



THE BUDGET PROCESS IN PAKISTAN

The budget cycle passes through the following phases:

Phase I: Preparation of the Budget

The annual budget preparation begins with the issuance of the budget call letter between September and November by the Finance Division, Finance Department and Executive District Officer (EDO) Finance and Planning at federal, provincial and district level respectively. The call letter defines the parameters for preparation of the budget lays down the policy for expenditures and the format in which agencies must submit their budgets. Among other things, it spells out the calendar for the process of budget finalization.

On receipt of the budget call letter, collecting officers within the agencies prepare estimates of receipts expected to be collected in the coming year after review of the existing revenue base. These estimates are submitted to controlling officers at respective levels. Similarly, the Drawing and Disbursement officers prepare estimates of expenditures and are submitted to controlling officers at three levels respectively.

In the next step, consolidated revenue and expenditure estimates are submitted to the heads of division/department at federal and provincial levels. At the district level the data are collected in the EDO F&P Office. After review these estimates are submitted to the finance divisions/ departments. The finance division/ department collects and compiles the

budgets of all agencies and prepares a draft budget which is submitted to Cabinet for clearance to submit the budget before the legislature.

In case of district governments, a draft budget is prepared and cleared by the Nazim for presentation to the council. Based on the input received from provincial government and the general public, the necessary revisions are made in the draft budget by the EDO Finance and Planning.

Phase II: Consideration, Debate and Approval of the Budget

Thereafter, the budgets are presented in the respective assemblies/councils for approval. The budget is presented as the Finance Bill to Parliament, debated and approved, sometimes with amendments. Members bring up motions to create an occasion for discussing the performance of various public sector organizations. Upon approval of the budget and the ascent of the President it becomes the Finance Act. Then the Prime Minister (Chief Minister in case of Province) signs the schedule of expenditure and the Government is effectively authorized to raise revenue through taxes and to spend them in accordance with the approved schedule of expenditures.

At district level, the budget is discussed in the council. On approval of the budget, the Nazim signs it and the current budget grants are communicated to the concerned offices and the accounts offices by the



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EDO F&P. The release of the current budget to offices then begins.

Phase III: Communication of Grants

As soon as the budget is passed by the assembly/council the approved budget is communicated to each head of the office/drawing and drawing disbursing officer and controlling officers. The heads of department are then allowed to incur expenditure.

Phase IV: Execution of Budget

During this phase the expenditure is incurred according to the Schedule of Authorized Expenditures and the receipts are realised according to the Annual Budget Statement. This means that the various officers of the government carry out activities requiring expenditures to provide services to the people.

Phase V: Post Budget Allocations

The federal, provincial and district

governments have the power to authorize expenditure in excess of approvals through re-appropriation in cases requiring such an extraordinary measure; or seek supplementary budget grants from the Federal/Provincial consolidated funds and the district fund, respectively. The supplementary/excess budget statements have to be laid before the assembly/council for approval with the next year's budget.

Phase VI: Post Audit

The Auditor General of Pakistan, and in case of TMAs and Unions, the Local Fund Audit, carry out audit of accounts on behalf of the parliament, assembly or council as the case may be, and present the reports to the respective houses. The each house has an Accounts Committee to review the report and consider if the public money has been spent in accordance with the legislative approval. This is an ongoing process of democratic accountability.

