



GOVERNMENT OF BALOCHISTAN
LOCAL GOVERNMENT RURAL DEVELOPMENT
AND AGROVILLES DEPARTMENT

Dated Quetta, the 5th November, 2004.

NOTIFICATION

No. 52/2004 (BLGB)/A.O-IV. In exercise of the powers conferred by sub-section (1) of Section 191 read with item 20 of Part 1 of the Fifth Schedule of the Balochistan Local Government Ordinance, 2001 (XVIII of 2001), the Government of Balochistan is pleased to make the following rules:-

Chapter-I
Short Title and Definitions

1. Short title and commencement. - (1) These rules may be called the Balochistan Local Government (Fiscal Transfer) Rules, 2004.

(2) They shall come into force at once.

2. Definitions. - (1) In these rules, unless there is anything repugnant in the subject or context the following expression shall have the meaning, hereby respectively assigned to them: -

- (i) "annual report" means a report submitted by the Provincial Finance Commission within the meanings of Sub-Sections (5) and (6) of Section 120-E of the Ordinance;
- (ii) "appropriation account of Local Government" means a statement of expenditures with regard to the budgetary allocations and shall ensure that a) the accounts properly present the accounting transactions in a most material aspect and b) reasonable arrangements were in place for exercising pre-audit checks, while ensuring that payments have been made in observance of relevant rules and regulations, and that c) the expenditures shown as incurred for the purpose of grants and appropriations, except where observed in Notes, have been booked to the relevant grants and appropriations;
- (iii) "appropriation" means an allocation of funds to an office of the Local Government on the basis of its Schedule of Authorised Expenditure;
- (iv) "account" means a repository of Local Government or Government funds in the State Bank of Pakistan or in a Bank approved by the Government, or a Government treasury ;
- (v) "accounts" means a statement of receipt and expenditure on the accounts of a Local Government prepared and maintained in such form and in accordance with such methods and principles as the Auditor General of Pakistan, with the approval of the President, may have laid down;

- (vi) “accounts statement” includes annual appropriation account and finance account;
- (vii) “annual finance account of Local Government” means a statement of receipts and expenditures of a Local Government as a whole including transactions relating to Local Government fund and the public account;
- (viii) “bank” means the State Bank of Pakistan or any of its offices or branches and includes any branch of the National Bank of Pakistan acting as the agent of the State Bank of Pakistan in accordance with the provisions of the State Bank of Pakistan Act,1956 (Act No.XXXIII of 1956) or a bank approved by the Government and includes a government treasury where the cash business of the Local Government is not conducted by a bank;
- (ix) “cash balance” means the aggregate monies held by a local government in its account at a given point in time;
- (x) “Council” means the same as in the Ordinance but excludes Village Council and Neighbourhood Council;
- (xi) “delay in transfer” means as defined in these rules;
- (xii) “discrepancy in transfer” means as defined in these rules;
- (xiii) “district accounts office” means an office in a district under the Provincial Government or Accountant General Balochistan inter alia responsible for maintenance of accounts of the District or City District Government;
- (xiv) “Government” means Government of the Balochistan;
- (xv) “Local Government accounts office” means an office entrusted with the responsibility of maintenance of accounts of a Local Government and includes a district accounts office, a Tehsil accounts office and a Union accounts office;
- (xvi) “Local Government expenditure” means the amount expended by the designated functionaries of a Local Government in the manner prescribed in the financial rules and in accordance with the annual budget including supplementary budget approved by its council;
- (xvii) “Local Government finance office” includes offices responsible for regulating the finances of a Local Government and includes the offices of the Executive District Officer Finance & Planning, the Tehsil Officer Finance and office of the Union Accountant;
- (xviii) “Local Government revenue-expenditure statement” means a monthly statement of accounts separately showing the receipts and expenditures of a Local Government classified in the prescribed manner;

- (xix) “local own source revenue” means revenues received by a Local Government from the proceeds of taxes or charges levied by a Local Government and other proceeds vested in it under the Local Government Ordinance
- (xx) “officer in-charge of a spending arrangement” means an officer entrusted with the executive authority of implementing a project, programme, scheme or any other initiative financed out of the budget of the Government or Federal Government;
- (xxi) “Ordinance” means the Balochistan Local Government Ordinance 2001;
- (xxii) “prescribed report” means a report prescribed under these rules and shall only constitute such a report if produced in the form set for the purpose;
- (xxiii) “prescribed” means prescribed under these rules;
- (xxiv) “Provincial Consolidated Fund” means the same as provided in Article 118 of the Constitution of Pakistan, 1973;
- (xxv) “reporting officer” means an officer vested with the responsibility of submitting a report under these rules;
- (xxvi) “Schedule” means a Schedule attached to these rules;
- (xxvii) “Secretary” means Secretary of the Provincial Finance Commission and Secretary to Government of Balochistan, Finance Department;
- (xxviii) “share of local government as calculated” means the share of a local government calculated by the Finance Department at the commencement of a calendar month using the actual allocable amount based on actual provincial receipts and in accordance with Provincial Finance Commission award for the time being in force;
- (xxix) “share of local government as determined” means the share of a local government determined by the Provincial Finance Commission in its award and it may be based on any estimated revenues for a year;
- (xxx) “Tehsil accounts office” means an office located in each Tehsil or Town Municipal Administration headed by a Tehsil or Town accounts officer responsible for the maintenance of accounts of the Tehsil or Town Municipal Administration;
- (xxxi) “Tehsil accounts officer” means an officer responsible for the maintenance of accounts of a Tehsil or Town Municipal Administration;
- (xxxii) “transfer” means funds transferred to the account of a Local Government from the account of the Government or another Local Government where they are

not paid in lieu of a service or a good provided by the recipient Local Government to the Government or the Local Government, as the case may be.

(2) Words and expressions used but not defined in these rules shall have the same meaning as are respectively assigned to them in the Ordinance.

Chapter II
Secretariat and Intergovernmental fiscal database
(Under section 120-B subsection 2)

3. Secretariat of the Provincial Financial Commission.- (1) The Finance Department shall set up a designated establishment of officers and staff, with adequate resources and equipment, which shall be called the Provincial Finance Commission Secretariat, hereinafter referred to as the Secretariat, for carrying out the purposes of Chapter XII-A of the Ordinance and these Rules .

(2) When required the Secretary may hire the services of experts to provide technical expertise to the work of the Provincial Finance Commission and they shall form part of the Secretariat for the duration of their assignment.

(3) The number of posts for the Secretariat shall be determined by the Secretary, from time to time, with due regard to the nature and quantum of work.

(4) The senior most executive officer in the Secretariat shall be responsible for implementation of any prescribed or entrusted functions and duties of the Secretariat.

(5) The Secretariat shall function under the overall executive control of the Secretary.

4. Functions and duties of the Secretariat.- The functions and duties, without prejudice to the generality of technical and secretariat support as may be required by the Provincial Finance Commission or as otherwise provided in these rules, of the Secretariat shall include

- (a) preparing technical briefs for Provincial Finance Commission meetings;
- (b) making available all prescribed documents to the Provincial Finance Commission for its meetings;
- (c) carrying out simulations, development of formula options and study the differential impact of various options on local government finance;
- (d) maintenance of intergovernmental database, in such forms and of such standards, as may be prescribed from time to time;
- (e) carrying out monitoring of receipt of funds by Local Government;
- (f) receipt of reports from Local Government, as may be prescribed,;
- (g) undertaking analysis of Local Government finance, or if so required, of provincial finances;
- (h) preparation and maintenance of relevant data relating to Local Government, as prescribed, or as may be required by the Provincial Finance Commission;
- (i) evaluation of impact of fiscal transfers on Local Governments and other relevant matters (*section 120-G subsection 3*);
- (j) commissioning of special research and studies relating to intergovernmental finance;
- (k) preparation of draft Annual Report;

- (l) publication of Annual Report after approval by the Provincial Finance Commission;
- (m) provision of periodic reports on local government finance to the Secretary.

5. Communication and access to information.- Nothing contained in these rules shall be deemed to impose any limits on the Secretariat to carry out timely communication of any matters relating to transfers to Local Government, Government agency or any person or in providing access to information to any citizen.

6. Budget. – (1) The annual budget of the Secretariat shall be prepared separately as part of the budget estimates of the Finance Department.

(2) Special funds may be allocated for undertaking studies and analysis.

7. Intergovernmental fiscal database. – (1) Intergovernmental fiscal database shall be set up in the Secretariat, subject to the following, in such form as may be possible in view of available technological options and data that may be gathered.

(2) The intergovernmental fiscal database shall comprise of and be maintained for data on revenues and expenditures of the local governments under various heads, all kinds of transfers to Local Governments, data pertaining to specific issues peculiar to Provincial Finance Commission award for the time being in force, or any data, as otherwise required and listed in Part A of the Second Schedule.

(3) All data shall be updated on a monthly basis provided that for certain categories a different periodicity may be observed with the permission of the Secretary.

(4) Intergovernmental database may include, without prejudice to the provisions of sub-rule (2) hereinbefore, all elements as described in Part B of the Second Schedule and reports may be provided to the Provincial Finance Commission for analysis, review, deliberations on formula options or any other functions, duties and exercise of powers of the Provincial Finance Commission;

(5) Data and reports from the intergovernmental fiscal database may be provided to any Local Government, Government agency, person or organization for any academic or other purpose upon request and payment of any fee that may be collected with the express permission of the Secretary.

(6) Such fees as may be collected in accordance with the provisions of sub-rule last hereinbefore shall be deposited in the Government Treasury or a special account authorised by the Secretary.

Chapter III

The Method of Transfers

8. Dissemination of formula.- (1) As soon as may be possible, upon notification of a Provincial Finance Commission formula under the provisions of Chapter XII-A of the Ordinance, the Secretariat shall make all suitable and necessary arrangements for dissemination of the formula to Government agencies and local governments in the province.

(2) Where grant systems are seeking to achieve specific objectives through local government action the Secretariat shall make special arrangements for dissemination and wider understanding of the conditionalities, provisions, incentives and sanctions attached to such transfers to which these apply.

9. Notification of Provincial Consolidated Fund and its distribution.- (1) The Secretariat shall notify the calculated size of the Provincial Consolidated Fund, Provincial Retained Amount and Provincial Allocable Amount in accordance with the Provincial Finance Commission formulae for the time being in force, based on the estimated revenues of the province, in the month of March every year for the following fiscal year.

(2) It shall notify the revised size of the Provincial Consolidated Fund, Provincial Retained Amount and Provincial Allocable Amount for on ongoing fiscal year as early as possible and such notification shall be based on the revised estimates.

10. Notification of shares of local government.- (1) Share of Local Government as determined shall be notified by the Secretariat upon determination in light of the formula set by or applicable under the decision of the Provincial Finance Commission.

(2) Notifications of the shares for the period of the formula shall be made in accordance with the projected revenues of the province at the beginning of each time period of a formula.

(3) Notification of the shares for a fiscal year shall be made in accordance with the projected revenues of the province for the fiscal year in the month of March before that fiscal year.

(4) Notifications of the shares shall be made in the form attached in the Fourth Schedule to these rules.

(5) All notifications under this rule shall be published in the official gazette.

11. Copies of notifications.- Copies of all notifications issued under the rule last hereinbefore shall be provided, as soon as possible, to Local Governments, members of the Provincial Finance Commission and any other agency that the Secretary may direct.

12. Authorisation of transfer.- (1) Upon any approval that may be required the Finance Department shall authorise transfer of the share as calculated of Local Government at the beginning of every calendar month, as soon as possible and not later than the third day of that month.

(2) Authorisation shall be communicated to the State Bank of Pakistan or any other authority responsible for transferring the amount to the Local Government and a copy of such authorisation may be made available to Local Government.

13. Transfer of the share as calculated.- (1) The share of Local Government as calculated shall immediately be transferred to its account upon issuance of its authorisation.

(2) A certification of transfer shall be issued by the Local Government accounts office upon completion of transfer providing the total amount and date in the prescribed form and a copy may also be provided to the Local Government finance office.

(3) A copy of the certification shall be provided to the Secretariat and to other offices as may be directed from time to time.

14. Banks.- (1) The Finance Department may notify any banks to undertake functions for making over, holding or reporting of transfers.

(2) Where any functions are given to a bank it shall provide all such reports as required by the Finance Department.

15. Cash balance.- (1) Cash balance in a local government account shall be communicated to the Secretariat as and when so required by the Secretary in accordance with a prescribed form.

(2) Under no circumstances the cash balance or any amount thereof in a local government account shall be transferable to Government account or any other account.

(3) Any differences, detected is required to be rectified in accordance with the procedure laid down in Account Code vol-IV in consultation with Finance Department and Accountant General Balochistan.

Chapter IV Financial Reports

16. Expenditure-Revenue Statement.- (1) The Local Government finance office shall provide monthly expenditure-revenue statement to the Secretariat in accordance with the form given in the Fourth Schedule.

(2) The Secretary may require quarterly and the end of year expenditure-revenue statements from the Local Government and in such cases the Local Government shall provide these statements in accordance with the forms set out in the Fourth Schedule.

17. Local own source revenues.- (1) A statement of local own source revenues assessed and collected shall be provided to the Secretariat at the end of each quarter in a fiscal year by the Local Government finance office.

(2) For the purpose of this report the Local Government finance office may attribute to assessment carried out by any agency provided that the estimates of assessment are not less than the ones used in its decision making.

18. Other transfers and amounts received.- Upon receipt of any funds other than the formula based transfers from the province or local own source revenues the Local Government finance office shall report all funds received in their accounts to the Secretariat within a period of three months.

19. Project funds and investments.- Every officer in-charge of special spending arrangement shall report all expenditure incurred through his office to the respective finance office who in turn shall provide that information to the Secretariat in accordance with form set out in the Fourth Schedule provided that expenditures carried out under the approved budget of the local government shall not form part of this report.

20. Accounts reports.- (1) Local Government accounts offices shall forward appropriation account and finance account statements to the Secretariat in accordance with the forms for the time being in force.

(2) All such reports will be submitted before the end of third quarter of the fiscal year following the year for which reports are being formulated.

(3) In case where certified accounts are pending finalisation a report based on draft accounts may be provided.

(4) Where a report is based on draft accounts it shall be mentioned in the report.

(5) Where a report has been provided on the basis of draft accounts, upon certification of accounts a second report shall be provided with appropriate reference made to the earlier report.

Chapter V

Responsibilities and Powers

21. Reporting officers.- (1) Any reporting officer while submitting a report under these rules, unless otherwise provided, shall submit such a report to the Secretariat within the prescribed or required time period if an approval has not been given for such submission in time.

(2) No disciplinary or administrative proceedings shall be admissible against a reporting officer for submission of such a report, unless they be on grounds other than those specified in sub-rule (1) last hereinbefore.

22. Duties of Local Government finance and accounts offices.- (1) Duties of Local Government finance and accounts offices shall include maintenance of record of monthly and periodic transfers in prescribed form as set out in the Fourth Schedule.

(2) A copy of the record shall be provided to the Secretariat at the end of each fiscal year no later than expiry of the first calendar month of the succeeding fiscal year.

23. Responsibility for the veracity of the reports.- (1) The Zila Nazim and the District Coordination Officer shall be responsible for the veracity of all reports submitted by the district government offices to the Secretariat.

(2) The Tehsil or Town Nazim and Tehsil or Town Municipal Officer, as the case may be, shall be responsible for the veracity of all reports submitted by Tehsil or Town Municipal Administration offices to the Secretariat.

(3) The Union Nazim and the Secretary of Union Administration shall be responsible for the veracity of all reports submitted by the Union Administration to the Secretariat.

24. Responsibility of the Accountant General.- (1) The Accountant General, Treasury officer / District Accounts officers shall ensure timely and correct submission of reports to the Secretariat from district accounts officers under these rules.

(2) The Director Local Fund Audit, or any other authority designated for the administration of Tehsil or Town Municipal Administration and Union Administration accounts, shall ensure the timely and correct submission of reports to the Secretariat.

25. Special powers of the Secretary.- (1) If so authorised by the Provincial Finance Commission, the Secretary may require any special reports on or related to local government finance from the Accountant General, Director Local Fund Audit or any other authority designated for administration of Tehsil or Town Municipal Administration and Union Administration accounts relating to their respective administrative jurisdictions.

(2) The Secretary, in case of reports which are not submitted in time, or are submitted incorrectly or are incomplete, may recommend action to the authority empowered under the law against the local government finance office, local government accounts office or any local government officer in-charge or any other person responsible, as the case may be, provided that in such cases prior notice shall be given to the local executive setting out the reasons for such action.

(3) The authority to whom the action is recommended in each case shall undertake proceeding on such recommendation and provide a final report to the Secretary within an appropriate time period.

(4) To ensure carrying out the functions and purposes of the Provincial Finance Commission the Secretary may require any information from any agency carrying out functions in the province relating to local government finance to be laid before the Secretariat.

Chapter VI Discrepancies and Delays in Transfers

26. Discrepancy in the transfer.- (1) A transfer less than the share of a local government as calculated shall be deemed a discrepancy,

(2) Any discrepancy in the transfer made to a local government shall be reported to the Provincial Finance Commission before the end of the quarter by the Secretariat and the Provincial Finance Commission may take any action deemed fit under the law.

27. Delay in the transfer.- (1) Whenever a transfer due to a local government in accordance with the share as calculated is not made within the prescribed time period it shall amount to a delay.

(2) Any delay in the transfer for which a local government is eligible in accordance with the notifications, for whatsoever reason, shall be recorded by the Secretariat and reported to the Provincial Finance Commission in the next following meeting and the Provincial Finance Commission may take any action deemed fit under the law.

Chapter VII Miscellaneous

28. Annual Report.- (1) Draft annual report of the Provincial Finance Commission shall be prepared by the Secretariat before the end of the first quarter of each fiscal year, keeping in

view the time required for consideration by the Provincial Finance Commission, and present it to the Secretary who shall lay it before the Provincial Finance Commission.

(2) The draft report upon approval by the Provincial Finance Commission shall be finalized by the Secretariat.

(3) Annual report shall be published by the Secretariat and copies will be provided to each district government and Tehsil or Town Municipal Administration in the province for laying it before the respective Council.

(4) Annual report shall be in the prescribed form given in the Third Schedule.

29. Timeliness of reports.- Reporting officers and other agencies shall be responsible for submission of reports or completion of actions, as the case may be, in accordance with the timeframes specified in the First Schedule to these rules.

30. Powers of the Provincial Finance Commission.- Nothing contained in these rules shall be deemed to impose any limits on the powers of the Provincial Finance Commission to require any reports from any Federal, Provincial or a Local Government, or from any authority, corporation, body, or organisation established by or under law or which is owned or controlled by any Government or in which any of the Governments has a controlling interest or any other source.

BY ORDER OF
GOVERNOR BALOCHISTAN

Capt: (R) Muhammad Younes Durrani

Secretary,
Local Government Department

No. 52/2004(BLGB)/A.O-IV/ 11244-403 Dated Quetta, the 5th November, 2004

Copy to the:-

1. Additional Chief Secretary (Development) Planning & Development Department, Government of Balochistan, Quetta.
2. Secretary, National Reconstruction Bureau, Prime Minister's Secretariat, Islamabad
3. Senior Member, Board of Revenue, Government of Balochistan, Quetta.
4. Principal Secretary to Governor, Balochistan, Quetta.
5. Principal Secretary to Chief Minister, Balochistan.
6. Administrative Secretaries in Balochistan _____ (All).
7. Additional Chief Secretary, Local Government Department, Government of Sindh, Karachi.
8. Secretary, Local Government Department, Government of Punjab, Lahore.
9. Secretary, Local Government Department, Government of NWFP, Peshawar.

10. National Project Director, Decentralization Support Program National Program Support Office, Finance Division, Government of Pakistan, Islamabad.
11. Provincial Program Director, DSP, Balochistan, Quetta.
12. P.S to Chief Secretary, Government of Balochistan, Quetta
13. Zila Nazims in Balochistan_____ (All).
14. District Coordination Officers in Balochistan _____ (All).
15. The Controller, Government Printing Press Balochistan for immediate publication and supply of 800 copies.
16. Tehsil Nazims in Balochistan _____ (All).
17. Private Secretary to Minister, Local Government Department Balochistan, Quetta.
18. Private Secretary to Secretary, Local Government Department Balochistan, Quetta.
19. Master File.

(Faisal Jamal)
Secretary
Balochistan Local Government Board

