SPEED
KHYBER PAKHTUNKHWA
SPENDING EFFECTIVELY FOR
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KHYBER PAKHTUNKHWA

Facility Level Budget and Expenditure Management

POLICY

2024

Health Sector

GOVERNMENT OF KHYBER PAKHTUNKHWA
FINANCE DEPARTMENT

Message from the Finance Minister

A robust health sector is a cornerstone of economic development, serving as the foundation for a productive and prosperous Khyber Pakhtunkhwa. Healthy communities enable a thriving workforce, fostering sustainable growth and contributing significantly to the province's socioeconomic progress. The Government of Khyber Pakhtunkhwa remains committed to strengthening healthcare delivery through innovative reforms and enhanced financial management.

It is with great pride that I introduce the Facility-Level Budget and Expenditure Management Policy, 2024 for Health Sector. This pioneering policy reflects our commitment to empowering local healthcare facilities and communities by decentralizing budget planning and decision-making. By shifting autonomy to the facility level, this policy ensures that local priorities and needs are fully integrated into budgetary processes, aligning resource allocation with on-the-ground realities.

This policy emphasizes value for money by ensuring timely availability of resources, promoting transparency in budget execution, and enforcing accountability for the effective utilization of public funds. These measures are anticipated to significantly enhance service delivery, improve health outcomes, and contribute to the province's overall economic and social resilience.

I urge the Health Department, facility in-charges, and all stakeholders to fully embrace this transformative reform and collaborate towards its successful implementation. Supported by comprehensive guidelines, this policy marks a major milestone in advancing healthcare delivery and strengthening public financial management at the grassroots level.

I extend my heartfelt appreciation to the Finance Department, Health Department, and the KP Spending Effectively for Enhanced Development (KP-SPEED) project for their outstanding contributions to this initiative. Their unwavering dedication and expertise have been instrumental in shaping this forward-looking policy, reflecting a shared commitment to good governance and service excellence.

Together, let us work towards creating a healthier, more resilient Khyber Pakhtunkhwa where efficient healthcare systems drive economic growth, uplift communities, and ensure a better future.

Mr. Muzzammil Aslam

Message from the Secretary Finance

I am honoured to present the Government of Khyber Pakhtunkhwa's health facility-level budgeting and expenditure management policy. This policy aims to empower facility managers, such as the in-charge of Basic Health Units, to effectively align their service delivery plans with budgetary considerations. Under this policy, facility managers will assume greater responsibility in planning and budgets, enabling them to address their prioritised needs. This approach will ensure a transparent and citizen-centric budget preparation process and will promote accountability, ultimately leading to improved service delivery outcomes and the overall well-being of the province's residents.

The Government of Khyber Pakhtunkhwa is committed to transparency and further affirms its commitment to ensuring that health remains among the top priorities in the governance agenda of the province. This policy is a testament to this commitment and provides a framework for better management and utilisation of resources in the health sector. We will be closely monitoring the outcomes of the policy to ensure that our investments are making a positive difference in the lives of our citizens.

I would like to express my heartfelt gratitude to all the esteemed stakeholders who have contributed to the development of this policy. This includes the dedicated teams from the Finance and Health Departments, as well as facility managers, citizens, and various experts, who offered invaluable insights.

Mr. Amer Sultan Tareen

Message from the Project Director

The new policy of Facility Level Budgeting and Expenditure Management in Health sector is aimed at strengthening facility-level budgeting and expenditure management within Khyber Pakhtunkhwa's Health Department. This policy represents a significant step toward ensuring equitable resource distribution, improving service delivery quality, and enhancing accountability at the primary healthcare facility level.

Aligned with the Public Financial Management Act of 2022, which seeks to improve transparency, accountability, and fiscal responsibility across all sectors, this policy introduces key reforms. These reforms focus on performance-oriented government budgeting, monitoring, and the alignment of service delivery plans with the strategic priorities outlined in the policy.

Historically, the centralization of budget management in Khyber Pakhtunkhwa has posed challenges, particularly the limited involvement of service delivery units in the budgeting process. This has often led to inadequate resource allocation and hindered the quality of healthcare services. This new policy directly addresses these issues by empowering facility managers and in-charge healthcare facility staff to better align budget allocations with local service delivery plans. In doing so, it enhances transparency, accountability, and equity within the health system.

The policy applies to all primary healthcare facilities within the Health Department of the Government of Khyber Pakhtunkhwa and aims to transform financial management practices, enabling us to achieve greater value from available resources. This transformation is essential for improving healthcare services and outcomes for the people of Khyber Pakhtunkhwa. The collaboration between DHOs and PCMCs will create a balanced approach, combining strategic oversight with grassroots responsiveness, ultimately improving healthcare services for all.

I encourage you all to familiarize yourselves with the full policy document and begin working together to implement its provisions.

Ms. Gul Bano

Table of Content

List of Abbreviations

BHU	Basic Health Unit
BPS	Basic Pay Scale
DDO	Drawing and Disbursement Officer
DHO	District Health Officer
PCMC	Primary Care Management Committee
PKR	Pakistani Rupees

1 Introduction

1.1 Policy Statement

This policy establishes guidelines and procedures for facility-level budgeting within the health sector of Khyber Pakhtunkhwa. Facility-level budgeting aims to ensure effective financial management and allocation of resources to support the operational needs of each facility within the Health Department.

1.2 Context

The centralisation of budget management in Khyber Pakhtunkhwa presents challenges, such as limited involvement of service delivery units, resulting in inadequate resource allocation and compromised service quality. To address these challenges, the Government of Khyber Pakhtunkhwa is implementing transformative reforms in primary healthcare to decentralise budgeting and empower local facilities. The District Health Officers (DHOs) and Primary Care Management Committees (PCMCs) play key roles in this process. The DHO is tasked with formulating budgets and overseeing administrative functions, while the PCMC brings community voices to the forefront. The reforms include assigning unique cost centres to each facility so that budget allocations and expenditures for each facility are separately reported, improving data-driven resource allocation and empowering PCMCs to manage funds based on local needs. The collaboration between DHOs and PCMCs aims to strike a balance between strategic oversight and grassroots responsiveness.

The Public Financial Management Act of 2022 aims to strengthen public financial management across all sectors, to enhance transparency, accountability, and fiscal responsibility. It introduces critical reforms like performance orientation in government budgeting and monitoring and aligning service delivery plans with strategic priorities outlined in the health policy. The healthcare system in Khyber Pakhtunkhwa is primarily composed of public sector facilities, supported by a network of un-bedded facilities and private sector providers. Strengthening the public financial management system and improving data collection will enhance service delivery and access to care across Khyber Pakhtunkhwa. The creation of facility-level budgets for Basic Health Units (BHUs) and Rural Health Centres is a commitment to enhancing financial management and accountability. However, capacity constraints and reappropriation issues can hinder the allocation process, and delays in the submission of bills to the District Accounts Offices are also an issue.

PCMCs play a pivotal role in healthcare reform efforts in Khyber Pakhtunkhwa. These committees empower communities and healthcare facilities by providing financial and decision-making autonomy. PCMCs tailor healthcare interventions to community needs, oversee planning and budgeting, address human resource gaps, and support outreach activities. With over 800 PCMCs established, Pakistani rupees (PKR) 600 million in funds transferred, and infrastructure upgrades completed, PCMCs have revolutionised local healthcare management. However, challenges exist in fund monitoring and transparency. PCMCs receive an annual grant and have the authority to retain 90% of the revenue they generate through user fees, enhancing financial autonomy and sustainability in the healthcare sector.

1.3 Objectives

Recognising the importance of empowering decision-making at the level of service delivery, this policy aims to transfer the responsibility for resource allocation and expenditure management to primary and secondary healthcare facilities. The specific objectives of this policy are as follows:

- Enhance transparency in the allocation and management of budgetary resources by implementing needs-based budgeting and tracking expenditures at the level of service delivery units.
- Ensure equitable distribution of resources based on the actual needs and priorities of each service delivery unit. This will make it possible to align budgets and spending with service delivery plans and community needs.
- Improve access to and quality of service delivery through targeted and efficient resource allocation and spending at the service delivery unit level.
- Foster accountability by assigning resources to the level where service delivery occurs. This will also promote ownership of the budget and service delivery plans by the service delivery units.

1.4 Guiding Principles

The policy is guided by the following principles:

- **Proximity to service recipients:** Decentralising decision-making to the level where service delivery occurs allows decision makers to be closer to the needs and preferences of the local population. Facility managers are often better equipped to understand the specific challenges and requirements of their communities, leading to more targeted and effective service provision.

- **Customisation and flexibility:** Different regions and communities within the province have different needs and priorities. Decentralising decision-making to primary healthcare facilities will allow better customisation and flexibility in service delivery. Facility managers can adapt programmes and policies to suit local conditions, preferences, and priorities, which will result in more equitable resource allocations.

- **Efficient resource allocation:** Service delivery units are often better positioned to identify and address the unique challenges and opportunities within their coverage area. They can allocate resources based on local needs and priorities, potentially leading to more targeted and efficient use of resources.

- **Equitable allocations for fair healthcare access:** Each facility-level budget demonstrates the principle of equity by ensuring fair distribution of resources based on the unique needs and challenges of different healthcare facilities, promoting inclusivity and balanced healthcare access across the province.

- **Participatory approach:** Promoting a participatory approach in budgeting and expenditure management. Engaging relevant stakeholders, including facility staff, service users, and local communities, in the budgeting process, and seeking their input, feedback, and involvement to ensure that budgets reflect local needs and priorities.

- **Enhanced accountability:** Assigning responsibility to the level where service delivery occurs will promote increased accountability and transparency. When decision-making power and resources are assigned to individual service delivery units, it becomes easier for the

government and communities to monitor value for money and to hold facility managers to account for the quality and effectiveness of service delivery.

- **Economies of scale:** Some specific needs can be fulfilled more efficiently through economies of scale (e.g. procurement of medicines and supplies for primary healthcare facilities). For these resources, service delivery managers will be proactively involved in needs assessment and appropriate resource allocations and expenditures will be reflected in their budgets, even if the procurements are done centrally.

1.5 Scope of the Policy

This policy focuses on financial management practices at the level of service delivery units in the health sector and applies to the service delivery budget management only. With respect to the coverage of service delivery units, the policy extends to primary and secondary healthcare facilities.

2 Policy Guidelines

2.1 Planning

- Each PCMC, based on its close interaction with the community, will conduct detailed needs assessments. This will encompass understanding the specific healthcare requirements and infrastructure needs, and any other localised concerns.

- The DHO will prepare a district health plan based on bottom-up information received from the facilities, provincial priorities, and budget ceilings communicated from the Health Department.

2.2 Budgeting

- The health facility-level budgets will cover all expenditures incurred for service delivery within that health facility.

- While the PCMCs receive a direct allocation from the Director-General's office, their detailed budgets, along with the identified needs and priorities, will be shared with the DHO for information purposes only.

- The DHO, in formulating the district health budget, will incorporate these insights. This ensures that, even at the district level, budgeting and allocation are influenced by on-the-ground realities and needs.

- By integrating PCMC data, the DHO can make more informed decisions about resource allocation, not just based on historical data but also based on current and evolving community needs.

- To streamline financial management, the budget demand and allocation should take place at the level of each health facility, rather than having a consolidated budget for BHUs.

- The cost centre for each BHU will be used when the budget is allocated so that budgeting is more transparent and trackable.

- Allocations to the PCMC will be based on a fixed criterion and selected indicators, which will be separately announced.

- A contingency budget will be maintained at the district level to enable the DHOs to respond swiftly to requirements in the case of outbreaks, emergencies, or special drives etc.

- The Health Department will establish 'bare minimum' norms for the non-salary budgets of primary healthcare facilities. These norms will be meticulously adhered to by the Finance Department in the preparation of budget estimates and throughout the budget release process.

- The Finance Department, in collaboration with the Health Department, will work towards establishing a salary-to-non-salary parity framework for primary healthcare facilities. This endeavour will be undertaken progressively over a five-year period with the aim of ensuring successful implementation.

- The Finance Department will ensure that the service delivery units and the Drawing and Disbursement Officers (DDOs) are fully supported through simplified/automated business processes to manage the additional workload arising from the decentralisation of budgeting and expenditure tracking to the facility level, before the implementation is rolled out across the province.

2.3 Delegation of Powers

- The heads of Rural Health Centres and Category D hospitals will be the DDOs for the corresponding facility budgets.

- For all other primary care health facilities, the financial powers will continue to rest with the DHOs. The PCMCs will continue to manage funds allocated to them. The DHOs and the PCMCs will exercise these powers in line with the Delegation of Power Rules 2018 and the PCMC guidelines, respectively, as notified by the Provincial Government.

- The facility managers/PCMCs and DDOs will ensure that the resources provided to each facility are used for the purposes intended and judiciously comply with the powers delegated to them.

- The Regional Director-General will have full powers to re-appropriate funds in the non-salary budget heads within a cost centre subject to requests by respective PCMCs and endorsement by DHOs.

- The Secretary Health Department will have full powers to re-appropriate budgets in the non-salary heads between cost centres subject to requests by respective PCMCs and endorsement by DHOs.

2.4 Budget Release

- The non-salary budgets and the funds allocated to PCMCs will be released in full in the first quarter of the financial year.

- The budget for PCMCs will be released directly to their accounts.

2.5 Payment

- Payment out of PCMC funds will continue to be made in accordance with the PCMC guidelines.
- DDOs will follow the government financial rules, as prescribed by the Finance Department from time to time.
- All expenditures below the specified limit (as advised by the Finance Department in the guidelines) should be made through an imprest account (petty cash account).
- A petty cash book must be maintained in digital form or manually by a delegated officer (DDO) in the entity responsible for the petty cash account.
- Each DDO should maintain an imprest account by drawing a cheque in the name of the respective DDO each month, in the amount required to re-establish the original imprest.
- The health facilities should maintain books of accounts for the facility-level expenditures incurred through the PCMCs and the DDOs will consolidate them at district level.
- The existing Chart of Accounts notified by the Controller General of Accounts must be followed to the extent possible, but where necessary updates to the Chart of Accounts will be recommended to the Controller General of Accounts for better reporting and tracking of primary healthcare expenditure.

2.6 Banking Arrangements

- Each facility will maintain a designated bank account in a commercial bank, as authorised in the PCMC guidelines.
- The bank accounts will be profit and loss accounts and will be operated by joint signatories.
- These bank accounts will be non-lapsable bank accounts such that any unused funds at the end of a fiscal year will be available for utilisation in the succeeding year.
- PCMC bank accounts will remain active for 12 months at least when not in use or having nil balances.

2.7 Budget Execution Reviews

- The line departments and DHOs will hold regular quarterly budget execution reviews for facility-level expenditures to assess whether spending is aligned to the service delivery plans.
- The regular oversight of budget execution will enable policymakers and budget managers to identify and discuss bottlenecks and make course corrections in a timely fashion.
- The Finance Department will support the expenditure review mechanism by providing detailed guidelines, tools, and trainings for budget execution reporting, including the digital solutions/electronic application.
- The budget execution information will be published on the website of the Health Department.

- A holistic end-year budget execution review will be conducted at the district level, engaging the PCMCs, sector experts, and civil society, to gauge budget implementation performance and to identify lessons which will inform budget preparation for the coming financial year and sectoral policies and strategy at the provincial level.

3 Implementation

3.1 Implementation Committee

- The Finance Department will constitute an inter-departmental Implementation Committee with the mandate to steer, coordinate, and oversee the implementation of this policy. The Implementation Committee shall comprise the following members:

    - Representative of the Finance Department (not below the rank of Additional Secretary) – Chairman.
    - Representative of the Health Sector Reforms Unit, Health Department (not below the rank of Basic Pay Scale (BPS) 18) – Member.
    - Representative of the Director-General Health Services, Health Department (not below the rank of BPS 18) – Member.
    - Representative of the Technical Working Group for the National Health Support Programme, Finance Department – Member.
    - Project Director of the "SPEED-Spending Effectively for Enhanced Development Project" – Member-cum-secretary.
    - Representative from the Accountant General's Office (not below the rank of BPS 18) – Member.
    - Representative from Science and Technology and Information Technology / Khyber Pakhtunkhwa IT Board – Member.
    - Any other co-opted members as may be deemed necessary by the competent authority.

3.2 Capacity Building

- The Government of Khyber Pakhtunkhwa will put in place a necessary training and capacity building programme to enable the DDOs and service delivery units to smoothly implement this policy.
- The Finance Department, in coordination with the respective line departments, will carry out detailed training needs assessment (at different levels, especially DDOs, facility-level managers, and PCMCs), and will design and implement a robust training and capacity building programme specific to the policy needs.
- Public financial management trainings will be made a part of facility manager induction and continuous professional development courses. Overall, for the effective implementation of

this policy, it will be necessary to have a comprehensive training and capacity building plan in place, and to roll it out in a timely fashion.

3.3 Policy Review and Update

- This policy will be reviewed periodically to ensure its effectiveness and relevance. Any updates or revisions to this policy will be approved by the Cabinet.

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KHYBER PAKHTUNKHWA
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ENHANCED DEVELOPMENT

GUIDELINES

Facility-Level Budget and Expenditure Management

2024

Primary and Secondary Healthcare

GOVERNMENT OF KHYBER PAKHTUNKHWA
FINANCE DEPARTMENT

Foreword

I am pleased to present the 'Facility-Level Budgeting and Expenditure Management Guidelines, 2024'. These guidelines provide a comprehensive framework to enhance financial management practices within primary healthcare facilities across Khyber Pakhtunkhwa. These guidelines have been developed to provide a structured approach, guiding facility managers through the complexities of financial management. They will have a positive impact by promoting efficient processes and improving the overall quality of healthcare services.

These guidelines will play a pivotal role in providing clear directives for facility-level budgeting and expenditure management. Covering various aspects, from the annual healthcare facility needs assessment to budget releases, execution mechanisms, and oversight, the guidelines are a comprehensive resource. The incorporation of progressive features, such as an electronic application (e-App)/information technology (IT) solution, underscores our commitment to modernising financial management practices. As we embark on the implementation of these guidelines, I am confident that they will not only streamline financial processes but also instil a culture of responsibility and transparency within our healthcare facilities.

I extend my gratitude to all stakeholders who contributed to the collaborative development of these guidelines. Their insights and expertise have been instrumental in shaping a document that aligns with our vision for a transparent and effective healthcare financial system. The Finance Department will continue to exploit this potential as we ensure dynamic and continuous improvement of the guidelines in the future, drawing insights from lessons learned during implementation and valuable feedback from stakeholders, especially the dedicated facility managers. Your ongoing support is crucial in refining these practices and strengthening the financial system for healthcare.

I anticipate that the 'Facility-Level Budgeting and Expenditure Management Guidelines, 2024' will prove to be an invaluable resource for facility managers, contributing significantly to the improvement of financial practices within our healthcare system.

Mr. Amer Sultan Tareen
Secretary Finance

Table of Contents

List of Abbreviations

BHU	Basic Health Unit
BPS	Basic Pay Scale
CFY	Current Financial Year
CoA	Chart Of Accounts
DGHS	Director General Health Services
DHO	District Health Officer
e-App	Electronic Application
FMC	Financial Management Cell
IT	Information Technology
KPIs	Key Performance Indicators
LFY	Last Financial Year
PAO	Principal Accounting Officer
PCMC	Primary Care Management Committee
RHC	Rural Health Centre

1 Introduction

The Finance Department of the Government of Khyber Pakhtunkhwa has developed the 'Policy for Facility-Level Budgeting and Expenditure Management' for primary healthcare. The aim of this policy is to ensure effective financial management and allocation of resources to support the operational needs of each facility within the primary healthcare sector in Khyber Pakhtunkhwa. In pursuit of this aim, the Finance Department has developed the 'Facility-Level Budgeting and Expenditure Management Guidelines' to support facility managers to comply effectively with the provision of the policy. These guidelines are intended for use by all primary healthcare facilities under the supervision of the District Health Officers (DHOs)[1].

1.1 Objectives

The purpose of these guidelines is to facilitate facility-level managers[2] to enhance financial management practices at primary healthcare facilities, particularly regarding non-salary components. These guidelines provide detailed instructions and templates to assist facility managers in performing facility-level budgeting and expenditure management at the primary healthcare level throughout Khyber Pakhtunkhwa. Specifically, the guidelines aim to achieve the following objectives:

- Standardise the budget management process of healthcare facilities, including budget preparation, allocation, budget virements, execution, and reporting.
- Provide detailed instructions, workflows, and unified templates to facilitate facility managers to effectively comply with prevailing laws and standards governing public financial management, in order to meet evolving healthcare needs.
- Establish measures to ensure accountability and oversight, ensuring transparent and responsible financial practices and financial reporting at various levels.
- Foster collaboration among stakeholders, including facility managers, Primary Care Management Committees (PCMCs), DHOs, the Health Department, and the Finance Department, for effective financial management.

1.2 Overview of the primary healthcare system in Khyber Pakhtunkhwa

The Khyber Pakhtunkhwa public healthcare delivery system functions as an integrated health complex that is administratively managed at the district level. The government provides healthcare through a three-tiered healthcare delivery system and community-based interventions. The former includes Basic Health Units (BHUs), and Rural Health Centres (RHCs), which form the core of the network of primary healthcare centres. In addition, primary healthcare is also provided at tuberculosis (TB) control centres, and mother and child health

[1] Rural Health Centres (RHCs) and Category D hospitals are declared as Drawing and Disbursing Officers (DDOs) under the policy. Therefore, RHCs and Category D hospitals are required to follow the guidelines and instructions contained in the Budget Call Circular issued by the Finance Department when preparing their budget estimates and to follow other regulations governing public financial management in the province.

[2] In these guidelines, the term 'facility manager' refers to the in-charge (e.g. medical officer or medical superintendent) of the primary and secondary healthcare facility.

centres etc. Secondary care is provided by first and second referral facilities, which provide acute, ambulatory, and inpatient care. These facilities include Tehsil Headquarter Hospitals and District Headquarter Hospitals. This is supported by tertiary care, which is mostly attached with teaching hospitals. Services are augmented through a range of public health programmes throughout the healthcare delivery system and through population-level interventions.

There are different types of primary healthcare-level facilities in rural areas and these are commonly known as BHUs and RHCs, while in urban areas, comparable types of primary healthcare facilities are civil dispensaries, mother and child health centres etc.

The following paragraphs provide a brief explanation of the different types of primary healthcare facilities in the public sector:

1.2.1 BHUs/civil dispensaries

Dispensaries are the oldest type of a primary healthcare facility and are mainly found in urban areas. After the Alma-Ata Declaration3, BHUs were established country-wide, mainly in rural areas, to work as the first formal point of contact for accessing primary healthcare services. Ideally, each Union Council or Ward (the lowest level administrative unit in Khyber Pakhtunkhwa) should have one primary healthcare centre. These usually serve a population of around 5,000 to 25,000. These health facilities offer basic primary healthcare services, which include the provision of static and outreach services for maternal care and childcare, immunisation, family planning, management of diarrhoea, pneumonia, control of communicable diseases and management of common ailments, along with health education activities. These facilities are also responsible for the provision of management and logistical support to Lady Health Worders and other community-based service providers. These facilities usually offer services eight hours a day for six days a week.

Due to the increasing population and to ensure 24/7 delivery services, the concept of 24/7 BHUs emerged. In comparison to a BHU, a 24/7 BHU is envisaged as providing a wider range of services, including round-the-clock delivery services. A 24/7 BHU is envisaged as serving a catchment population of 25,000–40,000. It is important for 24/7 BHUs to offer a wide range of services, and there is a need for a wide range of infrastructure, human resources, equipment, and supplies to be ensured at the facility. Khyber Pakhtunkhwa has recently decided to upgrade some BHUs to offer 24/7 services, especially for delivery care. Maternal and child health centres and private clinics currently offer such services round the clock.

1.2.2 RHCs

RHCs function around the clock and serve a catchment population of 40,000–60,000 or even more. They provide a comprehensive range of primary healthcare services and basic indoor

[3] The Alma-Ata Declaration was adopted in September 1978 during the International Conference on Primary Healthcare held in that city. The conference was organized by the World Health Organization and the United Nations Children's Fund. The Alma-Ata Declaration emphasised the importance of primary healthcare as the key to achieving the goal of 'health for all' by the year 2000. It highlighted the need for comprehensive and accessible healthcare services, community involvement, and addressing the social determinants of health.

facilities. The services envisaged to be provided RHCs include health education services, general treatment services, basic emergency obstetric and new born care services, emergency services (such as management of injuries and accident), selected surgical services (such as stitching, abscess drainage, circumcision etc.), and first aid services to stabilise patients in emergency conditions and refer them to a higher level of care in the event of complications. RHCs also provide clinical, logistical, and managerial support to BHUs, Lady Health Workers, maternal and child health centres, and dispensaries that fall within their geographical limits. RHCs provide medico-legal, basic surgical, dental and ambulance services. RHCs are equipped with laboratory and X-ray facilities and a 20-bed inpatient facility. Around five to eight BHUs are linked with each RHC for referral and other administrative purposes.

1.2.3 Other primary healthcare facilities

In addition to the above, there are other primary healthcare facilities which provide similar or specific health services. Mother and child health centres in Khyber Pakhtunkhwa provide a range of services focused on promoting and ensuring the health and well-being of mothers and children, including antenatal services, postnatal services, family planning services, immunisation etc. Similarly, TB control centres provide a range of services aimed at preventing, diagnosing, and treating tuberculosis, while leprosy centres provide a range of services aimed at the prevention, diagnosis, treatment, and rehabilitation of individuals affected by leprosy.

1.3 Budgetary Resource Allocations and Funds Flow at the Primary Healthcare Facilities Level

1.3.1 Budgetary resource allocations process

In Khyber Pakhtunkhwa, planning and budget preparation starts with the issuance of the Budget Call Circular. The Budget Call Circular also contains guidelines for preparing budget estimates, budget forms, and instructions for filling these forms, and a budget calendar which shows the schedule of key activities in the budget preparation process. An important feature of the Budget Call Circular is that it contains indicative departmental budgetary ceilings, which guide the administrative departments in planning and preparing budget estimates for their various programmes, service delivery facilities, administrative functions etc. These budgetary ceilings are derived based on policy priorities of the government, available fiscal space to fund the operations and for public sector investments (i.e. the development budget), past trends, and specific requirements of the administrative departments.

Another key feature of the budget cycle at the provincial level is the preparation of a Budgetary Strategy Paper. The Budget Strategy Paper contains projections of revenues for the province, which includes both the federal receipts (through the National Finance Commission, including tax assignments, straight transfers etc.) and provincial receipts (including sales tax on services, property tax etc.). The Budget Strategy Paper also contains estimated current and development expenditures for a medium term of three years.

The Health Department distributes the departmental budgetary ceilings to the cost centres.[4] This process is guided by several factors, such as policy priorities for the health sector, recent developments, past trends, and the unique needs of health facilities. These budgetary ceilings are communicated to the respective health institutions and administrative offices along with the budget calendar and budget forms.

In respect of primary healthcare facilities, budgetary ceilings are communicated to respective DHOs. The DHOs are responsible for preparing budgetary estimates in respect of the primary healthcare facilities under their administrative control. This process is guided by a needs assessment exercise at the facility level (conducted by the facility managers in collaboration with the PCMCs), which informs the prioritisation and budget-making at the district level. The needs assessment and budget preparation process are explained in detail in Section 3 of these guidelines.

It is important to note that various funds flow directly or indirectly to the health facilities where actual service delivery occurs. It is critical to ensure facility managers and PCMCs understand the funds flow to their respective health facilities, so that a robust needs assessment exercise can be carried out and a comprehensive Annual Action Plan prepared.

1.3.2 Utilisation of various kinds of budgetary resources at the primary healthcare facilities level

The following are the various kinds of budgetary resources utilised at the primary healthcare facilities level:

Current/operational budget: This is the biggest source of resource allocation to health facilities. The routine operational requirements of health facilities are met from this budget. The current/operational budget of a health facility comprises the salaries of its staff and non-salary expenditures like medicines, supplies, and repair and maintenance expenditures for buildings and equipment etc.

Grants to PCMCs: Grants are allocated each year to the PCMCs for their effective functioning and to enable them to discharge their mandated roles.

Retention of hospital revenues by PCMCs: The Finance Act 2021 allows the PCMCs to retain 90% of the revenue collected from services provided by respective health facilities. 10% of these revenues collected are deposited in the government exchequer.

Allocation to various health programmes: Various health programmes are operational at the facility level, including the Expanded Programme for Immunization, mother neonatal and child health etc. Though no funds directly flow to the health facilities, the services are provided through the health worker staff in the respective health facilities. In addition, certain equipment

[4] Usually health institutions like Medical Teaching Institutes and District Headquarter Hospitals, or administrative offices like the Office of the DHO and the Office of the Director General Health Services etc.

and supplies are made available to the health facilities to enable the provision of the programmatic activities.

Development budget: The developmental works in respective primary healthcare facilities are undertaken by the provincial and district authorities. In this case also, no funds directly flow to the health facilities, but these facilities benefit in terms of new or improved infrastructure or equipment etc.

Provisions through other initiatives: The primary healthcare facilities get medicines, supplies, and equipment through other initiatives of the provincial government: for example, emergency medicines provision to primary healthcare facilities etc.

The types and channels of resource allocations to primary healthcare facilities are depicted in the figure below:

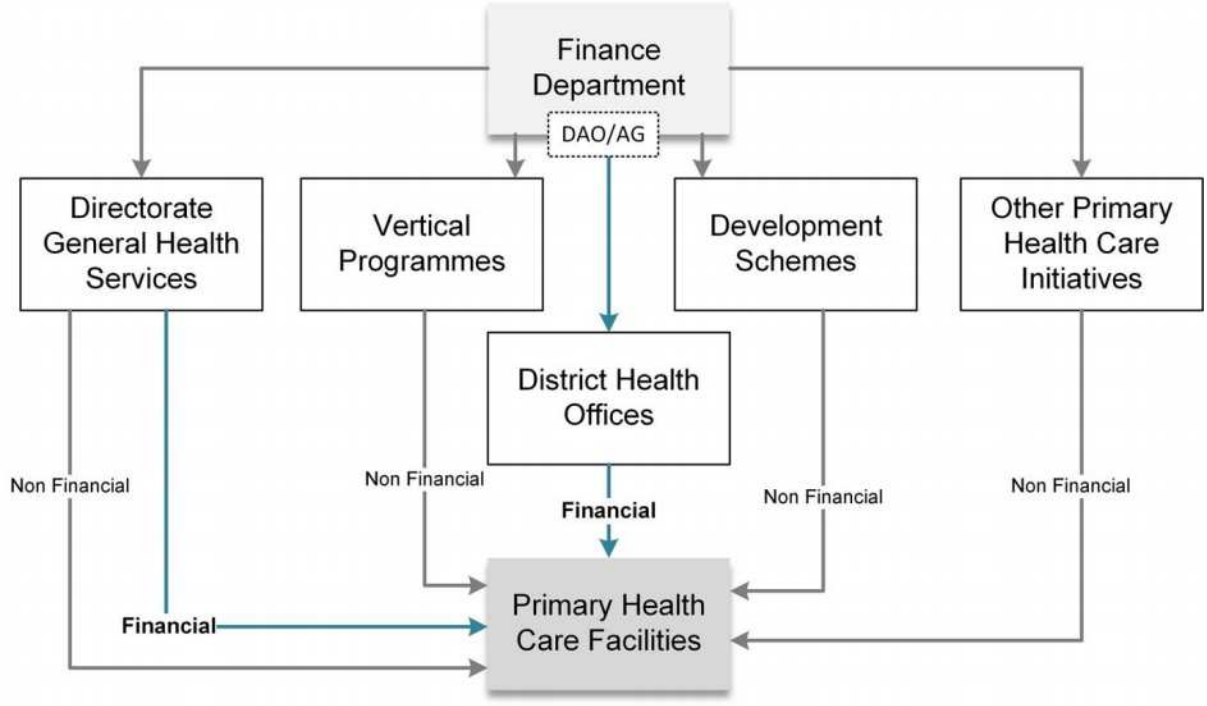

Figure 1 Resource allocations to primary healthcare facilities

2 Roles and Responsibilities in Facility-Level Budgeting and Expenditure Management

Various stakeholders at the provincial, district/Tehsil, and facility level play a crucial role in ensuring the effective implementation of these guidelines.

2.1 Health Secretary / Principal Accounting Officer

The Health Secretary, being the Principal Accounting Officer (PAO), is primarily responsible for health policy formulation, setting budget priorities, budget management, and internal controls. The PAO is supported mainly by the Financial Management Cell in respect of the financial management affairs of the Health Department. The PAO plays a crucial role in setting overarching policies that guide the financial management and resource allocation strategies to support the operational needs of primary healthcare facilities. Additionally, the PAO oversees the alignment of budgetary allocations with the evolving healthcare needs and ensures compliance with public financial management standards.

2.2 Director General Health Services

The Director General Health Services (DGHS) is tasked with providing oversight of District Health Offices and health facilities. The DGHS contributes to the effective implementation of health policies, programmes, and operations at the district level. The DGHS works collaboratively with DHOs to ensure that budgetary allocations are utilised efficiently, aligning with the unique requirements of health facilities, and adhering to the provincial guidelines.

2.3 District Health Officers

District Health Officers (DHOs) play a pivotal role in supervising and steering the implementation of health policies, programmes, and operations at the district level. They receive budgetary ceilings from the Health Department and communicate these to the respective District Health Offices. Specifically, the DHOs are responsible for the following:

- Prioritising budgetary ceilings for the health facilities based on district-specific health needs.
- Collaborating with facility managers and Primary Care Management Committees (PCMCs) to identify healthcare needs accurately.
- Conducting needs assessments at the district level and developing or updating the District Health Plan. Incorporating needs assessments of the health facilities in the District Health Plan.
- Aligning district health priorities with provincial policies and guidelines.
- Providing guidance to health facilities on aligning services with broader health policies.
- Translating district and health facilities' specific needs into budgetary requirements.
- Engaging in budget deliberations with the Finance Department to represent district-level priorities.
- Ensuring that budget resources are utilised effectively to improve health outcomes.
- Conducting budget execution reviews to assess performance against district-level health objectives and health facilities' targets.
- Monitoring district-level performance indicators to evaluate the impact of budget execution.
- Collaborating with health facilities to establish and maintain internal controls.

- Analysing lessons from budget execution to inform future district- and facility-level planning.
- Sharing insights with higher authorities for adjustments to future policies and budgets.

2.4 Facility Managers and Primary Care Management Committees

Facility managers and PCMCs at the facility level are responsible for conducting annual healthcare facility needs assessments and preparing Annual Action Plans based on prioritised community needs. They play a crucial role in optimising the utilisation of available funds, addressing healthcare facility needs, and ensuring alignment with the established guidelines. The specific roles and responsibilities are as following:

- Conducting annual healthcare facility assessments to identify and prioritise needs.
- Advocating for health facility budget priorities at the district level.
- Aligning facility policies with district and provincial health guidelines.
- Developing an Annual Action Plan with input from the DHO office, considering all funding sources.
- Providing budget input to the DHO office based on health facility needs.
- Participating in budget deliberations with the DHO office, presenting facility requirements.
- Overseeing budget execution to improve health outcomes efficiently.
- Reviewing budget reports to ensure alignment with health facility needs and targets.
- Monitoring performance indicators in regard to budget impact at the facility level.
- Ensuring transparent reporting and internal controls for effective budget execution.
- Analysing lessons learned from budget execution and providing feedback to the DHOs.
- Reflecting on lessons learned for future budget planning.

3 Facility-Level Budget and Expenditure Management Guidelines

3.1 Budget Preparation at Facility Level

The following sections outline the step-by-step process for facility managers to prepare facility-level budgets.

3.1.1 Annual healthcare facility needs assessment

The facility managers and the PCMCs are required to be mindful of the various resources and funds flows available to them (as explained in Section 1.3) when undertaking the needs assessment and preparing the Annual Action Plan for their respective facilities. Consequently, during the needs assessment phase, facility managers and PCMCs must exercise prudence in aligning their proposed action plans with the designated resource allocations and anticipated fund flows. As part of the annual action planning process, facility managers and PCMCs should optimise the utilisation of available funds. This involves strategic planning to address healthcare facility needs, setting clear priorities, and proposing budget allocations that adhere to the guidelines outlined here.

To determine and assess the needs of healthcare facilities and the required resources, facility managers should conduct an annual need assessment of the healthcare facility by following these steps:

- Step 1: Convene a meeting of the PCMC
    - The facility manager should organise a meeting of the PCMC to carry out the annual healthcare facility-level needs assessment. During this process, the PCMC should identify the priority areas. In doing so, the PCMC should refer to the district- or provincial-level health plan, whichever is relevant, to ensure alignment with district/provincial health priorities established by the Health Department or by the DHOs.
- Step 2: Needs assessment
    - The PCMC should undertake a needs assessment which will provide the basis for formulation of the Annual Action Plan. When conducting the needs assessment, the PCMC should gather facility-specific data through various methods. This may include interviews with key informants, including one-on-one or group discussions with doctors, para-medical, and other hospital staff, as well as community members and stakeholders who may offer deeper insights. Additionally, the PCMC could undertake physical observations by visiting different sections of the healthcare facility to assess conditions and identify maintenance or improvement needs. Moreover, the use of relevant data and information involves reviewing Outpatient Department (OPD) data, stock records, laboratory records, and other pertinent statistics to identify trends and potential requirements, such as additional hospital staff or staff professional development needs.
- Step 3: Prioritise needs
    - The PCMC should analyse the collected data, prioritise healthcare facility needs, and calculate the funds required for financing these needs. They should classify and categorise needs, along with the fund's requirement, into short-term and long-term priorities based on urgency and the availability of resources. While

prioritising needs, the budgetary ceilings communicated by the DHO Office shall also be considered.

- Step 4: Resources estimation
  - Determine the overall resources required for implementing the Annual Action Plan (see Step 6). This includes the facility-level budget, allocations to PCMCs or hospitals revenues, and any other source like grants or transfers through a provincial programme or through a developmental scheme.
- Step 5: Stakeholder feedback
  - After prioritising needs, the PCMC should share this information with doctors, para-medical and other hospital staff, and the community to encourage feedback and gather additional input. This will ensure there is a comprehensive understanding of the healthcare facility's needs and that these are prioritised accordingly.
- Step 6: Develop Annual Action Plan
  - The PCMCs are responsible for developing an Annual Action Plan (Service Delivery Plan) using Form-I, which outlines specific steps to address the identified needs of their respective health facilities. This plan includes timelines and designates responsible offices for each action item. The Annual Action Plan will be updated for any change in budgetary allocations for the respective facility after the approved budgets are communicated by the DHO office. The final Annual Action Plan will be shared with the DHO office for their reference during budget management.

The PCMCs must adhere to the non-wage budgetary norms established by the Finance Department in consultation with Health Department when formulating budget estimates and developing the Annual Action Plan.

3.1.2 Facility-level budget-making process

The budget preparation process at the facility level involves several essential steps. To assist this process and to inculcate a performance orientation in budgeting, the DGHS should define and provide a list of key performance indicators (KPIs) for each type of facility. The DHOs and facility managers should adhere to the following steps in preparing the facility-level budget:

- Step 1: KPI targets and indicative budget ceilings for health facilities
  - The DHOs should assign targets against KPIs for each facility, which should be derived from the District Health Plan. The DHOs, will allocate non-salary budgets as per the specified norms communicated by the Finance Department and DGHS, along with the KPIs and targets, to individual facilities, as received from the Financial Management Cell (FMC). The DHOs will inform facility managers about the indicative non-salary budgets, along with KPIs and targets for their respective facilities.
- Step 2: Budget working
  - Facility managers, in collaboration with the PCMC, will create non-salary budget estimates for their facility using Form-II. When preparing budget estimates, they should adhere to the non-salary budget ceilings communicated by the DHO Office. When compiling budget estimates, the following must be considered: the assessed healthcare facility needs, the Annual Action Plan, and the targets against KPIs intimated by the DHO Office. The PCMC will endorse the compiled budget estimates, which will then be submitted to the DHO using Form-II, along with the Annual Action Plan. If the budget exceeds the allocated ceilings, facility managers must provide a rationale for the excess.

    - To support the DHOs in preparing salary budgets, facility managers should also submit the healthcare facility's human resource statement using Form-III when submitting non-salary budget estimates to the DHOs.
- Step 3: Review and finalisation
    - The DHOs will finalise their budget estimates, consolidate them and compile facility-wise and category-wise budgets and will present these to the Principal Accounting Officer, through the Regional Director General and DGHS, along with comprehensive justifications for any potential excess over ceilings.
- Step 4: Budget deliberations
    - The FMC, in collaboration with DHOs, will hold discussions to conclude budget estimates. DHOs may invite facility managers and district-level monitoring officers of the Independent Monitoring Unit, if needed, to address queries. This will ensure budgets align with facility-level requirements and needs.

3.2 Budget Releases

The following steps should be undertaken to release budgets:[5]

- Step 1: Budget release requests by DHOs
    - The DHOs prepare budget release requests based on the approved budget estimates.
- Step 2: Endorsement of budget release requests by the FMC
    - FMC will review and endorse the budget release requests based on approved. DHOs are responsible for collaborating with the FMC to ensure timely budget releases. The FMC will collectively present consolidated facility level budget release requests to the Finance Department.
- Step 3: Sanction for funds release
    - FMC will obtain financial sanction from the PAO for releasing funds. This step applies specifically to non-salary expenses, such as utilities, medicines and drugs, repairs, and other regular non-salary budget heads.

3.3 Budget Execution

This section details the essential steps and responsibilities involved in overseeing the budget execution after funds have been released to the respective cost centres.

3.3.1 Expenditures out of facility budgets

DHOs will serve as the Drawing and Disbursing Officers for all primary healthcare facilities (other than RHCs) and will exercise these powers under the Khyber Pakhtunkhwa Delegation of Financial Power Rules 2018 (see abstract of these Rules at Annex-1). They will be responsible for overseeing the timely and efficient utilisation of funds according to the updated Annual Action Plans submitted by the respective facility managers.

[5] The steps outlined below pertain specifically to facility budgets and do not apply to funds earmarked for the PCMCs, which are managed in accordance with the existing procedures currently in practice.

To optimise budget utilisation, DHOs will consolidate the Annual Action Plans of the health facilities and create a comprehensive Annual Action Plan. This comprehensive plan will serve as a guiding document for budget management decisions throughout the budget execution and review process. DHOs will maintain meticulous financial records to facilitate the alignment of expenditures with the requirements outlined by facility managers.

The following mechanism is to be followed for budget execution:

- Step1: Demand for expenditures:
  - Facility managers, with PCMCs, request expenditures based on approved allocations, considering past spending, available balance, and plan requirements.
  - Clear details – including type, quantity, quality, delivery, and budget constraints – should be provided.
  - Requests for expenditures are for items with available budget.
- Step2: Review and approval:
  - DHOs review and approve expenditure demands, considering overall budget and updated plans.
  - They establish a system for making timely expenditure requests from all facilities to improve spending efficiency while meeting needs.
- Step3: Accounting and bookkeeping:
  - DHOs record transactions and maintain accounts to track facility-level spending.
  - Records verify that expenditures align with facility managers' requests, ensuring budget transactions meet expressed needs.

3.3.2 Expenditures out of PCMC funds

Expenditures out of PCMC funds are made in the manner set out in the "Guidelines for PCMCs" published by the Health Department.

3.4 Budget Adjustments

This section provides instructions for the budget adjustment process, which allows for the reallocation of funds when necessary to efficiently execute the budget and prioritise healthcare facility needs. Both facility managers and DHOs play a role in this process. To ensure the efficient allocation of funds and prioritise the healthcare facility's top needs, facility managers and DHOs will routinely assess the funds status, including in-year budget execution reviews.

3.4.1 Re-appropriations within a facility-level budget

If the facility manager identifies a need to reallocate funds from one budget head to another within the facility-level budget, the following procedure must be followed:

- Step 1: Approval of the PCMCs
  - The facility manager will seek the approval of the PCMCs for the re-appropriations. This shall be supplemented through proper justifications in written form through the PCMC resolution.
  - The details of the re-appropriation (i.e. the source and target budget head), along with the approval of the PCMC, with proper justification, must be forwarded to the DHO.
- Step2: Approval of the re-appropriation

- The DHO is authorised to re-appropriate funds within non-salary budget heads of a cost centre provided there are requests from the respective PCMCs.

3.4.2 Re-appropriations between facility-level budgets

If the DHO identifies the need to reallocate funds from one facility-level budget to another, the following procedure will be followed:

- Step 1: Informing respective facilities
  - The concerned facilities will be informed about the re-appropriations, including justifications. A calculation of the remaining balance in the respective budget head and the anticipated expenditures in the remaining period of the fiscal year will be carried out.
- Step 2: Concurrence by the respective PCMCs
  - The respective facility managers will convene a meeting with PCMCs to deliberate on the proposed re-appropriations and their implications for the targets outlined in the Annual Action Plan.
  - The decisions made by the PCMCs, whether in agreement or otherwise, will be documented in a declaration signed by the PCMCs and communicated to the DHO.
- Step 3:Approvals
  - If the PCMCs agree to the proposed re-appropriation, the DHO will submit the case to Regional Director General for approval. In case a facility does not lie within the jurisdiction of single Regional Director General, the case will be forwarded to DGHS for approval.

Note: Appropriate amendments will be done in Khyber Pakhtunkhwa Delegation of Financial Power Rules 2018.

The following key controls must be adhered to:

i. Purpose-driven re-appropriations: Re-appropriations should only be made when it is clear that the funds allocated to a particular budget head will not be fully utilised or when there is potential for savings.
ii. No intentional diversion: Re-appropriations should not be used as a means to temporarily move funds from one head to another with the intention of later restoring the diverted allocation to the original head.
iii. PCMC agreement: Re-appropriations can only be carried out after the PCMC has expressed its approval in writing.
iv. Unreleased budgets excluded: Re-appropriations cannot be made from budgets that have not been released.
v. First six months restriction: Re-appropriations are not allowed during the first six months of the financial year.

3.5 Excesses and Surrenders – Revised Budget Estimates

Facility managers are advised to consider key factors during the preparation of revised budgets, including:

- comparing actual expenditures with the budget from the previous year;
- assessing year-on-year expenditure increases;
- analysing spending patterns; and

- detailed justifications for any variations that may arise.

Further specific steps and detailed instructions for the budget revision exercise are outlined in the relevant pro forma (Form-IV).

3.6 Financial Reporting and Progress Reviews

This section provides instructions on financial reporting and progress and performance management in the context of budget execution reviews at various levels, including facilities, districts, and the departmental level, to ensure that budgets are executed promptly and effectively. These reviews should be conducted assess progress and performance and allow for timely corrective actions when necessary.

3.6.1 Financial statements

The DHOs must prepare a facility-wise monthly financial statement using Form-V and share the same with respective facility managers within five days after the end of each month. Appropriate justifications must be provided in cases where any specific demand of the facility for expenditures is not met.

Health facilities will also prepare financial statements for PCMC funds as set out in the guidelines notified by the Health Department. Furthermore, health facilities will prepare monthly consolidated financial statements by aggregating expenditures incurred at the DHO office (from the financial statements shared by the DHO office) and the expenditures made from PCMC funds using Form-VI. The facility managers will submit consolidated monthly financial statements to the DHO office within 10 days after the end of each month for review and record.

3.6.2 Budget execution review at facility level

The facility managers are responsible for reviewing their facility's budget and expenditures on monthly basis during regular meetings with the PCMCs. This review should cover the following:

- **Evaluate effectiveness:** Assess the effectiveness of actions taken to address the needs identified and prioritised during the annual healthcare facility needs assessment. Assess the progress towards achieving the KPIs and evaluate the appropriateness of budget spent towards achieving the targets. Review the actual expenditures trend and compare realised performance with the planned performance.
- **Analyse deviations:** Analyse the reasons for any deviations from the planned budget.
- **Identify potential budget savings or additional requirements:** Identify areas for potential saving (surrender) or additional budget requirements (excess) and take corrective actions.

The review should encompass all funding sources as detailed in the Annual Action Plan. The report should include details of budget allocation, releases (or revenues on account of PCMC funds), expenditures, remaining balances, and suggested corrective measures.

3.6.3 Budget execution review at the district level

The DHOs will conduct monthly reviews of the consolidated expenditures statements of all facilities. In these reviews, they will identify opportunities to improve budget execution at the facility level and communicate their feedback to the facility managers. After these reviews,

DHOs will consolidate and submit a comprehensive report on budget execution to the FMC within 20 days of each calendar month.

3.6.4 Budget execution review at department level

The FMC, in collaboration with the DGHS, will review the budget and spending of all healthcare facilities quarterly within thirty days after the close of the respective quarter. Using reports from DHOs, the review will evaluate budget execution, expenses, and progress against departmental KPIs using the output-based budget methodology and sectoral targets from the Health Policy/Strategic Plan. The review will pinpoint areas for improvement and provide feedback to DHOs for prompt corrective actions. These reviews will guide budget adjustments at facility, district, and provincial levels and help the Health Department assess policies and make timely corrections.

3.7 Oversight, Accountability, and Transparency

This section provides instructions for oversight, accountability, and transparency in the budget management process to ensure financial propriety.

3.7.1 Regular monitoring and oversight

DHOs have a crucial role in overseeing healthcare facility functions and financial progress. They will support facility managers to comply with the requirements of these guidelines.

3.7.2 Internal controls reviews

3.7.2.1 Evaluating internal controls

i. The internal audit cells within both the Health Department and Finance Departments have the responsibility for evaluating the effectiveness and adequacy of the internal controls in place.
ii. The Internal Audit Cell is responsible for assessing healthcare facilities' compliance with these guidelines to ensure that internal controls are in place and functioning.
iii. The Internal Audit Cell will select a representative sample of health facilities to be included in the Health Department's annual internal audit plan.
iv. The Internal Audit Cell will use a risk-based approach to select the sample, aiming to provide assurance regarding internal controls and compliance with these guidelines.
v. Once the internal audit is concluded, the Internal Audit Cell will present the findings to the Secretary Health Department and make recommendations for necessary actions to further enhance internal controls at the facility level.

3.7.2.2 Facility managers' support to internal control review

The facility manager will provide the internal audit teams with unrestricted access to personnel, healthcare facilities, PCMC members, and financial records.

3.7.3 Transparency and public engagement

The Health Department will routinely publish budget execution review reports on its official website for public consumption. These reports will highlight budget progress at health facility level. Additionally, the Health Department may seek to improve its official website to enable citizens to provide feedback on budget execution progress at the facility level.

3.8 E-APP/IT Solution for Enhanced Financial Management

3.8.1 Establishment of an e-App/IT solution

To support facility managers in implementing these guidelines, the Finance Department will deploy a dedicated electronic application (e-App) or information technology (IT) software. IT e-App / software will offer access points to each facility, including primary and secondary healthcare facilities, as well as the DHOs, the Health Sector Reforms Unit, the FMC, and the Independent Monitoring Unit. Access will be granted via unique user IDs and passwords.

3.8.2 Using the e-App/IT solution

The e-App/IT solution will connect health facilities and their corresponding budget codes in the Financial Accounting and Budgeting System (FABS). It will empower facility managers to create and submit annual budget estimates, as well as conducting real-time reporting.

3.8.3 Integrated system for budget management

The IT e-App/software will seamlessly integrate approved budget norms, detailed object codes, and their descriptions based on the Controller General of Accounts (CGA) Chart of Accounts (CoA). It will perform automatic calculations and provide consolidated budget and expenditure data by healthcare category for primary and secondary healthcare facilities.

3.8.4 Distinct modules

The e-App/IT solution will feature distinct modules for keeping in view the processes defined in these guidelines.

3.8.5 Manual process until implementation of e-App/IT solution

Until the introduction of the e-App/IT system, DHOs and facility managers will carry out budgeting and expenditure management responsibilities by applying the manual processes and forms outlined in these guidelines.

3.9 Pilot Testing and Roll-Out Implementation

3.9.1 Pilot phase

In recognition of the dynamic nature of healthcare management and the need for effective implementation, these guidelines will undergo a pilot testing phase. The pilot phase will be characterised by the following elements:

- The Finance Department, in collaboration with Health Department, will select a district for the initial pilot testing phase. The district will be chosen based on factors such as geographic representation, diversity in healthcare needs, and administrative feasibility. The pilot testing phase will span a predetermined period, allowing for a comprehensive assessment of the guidelines' applicability, effectiveness, and potential challenges.
- The pilot testing phase will adopt an adaptive learning approach, encouraging facility managers, DHOs, and other stakeholders to actively participate in refining the guidelines based on real-world experiences and challenges encountered during the pilot.

- Facility managers, PCMCs, DHOs, and other relevant stakeholders will be encouraged to provide feedback on their experiences with the guidelines. This feedback will be systematically collected and analysed for continuous improvement.
- Following the completion of the pilot testing phase, a thorough review of the guidelines will be conducted.
- The guidelines will be revised and enhanced based on the lessons learned, feedback received, and the evolving needs of the healthcare sector in Khyber Pakhtunkhwa.

3.9.2 Roll-out phase

Upon the successful completion of the review and update process, the guidelines will be rolled out to the rest of the districts in Khyber Pakhtunkhwa. To ensure successful roll-out, the following process will be applied:

- Comprehensive training programmes will be organised to familiarise stakeholders with the updated guidelines. This includes facility managers, PCMCs, DHOs, and relevant staff members.
- The roll-out will occur gradually across different districts, allowing for a smooth transition and adaptation of the updated guidelines.
- Ongoing monitoring and support mechanisms will be established to address any challenges that may arise during the implementation phase. This includes periodic reviews and capacity-building interventions.
- A continuous feedback loop will be maintained to capture insights from the phased roll-out, enabling further adjustments and improvements as needed.

ANNEXURE I – BUDGET FORMS

FORM – I (ANNUAL ACTION PLAN)

1. Healthcare facility type: _____
2. Healthcare facility name: _____
3. Cost centre code and description: _____

Section A: Key performance indicators and targets			
Sr.#	**Key performance indicator**	**Unit of measurement**	**Target for the Year**
1	**2**	**3**	**4**

Instructions on filling out this form:
This form have three Sections (A, B and C) designed to develop Annual Action Plan for the respective health facility.
Specific instructions:
Row no.1 – Enter the type of the health facility (like BHU, civil dispensary, etc.).
Row no. 2 – Enter the name of the health facility for which the Annual Action Plan has been prepared.
Row no.3 – Enter the cost centre name and description (provided by DHO office).
Instructions for filling Section A: Key performance indicators and targets
Serial # 1: Self-explanatory
Serial#2: Enter the description of the key performance indicator communicated by the DHO office.
Serial#3: Enter the unit of measurement against each key performance indicator as communicated by the DHO office.
Serial#4: Enter the target against each key performance indicator as communicated by the DHO office.

Section B: Resource projections for Annual Action Plan and annual budget		
Sr.#	**Funding source**	**Amount (PKR)**
1	**2**	**3**
i.	Current budget ceiling (non-salary)	Xxx
ii.	PCMC revenues	Xxx
iii.	Funds from other sources	Xxx
iv.	**Total**	**Xxx**

Instructions for filling Section B: Resource projections for Annual Action Plan and annual budget
Serial # i: This refers to the non-salary budget ceilings for the facility communicated by the DHO office. Enter the value of non-salary budget ceilings amount in column 3.
Serial # ii: This refers to the projected revenues of the facility from OPD and other operations (i.e. the own-source revenues). Enter 90% of the projected total own-source revenues in column 3 (as 10% of the own-source revenues is deposited in the government exchequer).
Serial # iii: This refers to any other source from which funding is expected: for instance, transfers from Director General Health Services, developmental schemes, or philanthropic contribution by non-government organisation or individuals etc. Enter a separate row for each funding source of this kind. Enter the value of the projected amount for each funding source in column 3.
Serial # iv: Calculate the value of total projected revenues in column 3.

Section C: Annual Action Plan (PKR)											
Month	Procurement / Purchase			Repair and Civil Works				Operations and Other			Grand Total
	1	2	3	4	5	6	7	8	9	10	11
	Medicine	Equipment	Others (stationery, stores etc.)	Repair and maintenance (R&M) of buildings and structures	R&M of furniture and fixtures	R&M of machinery and equipment	Other civil work	Wages / remuneration of contract staff hired by PCMC	Solar and electrification	Others	Total
Jul	-	-	-	-	-	-	-	-	-	-	-
Aug	-	-	-	-	-	-	-	-	-	-	-
Sep	-	-	-	-	-	-	-	-	-	-	-
Oct	-	-	-	-	-	-	-	-	-	-	-
Nov	-	-	-	-	-	-	-	-	-	-	-
Dec	-	-	-	-	-	-	-	-	-	-	-
Jan	-	-	-	-	-	-	-	-	-	-	-
Feb	-	-	-	-	-	-	-	-	-	-	-
Mar	-	-	-	-	-	-	-	-	-	-	-
Apr	-	-	-	-	-	-	-	-	-	-	-
May	-	-	-	-	-	-	-	-	-	-	-
Jun	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-	-

Instructions for filling Section C: Annual Action Plan

Serial # 1: Insert the budget/planned amount for the purchase of medicine in the cell for each respective month.
Serial # 2: Insert the budget/planned amount for the purchase of equipment in the cell for each respective month.
Serial # 3: Insert the budget/planned amount for the purchase of other items (like stationery, stores etc.) in the cell for each respective month.
Serial # 4: Insert the budget/planned amount for repair and maintenance of building and structures in the cell for each respective month.
Serial # 5: Insert the budget/planned amount for repair and maintenance of fixtures and fittings in the cell for each respective month.
Serial # 6: Insert the budget/planned amount for repair and maintenance of machinery and equipment in the cell for each respective month.
Serial # 7: Insert the budget/planned amount for repair and maintenance of other civil work (additional rooms and latrines etc) in the cell of each respective month.
Serial # 8: Insert the budget/planned amount for wages and remuneration in the cell for each respective month.
Serial # 9: Insert the budget/planned amount for solar/electrification in the cell for each respective month.
Serial #10: Insert the budget/planned amount for other details in the cell for each respective month.
Serial #11: Insert the total of all the heads.

FORM – II (ESTIMATES OF NON-SALARY CURRENT EXPENDITURE)

1. Healthcare facility name: _____
2. Cost centre code and description: _____
3. Indicative budget ceiling (non-salary) for the next financial year: _____
4. Proposed budget estimates (non-salary) for the next financial year: _____
5. Difference (ceiling (minus) proposed budget estimate): _____
6. Justification of difference, if any:

Detailed object code	Detailed description	Actual expenditure	Budget estimate	Proposed budget estimates	Remarks
		Last Financial Year	Current Financial Year	Next Financial Year	
A	B	C	D	E	F

Instructions for filling out this form:
This form is designed to develop budget estimates at the facility level.
Specific instructions:
Row no. 1 – Please enter the name of the health facility for which the budget is being prepared.
Row no. 2 – Please enter the cost centre name and description.
Row no. 3 – Please enter the budget ceiling/limit communicated to the healthcare facility by the DHO concerned.
Row no. 4 – Please sum the figures listed in column F of the table to determine the total proposed budget estimate for the upcoming financial year.
Row no. 5 – Calculate this figure by subtracting the amount in row 2 from the amount in row 3.
Row no. 6 – Provide a detailed justification for the difference, i.e. any excess or deficit of the proposed budget relative to the ceilings communicated by the DHO office. This justification should be referred to when making decisions regarding finalisation of the budget for the respective health facility.
Column A – Input the detailed object code for the expenditure head, following the Chart of Accounts (CoA) applicable for the budget (e.g., A03201, etc.).
Column B – Provide a detailed description of the expenditure head as per the CoA under which the budget is required (e.g. Postage and telegraph for A03201, etc.).
Column C – Fill in the actual expenditure/utilisation for the preceding fiscal year, as per the reconciled statement.
Column D – Enter the budget estimates for the current fiscal year, as communicated by the DHO and reflected in the e-App.
Column E – Input the proposed budget estimates for each expenditure head for the upcoming financial year.
Column F – If necessary, provide remarks or justification for the proposed budget estimates, explaining the basis for the estimation.

FORM – III (HR FORM)

1. Healthcare facility name: _____
2. Cost centre code and description: _____

Designation	Basic pay scale (BPS)	Number of posts			Actualisation month of vacant post	Variation in designation in sanctioned strength if any	Variation in BPS in sanctioned strength if any
		Sanctioned	Filled	Vacant			
A	B	C	D	E (C – D)	F	G	H

Instructions for filling out this form:
This form is designed for the creation of an Annual Human Resources Plan at the facility level. These plans at the facility level will be incorporated into the Drawing and Disbursing Officer's Human Resources/Statement of New Expenditure (SNE) requisition proforma.
Specific instructions:
Row no. 1 – Please enter the name of the health facility for which the budget is being prepared.
Row no. 2 – Please enter the cost centre name and description.
Column A – Indicate the job designation for the position required in the healthcare facility: for example, Medical Officer.
Column B – Specify the basic pay scale (BPS) associated with the required position: for example, BPS-17 for Medical Officer.
Column C – Enter the current sanctioned posts for this position for the healthcare facility.
Column D – Enter the number of posts filled out of the total sanctioned posts in the healthcare facility.
Column E – Record the number of vacant posts in the healthcare facility.
Column F – Insert the month in which the actualisation of the vacant position will be materialised. This is particularly for a case where a staff member is retiring during the next financial year.
Column G – Indicate if there is any deviation in the designation in the sanctioned strength: for example, if Medical Technician (EPI) is used instead of Medical Technical (Multi-purpose)
Column H – Indicate if there is any deviation in the BPS in regard to the sanctioned strength: for example, if BPS 17 is reflected against a Senior Medical Officer in BPS 18.

FORM – IV (REVISED ESTIMATES OF NON-SALARY CURRENT EXPENDITURE)

1. Healthcare facility name: _____
2. Cost centre code and description (if any): _____

Detailed object code	Detailed description	Actual expenditure	Budget estimate	Actual for first five months	Anticipated expenditure for remaining seven months	Total Expenditures for the CFY (E+F)	Surrenders (G-D)	Excess (D-G)	Revised estimates (G-H+I)	Remarks
		Last Financial Year	Current Financial Year	Current Financial Year	Current Financial Year	Current Financial Year	Current Financial Year	Current Financial Year	Current Financial Year	
A	B	C	D	E	F	G	H	I	J	K

Instructions for filling out this form:
This form is designed to develop revised budget estimates at the facility level.
Specific instructions:
Row no. 1 – Please enter the name of the health facility for which the budget is being prepared.
Row no. 2 – Please enter the cost centre code and description for this health facility, if any. The DHO will provide the cost centre code and description for the health facilities in the district.
Column A – Input the detailed object code for the expenditure category, following the Chart of Accounts (CoA) applicable for the budget (e.g. A03201, etc.).
Column B – Provide a detailed description of the expenditure category as per the CoA under which the budget is required (e.g. Postage and Telegraph for A03201, etc.).
Column C – Fill in the actual expenditure/utilisation for the preceding fiscal year, as per the reconciled statement.
Column D – Enter the budget estimates for the current fiscal year, as per the budget book or as communicated by the DHO and reflected in the e-App.
Column E – Record the actual expenditures for the first five months. This figure should be taken from the reconciled monthly statements.
Column F – Insert the anticipated expenditures for the remaining seven months of the current financial year. The amounts entered in this column must correspond to the updated action plan and procurement plan of the health facility.
Column G – Insert the total anticipated expenditure by adding column E and column F.
Column H – Insert, against the corresponding object head only, where the budget estimate for the current financial year is higher than the anticipated expenditure in column G, i.e. column G – column D.
Column I – Insert, against the corresponding object head only, where the budget estimate for the current financial year is less than the anticipated expenditure in column G, i.e. column D – column G.
Column J – Compute the revised estimate for each head by adding excess demand or subtracting the surrendered amount.

FORM – V (FACILITY-WISE MONTHLY FINANCIAL STATEMENT)

For the month of [insert name of the reporting month], [insert financial year]

1. Healthcare facility name: _____

2. Cost centre code and description: _____

Detailed object code	Detailed description	Budget estimate for FY 20xx	Releases till the x month	Expenditure during the reporting month	Expenditure demand reference (by the facility managers)	Cumulative expenditure till x month	Balance	Remarks
A	B	C	D	E	F	G	H=C-G	I

Instructions for filling out this form:
This form is designed to develop a facility-wise monthly financial statement which is to be filled by the DHO Office.
Specific instructions:
Row no. 1 – Please enter the name of the health facility for which the budget is being prepared.
Row no. 2 – Please enter the cost centre code and description for this health facility.
Column A – Input the detailed object code for the expenditure category, following the Chart of Accounts (CoA) applicable for the budget (e.g., A03201, etc.).
Column B – Provide a detailed description of the expenditure category as per the CoA under which the budget is required (e.g. Postage and Telegraph for A03201, etc.).
Column C – Enter the budget estimates for the current fiscal year as per the budget book.
Column D – Enter the cumulative releases till the end of the reporting month.
Column E – Enter the actual expenditures incurred during the reporting month.
Column F – Enter the reference of the demand by the facility for incurring the reported expenditure.
Column G – Enter the cumulative expenditure till the end of the reporting month.
Column H – Insert the balance amount against the respective object head, i.e. column C – column G.
Column I – Record explanatory remarks, if any.

FORM – VI (MONTHLY CONSOLIDATED FINANCIAL STATEMENT)

For the month of [insert name of the reporting month], [insert financial year]

1. Healthcare facility name: _____

2. Cost centre code and description: _____

Section A: Receipts of PCMC fund						
Sr.#	**Funding source of PCMC fund**	**Budget estimate**	**Receipts during the [insert the name of the reporting month]**	**Consolidated receipt till [insert the name of the reporting month]**	**Progress (actual receipt as % of budget estimates)**	**Remarks**
A	**B**	**C**	**D**	**E**	**F**	**G**
	4. Total					

Instructions for filling out this form:
This form have three Sections (A, B and C) which are designed to help facility managers to develop the consolidated monthly financial statement. All are the sections are to be filled by Facility Manager.
Specific instructions:
Row no.1 – Please enter the name of the health facility for which this statement is being prepared.
Row no.2 – Please enter the cost centre code and description for this health facility.
Section A: Receipts of PCMC fund
Column A – Insert the serial number. Add as many serial numbers as there are funding sources for the PCMC fund.
Column B – Insert the funding sources of the PCMC, like own-source revenue.
Column C – Enter the budget estimate for the respective funding source of the PCMC fund from the Annual Action Plan.
Column D – Enter the amount received or generated for the respective funding source during the reporting month.
Column E – Enter the total amount of the receipts for the respective funding source from the start of the financial year till the end of the reporting month.
Column F – Calculate actual receipts as a percentage of the budget estimate for the same funding source by dividing actual receipts by budget estimates multiplied by 100.
Column H – Insert explanatory remarks, if any.

Section B: Consolidated expenditure statement											
Detailed object code	Detailed description	Expenditure out of PCMC fund				Expenditure on account of current budget (by DHO office)				Consolidated expenditure till the end of [insert the name of the reporting month]	Remarks
		Budget estimate for FY 20xx	Expenditure during [insert the name of the reporting month]	Cumulative expenditure till the end of [insert the name of the reporting month]	Progress (actual expenditure as % of budget estimate)	Budget estimate	Expenditure during [insert the name of the reporting month]	Cumulative expenditure till the end of [insert the name of the reporting month]	Progress (actual expenditure as % of budget estimate)		
A	B	C	D	E	F	G	H	I	J	K=E+I	L

Section B: Consolidated expenditure statement

Column A – Input the detailed object code for the expenditure category, following the Chart of Accounts (CoA) applicable for the budget (e.g. A03201, etc.).
Column B – Provide a detailed description of the expenditure category as per the CoA under which the budget is required (e.g. Postage and Telegraph for A03201, etc.).
Column C – Enter the amount of the budget estimate for the respective object code pertaining to the PCMC fund.
Column D – Enter the amount of expenditures incurred during the reporting month for the respective object code pertaining to the PCMC fund
Column E – Enter cumulative expenditure till the end of the reporting month for the respective object code pertaining to the PCMC fund.
Column F – Calculate cumulative expenditure as a percentage of the budget estimate for the respective object code pertaining to the PCMC fund by dividing cumulative expenditures by budget estimates multiplied by 100.
Column G – Enter the amount of budget estimate for the respective object code pertaining to the current budget.
Column H – Enter the amount of expenditures incurred during the reporting month for the respective object code pertaining to the current budget.
Column I – Enter cumulative expenditure till the end of the reporting month for the respective object code pertaining to the current budget.
Column J – Calculate cumulative expenditure as a percentage of the budget estimate for the respective object code pertaining to the current budget by dividing cumulative expenditures by budget estimates multiplied by 100.
Column K – Calculate consolidated expenditures till the end of the reporting month by adding cumulative expenditures out of the PCMC fund (i.e. column E) and cumulative expenditure on account of current budget (i.e. column I).

Section C: Progress against key performance indicators and targets				
Sr.#	**Key performance indicators**	**Target for the year**	**Actual progress till completion of the reporting month**	**Remarks and explanations**
A	**B**	**C**	**D**	**E**

Section C: Progress against key performance indicators and targets
Column A – Entre serial number.
Column B – Enter the key performance indicator statements communicated by the DHO office.
Column C – Enter the annual target against the key performance indicator communicated by the DHO office.
Column D – Enter the progress made against the key performance indicator and target achieved till the completion of the reporting month.
Column E – Provide remarks and an explanation to elaborate on the progress achieved and narrate reasons for deviations, if any.

ANNEXURE II – ABSTRACT OF KHYBER PAKHTUNKHWA DELEGATION OF FINANCIAL POWER RULES 2018

Under these rules, the powers assigned to the Administrative Department are exercised by the Secretary Health Department, who is also the Principal Accounting Officer, whereas at the district level the categories of officers under these rules can be defined as follows:

S#	Designation	Officer category
1.	Medical Superintendent of Provincial Secondary Healthcare Hospitals, Women and Children's Hospitals, and Specialised Hospitals	Category I Officer
2.	District Health Officer	Category II Officer
3.	Head of Rural Health Centre	Category II Officer (if in BPS 19) Or Category III Officer (in in BPS 18)

Powers to sanction expenditures against budget provisions are given in the table below:

S #	Nature of power	Administrative department	Officers in Category I	Officers in Category II	Officers in Category III	Officers in Category-IV
(i)	Project pre-investment analysis	Full powers	Full powers	--	--	--
	Specific condition(s): 1. Include feasibility studies, research, surveys, and exploratory operations.					
(ii)	Operating expenses					
(a)	Fuel and power	Full powers	--	--	--	--
	Specific condition(s): Include high-speed diesel oil – operational and non-operational; furnace oil – operational and non-operational; electric traction. Subject to specified departmental admissibility and prescribed conditions.					
(b)	Fees	Full powers	Full powers	Up to PKR 100,000 each case	Up to PKR. 50,000 each case	Up to PKR 20,000 each case
	Specific condition(s): 1. Include bank fees; legal fees; licence fees; membership fees.					
(c)	Communication	Full powers	Full powers	Full powers	Full powers	Full powers
	Specific condition(s): Include postage and telegraph; telephone and trunk calls; telex, tele-printer and fax; electronic communication; courier and pilot service; photography charges. Subject to observance of prescribed ceilings, where applicable.					
(d)	Utilities	Full powers	Full powers	Full powers	Full powers	Full powers
	Specific condition(s): Include gas; water; electricity; hot and cold weather charges; POL for generator. Subject to observance of prescribed ceilings, where applicable.					
(e)	Occupancy costs	Full powers	Full powers	Up to PKR 50,000 at a time	Up to PKR 25,000 at a time	--

	Specific condition(s): 1. Include charges; rent for office building; rent other than for building; royalties; rates and taxes; rent of machinery and equipment; insurance; security; rent of hall for council meetings; sewerage/waste charges. 2. Rent of office building is subject to the explicit conditions that: a. the accommodation is according to the scale prescribed by the government; b. either the rent does not exceed the rent assessed by the Excise and Taxation Department for the purpose of Urban Immovable Property Tax or the rent to be paid is made the basis of property tax; c. assessment made by the Communication & Works Department; and d. no objection certificate from the Communication & Works Department for non-availability of office accommodation. 3. Rent of land is subject to the rent reasonability certificate given by an officer of the Revenue Department exercising the powers of the Collector under the KP Land Revenue (Amendment) Act, 2014.					
(f)	Operating leases	Full powers	--	--	--	--
	Specific condition(s): 1. Include machinery and equipment; buildings; motor vehicles; computers; medical machinery and technical equipment. 2. Subject to specified departmental admissibility and prescribed conditions.					
(g)	Motor vehicles	Full powers	Full powers	--	--	--
	Specific condition(s): 1. Include insurance; registration.					
(h)	Consultancy and contractual work	Full powers	--	--	--	--
	Specific condition(s): 1. Include computer; management; government departments. 2. Subject to specified departmental admissibility and prescribed conditions.					
(i)	Travel and transportation	Full powers	Full powers	Up to PKR 50,000 at a time	Up to PKR 25,000 at a time	Up to PKR 15,000 at a time

	Specific condition(s): 1. Include training – domestic/international; travelling allowance; transportation of goods; POL charges, aeroplanes, helicopters, staff cars, motorcycles; conveyance charges; CNG charges; tour expenditure state conveyance and motor cars; railway concession voucher. 2. Subject to admissibility under the rules and observance of prescribed ceilings, where applicable.					
(j)	General – printing and publication	Full powers	Full powers	Full powers	Full powers	Full powers
	Specific condition(s): 1. Include stationery; printing and publication; conferences/ seminars/ workshops/ symposia; newspapers, periodicals and books; advertising and publicity; contribution and subscription; essay writing and copyrights; exhibitions, fairs and other national celebrations. 2. Printing and publication at private press to be certified by government press. 3. Subject to admissibility under the rules and observance of prescribed ceilings, where applicable.					
(k)	General – cost of other stores	Full powers	Full powers	Full powers	--	--

	Specific condition(s): 1. Includes hire of vehicles; uniforms and protective clothing; purchase of drugs and medicines; expenditure on confiscated goods; cost of other stores; ordnance store; free textbooks. 2. Subject to admissibility under the rules and observance of prescribed conditions.					
(l)	General – secret service	Full powers	--	--	--	--
	Specific condition(s): 1. Include secret service expenditure. 2. Subject to admissibility under the rules and observance of prescribed ceilings, where applicable.					
(m)	General – Other services	Full powers	Full powers	--	--	--
	Specific condition(s): 1. Include payments to government department for services rendered; law charges; payments to others for services rendered; service charges; special cost incurred in performance of government functionaries. 2. Subject to admissibility under the rules and observance of prescribed conditions.					
(iii)	Write-offs of public money / loss of assets	Up to PKR 100,000	--	--	--	--
	Specific condition(s): 1. Includes loss of public money; inventories obsolescence / slow-moving charge; impairment of property, plant and equipment; write-off of inventories; loss on disposal of property, plant and equipment; loss on sale of scrap. 2. Provided that the loss does not disclose a defect of system the amendment of which requires orders by a higher authority. 3. That there has not been any serious negligence on the part of some individual government officer or officers which may possibly call for disciplinary action requiring orders of any higher authority. 4. All sanctions to write off shall be communicated to the Accountant General and Finance Department.					

(iv)	Scholarships and other awards	Full powers	Full powers	Full powers	Full powers	Full powers
	Specific condition(s): 1. Includes merit scholarships; other scholarships; cash awards to informers. 2. Subject to number of scholarships and rates sanctioned by Finance Department in consultation with Administrative Department. 3. Cash awards subject to admissibility under the rules and observance of prescribed rates and conditions.					
(v)	Entertainment and gifts					
(a)	Entertainment	Full powers	Full powers	--	--	--
	Specific condition(s): 1. For light refreshment up to PKR 50 per head at meetings convened for official business. 2. For serving lunch boxes up to PKR 300 per head in meetings which are prolonged beyond office hours without a break in the interest of government work. 3. For receptions, lunches, and dinners: up to PKR 40,000 in each case subject to condition that per head expenditure should not exceed PKR 1,200.					

(b)	Purchase of gifts for state guests	Principal Secretary to CM Rs. 100,000	--	--	--	--
	Specific condition(s): 1. For presentation to foreign dignitaries only.					
(vi)	Expenditure on acquiring physical assets	Full powers	Full powers	Up to PKR 1,000,000 at a time	Up to PKR 500,000 at a time	Up to PKR 300,000 at a time
	Specific condition(s): 1. Include purchase of building; computer equipment; commodity purchase (cost of state trading); other stores and stock; purchase of transport; purchase of plant and machinery; purchase of furniture and fixtures; purchase of other assets. 2. Subject to fulfilment of all codal formalities enunciated by relevant legislative and regulatory frameworks.					

(vii)	Civil works	i. Approved development schemes: **full powers** ii. Non-development schemes: **PKR 1,000,000**	i. Approved development schemes: **full powers** ii. Non-development schemes: **PKR 500,000**	--	--	--
	Specific condition(s): 1. Includes roads, highways and bridges; irrigation works; embankments and drainage works; building and structures; other works; telecommunication works; drought emergency relief assistance works. 2. Subject to fulfilment of all codal formalities enunciated by relevant legislative and regulatory frameworks.					

(viii)	Repairs and maintenance	PKR 300,000 or 50% of the book value of machinery, whichever is less	PKR 150,000 or 50% of the book value of machinery, whichever is less	PKR 70,000 or 25% of the book value of machinery, whichever is less	PKR 50,000 or 10% of the book value of machinery, whichever is less	PKR 25,000
	Specific condition(s): 1. Include transport. 2. Subject to carrying out repairs in government workshops, in the absence of which due process of public procurement and specific conditions shall be strictly adhered to.					

(ix)	Repairs and maintenance	Full powers	Full powers	Full powers	Up to PKR 200,000 at a time	Up to PKR 100,000 at a time
	Specific condition(s): 1. Includes machinery and equipment; furniture and fixtures; buildings and structures; irrigation; embankment and drainage; roads, highways and bridges; computer equipment; general; telecommunication works. 2. Subject to admissibility under the rules and observance of prescribed ceilings, where applicable.					
(x)	Honoraria	Full powers	--	--	--	--
	Specific condition(s): 1. Subject to admissibility under the rules and observance of prescribed ceilings, where applicable.					
(xi)	Reimbursement of medical charges	Full powers	Full powers	Up to PKR 10,000 each case	Up to PKR 5,000 each case	Up to PKR 3,000 each case

ANNEXURE III – GLOSSARY OF KEY TERMS USED IN THESE GUIDELINES

a. Budget

A budget is a financial plan for revenue receipts and expenditure for a financial year. A government budget is a document representing the government's proposed revenues and spending for a financial year.[6]

b. Budget estimate

This is a general term used in financial management in the public sector. It means, in relation to expenditure, the expenditure proposed for that year, and, in relation to receipts, the receipts expected to be realised during that year.

c. Indicative budget ceiling

Budget ceilings are provided by Finance Department at the start of the budget cycle to guide the administrative departments in formulating budget estimates and are referred to as 'indicative budget ceilings'. During the later part of the budgetary process, budget review and finalisation meetings are held. These meetings facilitate a dialogue between the Finance Department and Administrative Department to determine whether the indicative budget ceilings are adequate to meet the funding requirements of the Administrative Department and for each department to understand the limitations of the other. As a result of these deliberations, budget ceilings are finalised. Once budget ceilings are finalised these become agreed budget ceilings.[7]

d. Current budget (or current expenditure or non-development expenditure)

This means expenditure relating to the ongoing operations of the government, which includes pay and allowances of employees, operating expenditure, repair and maintenance, etc.[8]

[6] Adopted from Budget Manual First Edition, Government of Pakistan (see Chapter 1, Section 1.3).

[7] This explanation is derived from the Integrated Budget Call Circular, Finance Department, Government of Khyber Pakhtunkhwa (see Section 2: Guidelines for Indicative Budgetary Ceilings).

[8] Definition adopted from Section 2(n) of KP Public Financial Management Act 2022.

e. Development budget (or development expenditure)

This means an expenditure of an activity undertaken to acquire, build or improve physical assets or services or develop human resources.[9]

f. Actual expenditure

Actual figures of expenditure incurred in a financial year.

g. Financial year

This means a year commencing on the first day of July and ending on the 30th day of June.[10]

h. Recurring expenditure and how it differs from new expenditure.

This is an expenditure which recurs from year to year. Recurring expenditure is also known as continued expenditure, whereas new expenditure is an expenditure which is not recurring or an expenditure which is for a new purpose.

i. Appropriation

This means any schedule of authorised expenditure given assent to by the Provincial Assembly of Khyber Pakhtunkhwa, to authorise payment from the Provincial Consolidated Fund and Public Account of a given financial year.[11]

j. Re-appropriation

This means a transfer of funds from one head of account of appropriation to another such head of account within the same budget grant.[12]

k. Revised estimates

This is a general term used in financial management in the public sector. This refers to estimated expenditures for a fiscal year, determined during that year based on recorded transactions, at the time of preparing the revised budget.

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[9] Definition adopted from Section 2(o) of KP Public Financial Management Act 2022.

[10] Definition adopted from Section 2(s) of KP Public Financial Management Act 2022.

[11] Definition adopted from Section 2(d) of KP Public Financial Management Act 2022.

[12] Definition adopted from Section 2(am) of KP Public Financial Management Act 2022.

l. Excess

An amount of expenditure exceeding the approved budget, which is regularised through an Excess Budget Statement.[13]

m. Surrender

An amount included in the initial approved budget that is given back because it has not or will not be spent in the financial year by the entity.[14]

n. Administrative (or line) department

This means a self-contained administrative unit in the Secretariat responsible for the conduct of business of government in a distinct and specified sphere, and declared as such by the government.[15]

o. Drawing and Disbursing Officer

This is a general term used for an officer who is authorised as such by the Administrative Department to incur expenditure in respect of an office, or offices, for which he is designated as the Drawing and Disbursing Officer.

p. Chart of Accounts

A listing of codes on the basis of which accounting transactions are classified, to provide meaningful financial information.[16]

q. Cost centre

A cost centre is the lowest organisational level at which budgetary control occurs and organisation information is collected and reported.

[13] Adopted from Budget Manual First Edition, Government of Pakistan (see Chapter 1, Section 1.3).

[14] Adopted from Budget Manual First Edition, Government of Pakistan (see Chapter 1, Section 1.3).

[15] Definition adopted from Rule 2(h) of Khyber Pakhtunkhwa Rules of Business 1985.

[16] Definition adopted from Section 2.6 'Definition' of Accounting Policies and Procedures Manual.