- a. Sanitation;
- b. The organization and administration of preventive measures for public health; and
- c. The administration and of public health institutions maintained by the council.

Rule 42.

The Medical Department shall be responsible for

- a. The organization of medical relief;
- b. The administration of medical institutions maintained by the council.

Rule 43.

The Animal Husbandry Department shall be responsible for

- a. The administration of veterinary institutions maintained by the council;
- b. The prevention of cruelty to animals;
- c. The administration of cattle ponds maintained by the council;
- d. The administration of slaughter-houses maintained by the council; and
- e. The organization and administration of cattle fairs and shows.

Rule 44.

The Water Supply and Drainage Department shall be responsible for

- a. The organization of water supply;
- b. The administration of water works of the council;
- c. Fire-fighting;
- d. Street watering; and
- e. Drainage and disposal of water

Rule 45.

The Building and Works Department shall be responsible for

- a. The maintenance of all roads and buildings of the council;
- b. The execution of all council works;
- c. Building control; and
- d. Gardens, Parks and road side trees.

Rule 46.

Every department shall be organized into such Branches as may be specified by the Council, from time to time.

Rule 47.

A senior officer shall be the Head of a Department, provided that a council may appoint the same officer to be Head of more than the Department.

Rule 48.

A council shall from time to time, designate the officials who shall be in charge of the various Branches.

Rule 49.

The Mayor or, as the case may be the Chairman shall be Controlling Officer for all Departments and all Heads of Departments shall be responsible to him.

SINDH COUNCIL (BUDGET) RULES 1985

CHAPTER VIII  
PASSING OF BUDGET

Rule 50.

The Budget shall be presented to the Council on such date as may be fixed by the Mayor or, as the case may be, the Chairman; provided that such date shall not be later than the 15th day of May.

Rule 51.

1. The budget shall be considered by the Council in three stages, that is to say
  - a. Presentation;
  - b. Discussion; and
  - c. Voting.
2. The Mayor or as the case may be the Chairman shall fix the period thus fixed shall be specified in the agenda for the budget meeting.

Rule 52.

At the presentation stage, the Mayor or, as the case may be the Chairman shall present the Budget, and explain its salient features in his budget speech.

Rule 53.

At the discussion stage the discussion shall be restricted to the Budget, and the Mayor or as the case may be the presented Chairman may further explain any features of the Budget and may reply at the end of the discussion to any points raised during the discussion.

Rule 54.

At the voting stage, there shall be no voting on the estimates of Revenue and the estimates of expenditure shall be presented to the Council in the form of Demands and shall be taken up for consideration in the order provided in the Budget.

Rule 55.

Each Demand for a grant shall be embodied in the form of a separate motion to be moved by the mayor as, the case may be, the Chairman and shall specify that a sum not exceeding that specified therein.

Rule 56.

Any member may move a motion

- a. To omit or reduce any item, but not to increase of later the denomination of any grant; and
- b. For a token cut.

Rule 57.

Notice of motions under rule 56, shall be given to the Mayor or, as the case may be the Chairman at least two clear days before the day on which such grant or item comes up for discussion.

Rule 58.

Where a motion relates to a token cut the specific purpose for which the token cut is made shall be specified.

Rule 59.

No motion to omit or reduce any item or a motion for a token cut shall be moved in respect of any item of expenditure charged on the Local Fund.

Rule 60.

Where a motion is intended to limit the debate to a subject matter relating to an item, it shall be given notice of as an amendment to that particular item and not to the total grant.

Rule 61.

Motions shall be arranged in such order as the Chairman may direct, provided that where several motions are moved to the same figures priority shall be given to the motion proposing the greatest reduction and the other motions shall be arranged in the descending order of the amounts of reduction proposed.

Rule 62.

The Mayor or as the case may be the Chairman may fix time limit for specifies during the debate or motions to omit to reduce any demand for grants.

Rule 63.

A council may assent or refuse to assent to any demand or it may asset to any demand subject to such reduction as may be specified.

Rule 64.

Where a token cut is passed, such cut shall be taken at its face value and the demand shall be reduced accordingly.

Rule 65.

The Mayor or as the case may be the Chairman shall amend the Budget on accordance with the decision of the Council.

Rule 66.

The Chief Executive shall forward copies of the final Budget to Government by a date not later than the first day of June, and while forwarding the Budget may make such observations thereon for the consideration of Government as he deems necessary.

①

## BUDGET

It is Rupee and Paisa, plan of operation for a specific period of time

## BUDGETING

is a process of allocating scarce resources to unlimited demands

## PLANNING IS A SPECIAL CONCERN

2

1. The Type, quantity and quality are adjusted through open market mechanism.
2. The services provided are considered most critical to public interest.
3. Systematic planning is prerequisite to orderly decision making.
4. Planning is joint process participated by public and elected representatives.

### EVALUATION:

Budget is a standard for measurement of legal and administrative compliance

### CONTROL

Budgets are devices of control  
in Government

1. To exercise control over Councils
2. To exercise control over subordinates
3. To keep expenditure within limitations imposed by Budget.
4. To demonstrate the compliance with the Budget.

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**BUDGETING AND BUDGETS  
TYPICALLY PLAY A  
MAJOR ROLE IN THE  
PLANNING, CONTROL  
AND EVALUATION OF  
GOVERNMENTAL  
OPERATIONS**

**Distinct Features of  
Governmental Fund Accounting**

- 1. BUDGETING**
- 2. BUDGETARY ACCOUNTING**
- 3. BUDGETARY REPORTING**

**FIVE PHASES**

- 1. PREPARATION**
- 2. LEGISLATIVE ENACTMENT**
- 3. ADMINISTRATION**
- 4. REPORTING**
- 5. POST - AUDIT**

# COORDINATION OF ACCOUNTING AND BUDGETARY SYSTEMS

ACCOUNTING KEEPS A RECORD OF THE RESULTS  
OF THE TRANSACTION, REPORTING AND  
COMPARISON WITH PLANS "THE BUDGET"

THE BUDGET IS RECORDED  
AS AN INTEGRAL PART OF  
THE ACCOUNTING SYSTEM.

RULE NO. 50  
PERFORMANCE BUDGET  
THE BUDGET SHALL AS FAR AS POSSIBLE  
BE A PERFORMANCE BUDGET AND IT  
SHALL MADE DUE PROVISION TO ENSURE  
THAT THE STANDARD OF PERFORMANCE IN  
THE VARIOUS ACTIVITIES OF THE COUNCIL  
RISES PROGRESSIVELY AND IS NOT  
ALLOWED TO FALL OR DETERIORATE.

PERFORMANCE DATA  
PROVIDE FLEXIBILITY  
TO REDUCE OR EXPAND  
AMOUNTS REQUESTED  
FOR PARTICULAR  
FUNCTION OR  
ACTIVITIES

PERFORMANCE BUDGETS  
ARE BASED ON AN  
AVERAGE COST OR  
AVERAGE EXPENDITURE  
CONCEPT.

## RULE No. 3 &amp; 4

## COMPOSITION OF BUDGETS

a) VOLUME 1                      b) VOLUME 2

- 1 Estimates of Revenues
- 2 Estimates of Expenditure
- 3 Statement of Demands for grants
- 4 Financial Abstract
- 5 Sch. of New Expenditure
- 6 Sch. of Development Expenditure
- 7 Sch. of Charged Expenditure
- 8 Sch. of Establishment
- 9 Sch. of Contingencies
- 10 Sch. of Works
- 11 Sch. of Liabilities
- 12 Sch. of Arrears
- 13 Sch. of Miscellaneous Funds
- 14 Sch. of Taxes

## REVISED ESTIMATES

Estimates of the receipts & expenditure for the current financial year based on the transactions undertaken and anticipation for the remaining period of the financial year.

2. (J)

## FINANCIAL ABSTRACT

The Financial Abstract shall be in form B-4, and shall contain such statistical data as the council may, from time to time, specify with a view to giving a clear picture of the financial operation and principal activities of the council.

8.

## SCHEDULE OF LIABILITIES:

The Schedule of liabilities shall be in Form B-11 and shall contain Schedule of estimates of the liabilities of the previous years proposed to be met during the Liabilities ensuring year.

15.

## SCHEDULE OF ARREARS

The Schedule of Arrears shall be in Form B-12 and shall furnish full Schedule of particulars about the arrears under various items of income, and the estimates of revenue under various items likely to be realised on account of arrears, and included in the estimates of income.

16.

## SCHEDULE OF MISCELLANEOUS FUNDS

The Schedule of Miscellaneous Funds shall be in Form B-13, and shall furnish particulars about opening balance, income expenditure and closing balance with regard to suspense accounts, depreciation funds, provident fund account, investment and other funds maintained by a council.

17.

## SCHEDULE OF TAXES

The Schedule of Taxes shall be in Form B-14 and shall contain a digest of the various taxation proposals prepared in accordance with the Sind Councils (Imposition of Taxes) Rules, 1979.

18.

## EXPLANATION OF THE SCHEDULE OF ESTABLISHMENT

While explaining the provisions in the schedule of Establishment, full details shall be furnished about the staff employed under various branches and where new establishment is proposed to be employed during the ensuring year full justification therefor shall be given.

28.

## EXPLANATION OF SCHEDULE OF WORKS.

While explaining the provisions in the Schedule of Works, each work shall be numbered, and full particulars shall be furnished about the justification for each work, the probable cost, the period during which it will be executed, the manner in which it will be financed the agency through which it will be executed, and the likely benefits to accrue from the execution of the works.

30.

## EXPLANATION OF SCHEDULE OF ARREARS

While explaining the provisions in schedule of Arrears, each item shall be numbered and full details shall be furnished for each item included the reasons for the accunulation of arrears, and the steps proposed to be taken for recovery of the arrears.

32.

# BASIS OF PREPARATION OF ESTIMATES OF REVENUE

Estimates of Revenue in the Budget shall be as accurate as possible and shall neither be inflated, nor under-pitched.

35. (1)

## RECEIPTS ON ACCOUNT OF GOVERNMENT GRANTS OR OTHER CONTRIBUTIONS

No fresh receipt on account of Government grant, or contribution by any other authority shall be shown in the estimates on the revenue side unless a definite communication in writing under-taking the payment of such amount has been received from Government or the authority concerned, as the case may be.

36.

## RECEIPTS ON ACCOUNT OF TAX, FEE, ETC. RENAME INCOME MARGIN

No receipt shall be shown in the estimates on the revenue side on account of any tax, fee, loan, charge or other levy unless such tax, fee, loan, charge or other levy has been sanctioned by the competent authority.

37.

## CAPITAL INCOME

Capital receipts shall mean the income from:

- (a) the sale of immovable property;
- (b) the disposal of capital assets;
- (c) the sale of investments;
- (d) the Loans, arrears; and
- (e) the Grants and other receipts of a non-recurring nature.

39.

## CAPITAL EXPENDITURE

Capital expenditure shall mean the expenditure for:

- (a) acquisition of immovable property;
- (b) execution of original works;
- (c) purchase of investments;
- (d) acquisition of capital assets; and
- (e) any grant or contribution of a non-recurring nature.

41.

## ALLOCATION OF PERCENTAGE OF REVENUE INCOME

1) A Council may, from time to time, and if required by Government shall specify the percentage of the revenue income which shall be allocated to various Department for the purposes of revenue expenditure, and where such percentage has been fixed the estimates of revenue expenditure shall be based on such percentage.

44. (1)

## ALLOCATION OF PERCENTAGE OF REVENUE INCOME

2) A Council may, from time to time, if required by Government shall, fix the percentage of the revenue income beyond which the total expenditure on establishment or revenue account shall not exceed and where such percentage has been fixed, the expenditure on establishment on revenue account shall not exceed such percentage. 44. (2)

## COMMERCIAL SERVICE

A Council may, from time to time, and if required by Government shall declare any service to be a commercial service and where a service is so declare the revenue expenditure for such service shall not exceed the revenue receipts therefrom.

46.

# MAINTAINING ACCURACY IN ESTIMATES

The estimates of expenditure shall be framed as accurately as possible and shall as far possible based on the principle of certainty and not on the principle of probability.

48. (1)

2) All items of expenditure that can be foreseen shall be provided for taking care that the amount of provisions is restricted to the absolute minimum requirement

3) The estimates shall be based on the revised estimates of the current year after scrutinizing fully and carefully in the context of all relevant factors

4) No item for expenditure shall be included in the estimates without proper consideration and an exhortation of foresight under subrule 2. shall not be construed as an invitation to provide for new items of expenditure without proper consideration

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## BALANCED / DEFICIT BUDGET

The surplus potential of the council for a year shall be the excess of revenue income over revenue expenditure, and where there is no surplus potential the budget will not be balanced.

49. (1)

## PROHIBITION FOR LUMP-SUM PROVISION WITHOUT EXPLANATION

No lump-sum provisions the details whereof cannot be explained shall be made in the estimates, nor shall any provisions be made for an item which cannot be classified.

56.

## PREPARATION OF BUDGET PROPOSALS

1) The Finance Department shall be responsible for the preparation of budget and for the enforcement of the provisions of these rules.

2) On or before the day of February each year, the Head of Department shall forward their budget proposals to the Finance Department.

58.

## PREPARATION OF BUDGET PROPOSALS

3) The Budget proposals shall, subject to such adjustments as may be necessary to suit the requirements of the department, be in the forms specified in the Chapter-II.

58.

## PREPARATION OF BUDGET PROPOSALS

4) The Budget proposals shall be based on the actual of the first six months of the current year, and shall be formulated in accordance with the principles laid down in the Chapter II, and such instructions as the Finance Department may issue in this behalf from time to time.

58.

## REVENUE COLLECTION PROGRAMME

The Head of Taxation Department may, may from time to time, and with approval of the Mayor, or, as the case may be, the Chairman frame a revenue collection programme in Form B-15, setting up the targets for collection during specified periods and the Assistant Collection Officers shall, as far as possible, follow the programme.

69.

## DUTIES OF THE ASSISTANT COLLECTORS AND THE HEAD OF THE TAXATION DEPARTMENT.

It shall be the duty of the Assistant Collecting Officers and the Head of the Taxation Department to see that :

- a) all income claimable is claimed, realised, and credited to the local fund; and
- b) all work of collection proceeds is in accordance with the revenue collection programme under the Rule 69, if any.

70.

## APPROPRIATION

- (1) AN APPROPRIATION AGAINST EACH ITEM SHALL COVER ALL THE CHARGES INCLUDING THE LIABILITIES OF PAST YEAR TO BE PAID DURING THE YEAR AND TO BE ADJUSTED IN THE ACCOUNTS OF THE YEAR.

74.

## APPROPRIATION

- (2) AN APPROPRIATION AGAINST AN ITEM SHALL BE OPERATIVE UNTIL THE CLOSE OF THE FINANCIAL YEAR AND ANY UNSPENT BALANCE SHALL LAPSE AND SHALL NOT BE AVAILABLE FOR UTILIZATION IN THE FOLLOWING YEAR.

74.

## RESPONSIBILITY OF DISBURSING OFFICERS

1) Every Disbursing officer shall be responsible for watching expenditure incurred against supply communicated to him.

2) No expenditure shall be incurred without necessary appropriation or in excess of the sanctioned appropriation.

3) No money shall be spent hastily or in any ill considered manner simply because it is available

75.

## RESPONSIBILITY OF DISBURSING OFFICERS

4) Expenditure shall be watched and controlled not with a view to adapting the appropriations to the expenditure but the expenditure to appropriations.

75.

## RE-APPROPRIATION AND SUPPLEMENTARY GRANTS

Any re-appropriation or supplementary grant shall be made during the course of the financial year and not after its expiry, and shall be considered by the council in the same manner as the Budget.

80. (5)

## REVIEW AND REPORTS BY FINANCE SUB-COMMITTEE

1) The Finance Sub-Committee of the council shall, from time to time, review the operations of the Budget and bring to the notice of the Mayor as the case may be, the Chairman and the council such financial irregularities in the administration of the Budget as may come to its notice.

81.

## REVIEW AND REPORTS BY FINANCE SUB-COMMITTEE

2) All reports made by the Finance Sub-Committee shall be considered by the Mayor, or as the case may be, the Chairman who shall take steps as may be considered to remedy the Financial irregularities, if any.

81.

## AUDIT AND REVIEW BY AUDIT AUTHORITY

When the accounts of a council are audited, the Audit Authority shall among other matters review the operation of the Budget for the period of audit and point-out the Financial irregularities, if any, in the administration of the Budget.

82.

## FINANCIAL IRREGULARITIES

1) For the purposes of this Chapter, a financial irregularity shall include : -

- a) any expenditure incurred without sanction;
- b) any expenditure incurred without sufficient appropriation;
- c) any expenditure incurred without proper justification;
- d) any extravagance or waste of fund of the council;
- e) any case of loss of money due to fraud, neglect, or mis-appropriation;
- f) any case of over budgeting or under budgeting; and

83.

## FINANCIAL IRREGULARITIES

g) any breach of the provisions if these rules.

2) The Council shall take such steps as may be necessary to remedy the financial irregularities pointed out under this Chapter.

3) Where due to this lapse of time or any other unavoidable cause, any financial irregularity cannot be remedied, Government may, for reasons to be recorded, condone such financial irregularity.

83.

## RELAXATION OF RULES

Government may relax any of the provisions of these rules with reference to all any of the Councils.

84.

SECTION 6

# Need stressed to improve financial management of district councils

HYDERABAD : A one day seminar on Sindh District Councils' Budgetary Procedure was held on Thursday at Faraz Hotel in Hyderabad to emphasize the need for improving budget preparation and accounting procedure to provide for better financial planning and avoid budget deficits.

Attended by functionaries of the Ministry of Local Government and Rural Development of Sindh and accounts officers from the District Councils of the Hyderabad Division, the seminar was convened by the Local Government Department. The programme was organized by the US AID Road Resources Management Project, under the direction of Robert E. Katz, an international consultant in Engineering and Government Financial Management as part of a series of such seminars which are planned over the next four years to emphasize more efficient utilisation of re-

sources for road development, rehabilitation and maintenance.

Mr Agha Shai Abuddin, Principal, Rural Academy (Tando Jam) inaugurated the seminar with praise for the quality of the speakers assembled and for the training materials which were distributed in advance to the participants. He also appealed for more frequent scheduling of seminar workshops and greater emphasis on actually implementing the recommendations which are developed by the consultants.

Ms Rukhsana Rabbani, Financial Specialist for the US AID project delivered a lecture on "The formulation of budgets and forecasting techniques" in the morning. In the afternoon she conducted a session on how to coordinate the budgeting and accounting systems and prepare the revised budget. She emphasized the importance of the budget as a planning doc-

ument and explained ways to improve planning and budgeting procedures to make the District Council more meaningful as a policy statement and a means of communicating and implementing District Council goals.

Mr Ilyas Qureshi, Director Local Fund Audit, spoke on "The demerits of over estimation of revenues". He cautioned accounts officers and all functionaries involved in budgeting decisions that they should avoid any action which would result in a deficit budget. He pointed out that, if the Sindh Council Budget rules of 1985 were strictly followed, district council budget performance would be greatly improved and deficit budgets would be eliminated.

Mr Katz, who serves as Chief-of-party for Construction Control Services Corporation, the principal American consulting firm for USAID on the Road Resources

project, spoke on international experiences in implementing performance budgets in the United States as well as in numerous countries in the developing world. He pointed out that the budgeting rules of the Government of Pakistan have been encouraging the development of performance budgeting techniques for about 30 years and that Rule 50 from Chapter II of the Sindh Council Budget Rules of 1985 specifies that performance budgets shall be developed as far as possible yet performance budgeting has still not been successfully implemented at district council level. Giving several examples of how performance budgeting procedures can make local government operations more cost effective, Mr Katz laid out several specific recommendations and steps that district councils can take to improve their budgets and comply with the Sindh council rules.

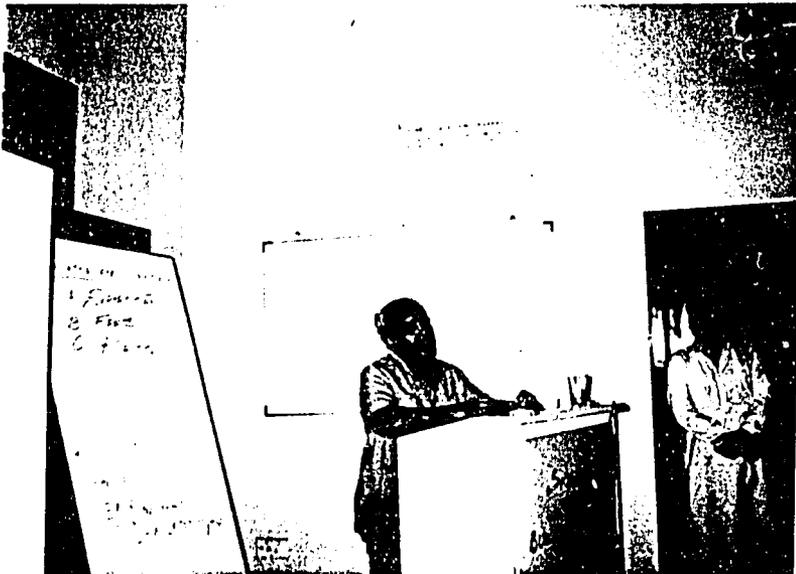
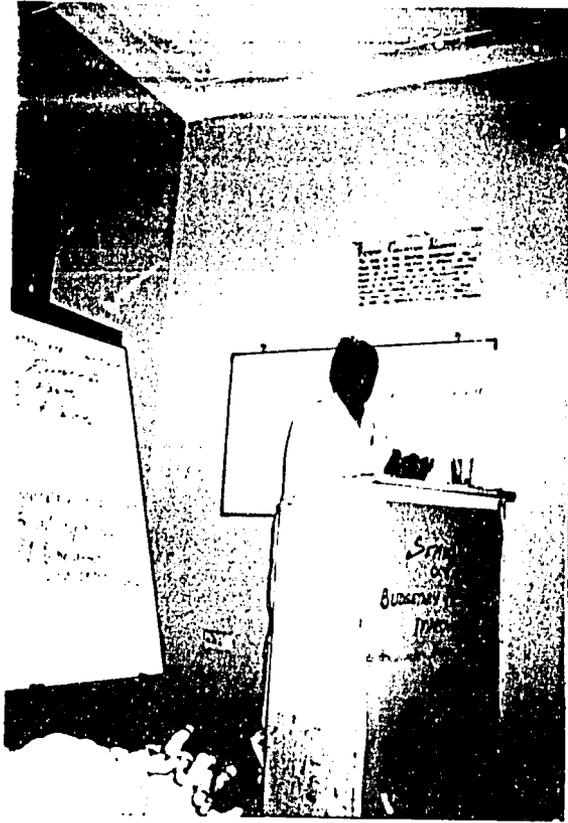
The session ended with an open group

discussion, led by Mr Katz, Mr Qureshi and Ms Rabbani, to resolve key issues and answer financial questions. This forum terminated with the passage of a resolution to reconstitute an executive committee of local financial officers and functionaries of the Sindh Ministry of Local Government and Rural Development to work with Mr Katz and Ms Rabbani in the development of a viable action plan to implement performance budgeting in district councils.

The seminar was officially closed by Mr Abdul Hamid Rajput, who generously praised the quality organization and particularly the timing of the seminar, which coincided with the main or most active budget preparation activity in the Sindh District Councils. He exhorted the participants to return to their offices and begin to apply the new information they has learned here today to their ongoing budgetary and financial activity.

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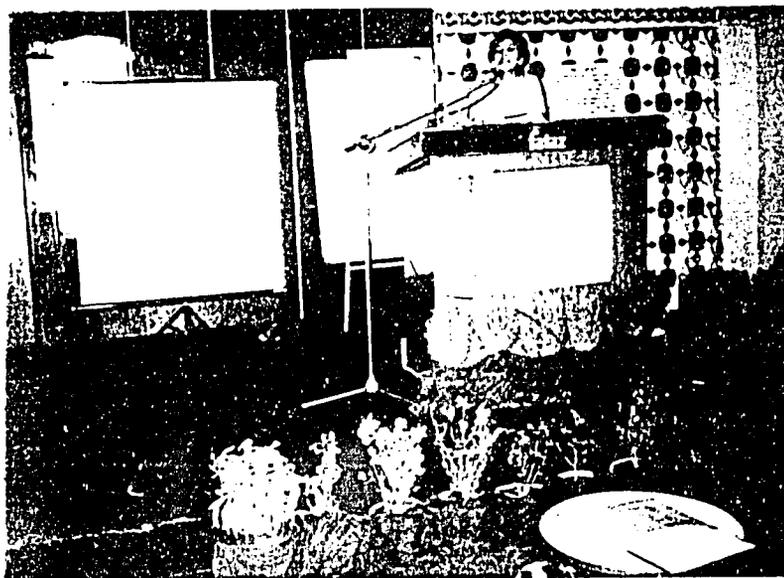
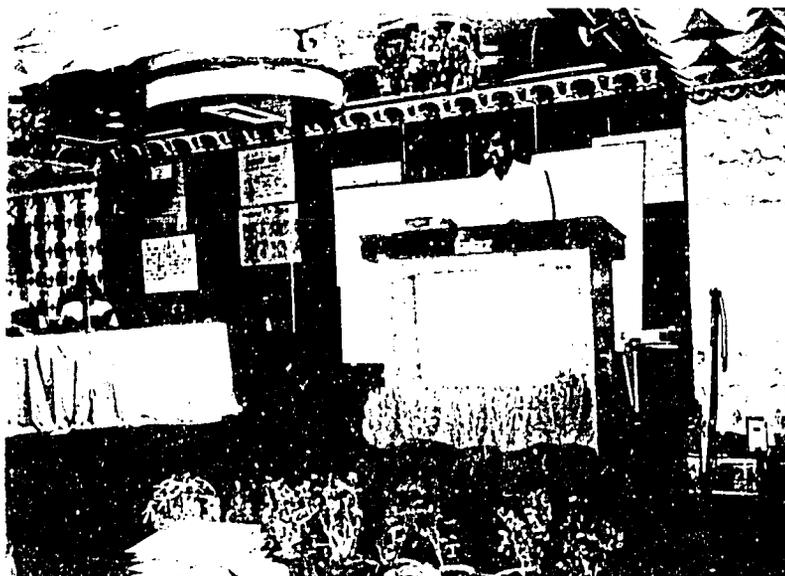
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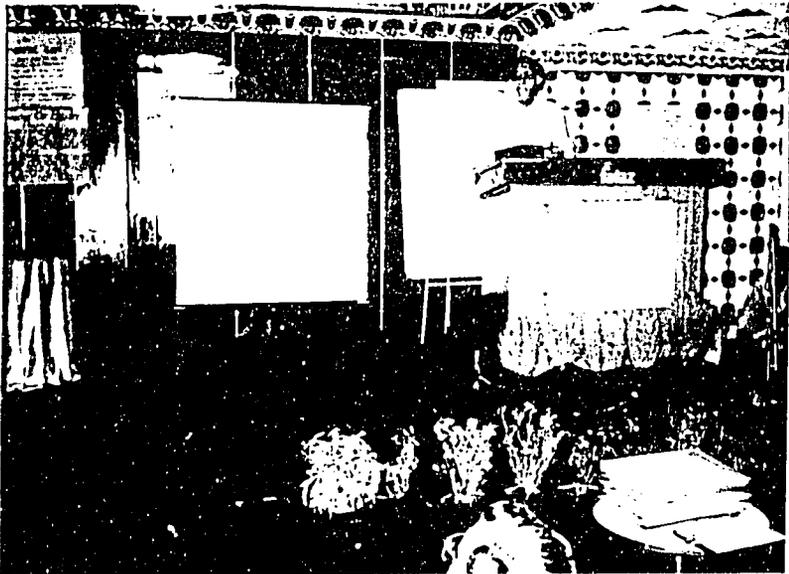


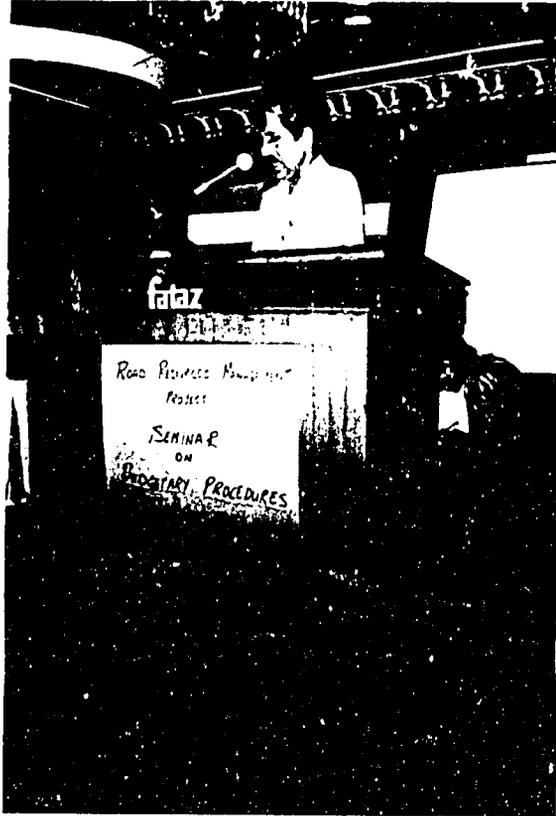
















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**CONSTRUCTION CONTROL SERVICES CORPORATION**

USAID CONSULTANTS FOR ROAD RESOURCES MANAGEMENT PROJECT

CONTRACT NO: 391-0480-C-00-8246-00

16 JUN 91  
To: Judy Schumacher  
Per our telephone conversation of this morning, I am pleased to send you this copy of our Seminar Report.

As you can see, considerable emphasis is put on institution building as the essential component of project sustainability. I hope that you'll find a few minutes to review the paragraphs mentioned in the cover letter. — Bob

JUNE 15TH, 1991.  
F.0691.018

MR. HASAN MASOOD  
PROJECT OFFICER RRMP  
USAID KARACHI

SUBJECT:-FINANCIAL MANAGEMENT COMPONENT  
REFERENCE:-BUDGETARY PROCEDURES IMPROVEMENT SEMINAR

Dear Mr. Masood:

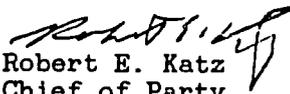
Enclosed is a copy of report on the Budgetary Procedures Improvement Seminar which the Technical Assistance Team presented in Hyderabad and Sukkur. Our goal is to provide practical guidance, rather than just new information, to Chief Officers and the District Accounts Officers who are in a position to take positive steps to improve local financial practices. In this regard I call your attention to the final paragraph of page 1-4 of the report which states:

"At the conclusion of the seminar, the participants voted a resolution to pass seven specific recommendations to an executive committee of GOS and District Council financial officers who will work with the consultant to develop an action plan for their speedy implementation. In this way, the training seminar was converted from a passive learning experience to a vehicle for practical solution of District problems."

A complete copy of resolution is on page 2-2 of the report.

Due to the extensive delegation of powers at the District Council level, it is expected that the implementation of the recommendations developed at these seminars will have a positive impact on project sustainability.

Very truly yours,  
CONSTRUCTION CONTROL SERVICES CORPORATION

  
Robert E. Katz  
Chief of Party

CC: Mr. Alvin Newman  
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