

Government of the People's Republic of Bangladesh



Ministry of Local Government,
Rural Development and Co-operatives
Local Government Division

Handbook
on Paurashava Budget formulation,
execution and monitoring

May2018

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Ministry of Local Government,
Rural Development and Co-operatives
Local Government Division
and
Japan International Cooperation Agency (JICA)

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1. Introduction

1.1. Budget formulation, execution and monitoring

Budget is the statement of the financial planning of any organization, where the probable planned scenario of the income and expenditure of any organization of a certain time is reflected¹.

Budget is also a financial regulatory system, and outline of the future programs. This is the procedure of making plan for the next year and performs the activities, based on the experience of the last year. The progress, proper management, initiatives of development plan, and implementation of development activities of the paurashava, all depends on the proper budget preparation².

Paurashava, as local government institution, operates under its specific acts, rules, instructions and applicable policy provided by the Government of Bangladesh, ministries, department and agencies. The main objective of the Paurashava is to serve the people living in its operating area. The people/citizens who get municipal services are considered customers cum owners as they receive services against their taxes and intellectual support to planning, implementation and monitoring of municipal services.

To ensure transparency, accountability and better utilization of local resources for providing desired level of municipal services to the people, and the development of infrastructure facilities, annual Budget Formulation through participation of local people and civil society members is highly required.

1.2. Objective of Handbook on Paurashava Budget formulation, execution and monitoring

Based on the existing rules and regulations, paurashavas need to formulate, execute and monitor their budgets throughout a year. Paurashavas are also mandated to publish annual budget plans and executions to public.

¹ Source: Paurashava training Guideline: Paurashava Accounting and Financial Management, National Institution for Local Government (NILG)

² Paurashava training Guideline: Paurashava Accounting and Financial Management, National Institution for Local Government (NILG)

Enhancement of the people's awareness on the paurashava budgets is essential, because they are important stakeholders in the service deliveries of paurahsavas and they are also tax payers who provide funds for such service deliveries.

The objective of this handbook is to improve knowledge and skills of paurashava staff and concerned elected representatives for exercising legal instruments such as acts, rules and Instructions provided by the Government of Bangladesh (ministries, departments, and agencies) for budget formulation, execution and monitoring.

2. Legal background

Applicable rules and regulations for Paurashava Budget Formulation, Execution and Monitoring are as follows;

- **Paurashava Budget (preparation and approval) Rules, 1999**
- **Local Government (Paurashava) Act, 2009**
- **Paurashava Model Tax schedule, 2014**
- **Bengal Municipal Account Rules, 1935**

In the process of budget formulation, implementation and monitoring, it is important to follow other legal documents such as government instructions, schedule and circulars. The next chapters, explains such processes refereeing to rules and regulations.

These are explained and referred in the following sections.

3. Budget formulation process

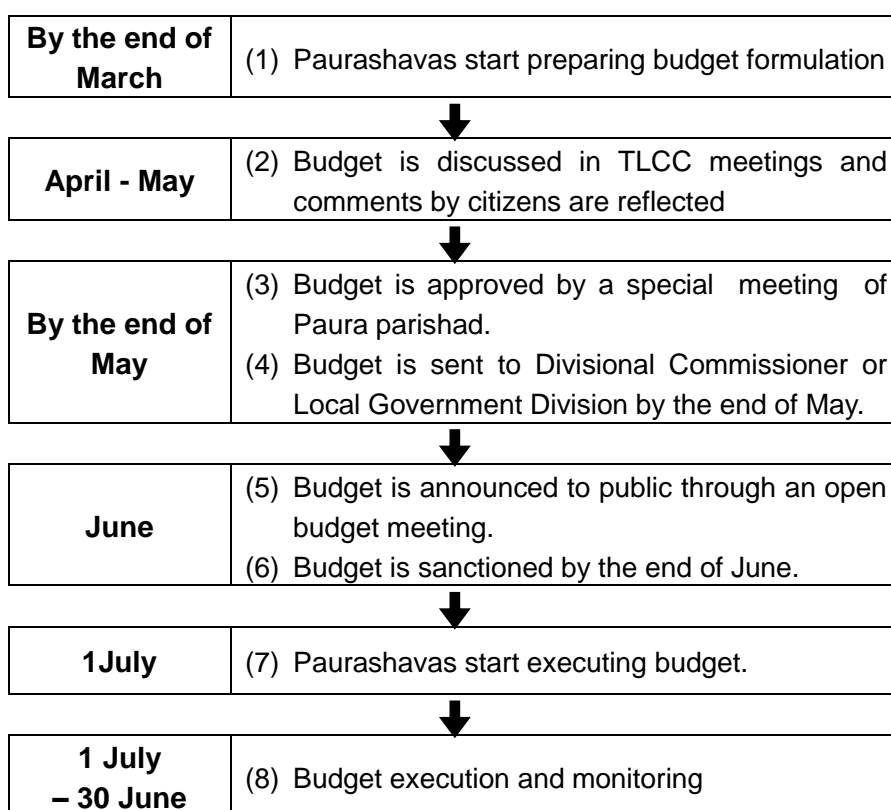
3.1. Overview of process of budget formulation

This section explains the overview of budget formulation process at paurashavas.

The fiscal year of paurashava budget starts in 1st July and ends in 30th June. Paurashavas start executing approved budget from 1st July and then monitor the budget execution progress until the end of the fiscal year.

Before the current fiscal year ends, paurashavas, in collaborations and consultations with TLCC (Town Level Coordination Committee) and citizens, formulate budget for the next fiscal year.

Budget formulation and execution process is depicted as follows;



Individual budget formulation processes are explained in the following section.

3.2. Individual process of budget formulation

(1) Paurashavas start preparing budget formulation: By the end of March

Paurashava Budget (preparation and approval) Rules, 1999 mentions that paurashavas start preparing budget formulation before the end of March (3 months before the end of fiscal year).

Paurashava Budget (preparation and approval) Rules,1999

6. Budget preparation system – For each Paurashava

- a. Paurashava will take initiative to prepare next year's budget before 3 months of any year ending.
- b. Paurashava will take step to prepare estimate income from the tax, rate, toll, fees, property etc. and this estimate should be prepared based on the approved rates of the government. Thereafter, Paurashava will prepare the expenditure estimate;

.....



Paurashavas estimate the revenue based on the approved tax and fee rate of the government, and then estimate expenditures. Therefore, paurashavas are not supposed to estimate unrealistic/ excessive revenue income, which is not based on the approved tax or fee rate. Paurashavas should also review the tax collection amounts in the past, and then estimate the revenue income of the following year based on the collections in the past.

An accountant and secretary of a paurashava play important role in budget formulation process. They collect information from several sections to estimate revenue and expenditure of the next fiscal year and formulate initial draft budget.

The main formats in budget are Form Ka and Form Kha, which are supposed to be submitted to LGD in the budget formulation process.

Paurashava Budget (preparation and approval) Rules,1999

3. Budget preparation: (1) All Paurashavas before started of financial year will prepare budget element in FORM Ka and Budget in FORM Kha for each year and submits the copy to the Prescribed Authority;



Budget formats are explained in “**4. Overview of Budget Document**” of this handbook.

Although it was observed that, many small paurashavas tend to change Form Ka and

Form Kha, it is mandatory for Paurashavas to use these formats without making modification.

Budget formulation is basically under the responsibility of Establishment and Finance standing committee, which is composed of a mayor and four councillors. The formation of Establishment and Finance related standing committee is as follows:

Bylaw 2013 on Formation of Municipal Standing Committee & Committee's Functions



1st schedule

[Section 3]

(a) Establishment of finance standing committee

Formation of "establishment and finance committee" will be as follows;

Sl. No.	Name	Designation	Position in the Committee
01		Councillor (General/Reserve), Ward No.	President
02		Mayor, by virtue of position	Member
03		Councillor (General/Reserve), Ward No.	Member
04		Councillor (General/Reserve), Ward No.	Member
05		Councillor (General/Reserve), Ward No.	Member

2. Activities of Committee

- 2.1 Taking initiatives for filling every single vacancy in municipal to improve efficiency in administration and initiating effectiveness of services provided.
- 2.2 The posts where there are opportunities for promotion, award promotion to deserving qualified candidates.
- 2.3 Evaluate the performance, qualification, efficiency of the personnel annually
- 2.4 Motivate the personnel to work as per distribution of responsibilities
- 2.5 Arranging for training for improving the efficiency of personnel
- 2.6 Assist in formulating budget keeping the income and expenditure consistent
- 2.7 Formulate methods of increasing revenue income and finding implementation procedure
- 2.8 For increasing revenue income, proposing investment of part of municipal fund
- 2.9 Formulating plans for initiating e-governance for establishing good governance and providing implementation procedure
- 2.10 Assessing the dues and arrears of Municipal and assisting in collection
- 2.11 Auditing the expenses for ensuring transparency and accountability
- 2.12 Settling all audit complaints
- 2.13 Advising in administrative and financial activities of municipal council

(2) Budget is discussed in TLCC meetings and comments by citizens are reflected: April – May

As in **Article 92 (2) of Local government (Paurashava) Act, 2009**, Paurashavas need to take comments from citizens and reflect them to the proposed budget.

The Local Government (Paurashava) Act, 2009

Article-92(2): The Paurashava will approve the proposed budget before 30 days starting of the concerned financial year considering public comments and advices given to the budget and will submit it to the Divisional Commissioner or to any authority assigned by the government.



Then paurashavas organizes TLCC meetings in April – May (most preferably in April) to have comments on budget proposals by citizens. The member of the TLCC is supposed to be smaller than 50, as stipulated in Article 115 of Paurashava Act 2009. The TLCC meeting then makes comments on draft budget especially on tax assessment, tax collection, development projects and other issues.

Please see **Annex- 4** for an example of meeting minutes of a TLCC meeting of this handbook.

(3) Budget is approved by a special meeting: April – May, by the end of May

The proposed budget is supposed to be approved within three month before the end of fiscal year (during 1st April and 30th June), according to **Article 7 of Paurashava Budget (preparation and approval) Rules, 1999**.

At the same time, a paurashava needs to submit a copy of a budget to the prescribed authority (Local Government Division) 30 days before the end of fiscal year (31st May), as stipulated in Article 92 (2) of Local Government (Paurashava) Act, 2009.

Considering these articles, a paurashava is supposed to approve draft budget before the end of May before the paurashava send its budget to Divisional Commissioner or Local Government Division. Related rule and article in Paurashava Budget (Formulation and Approval) Rules, 1999 and Local Government (Paurashava) Act, 2009 are as follows;

Paurashava Budget (preparation and approval) Rules, 1999

7. Budget Approval: Paurashava in their special meeting will consider and approve the next financial year's proposed budget within 3 months before the ending of current financial year;

**Local Government (Paurashava) Act, 2009**

Article-92(2): The Paurashava will approve the proposed budget before 30 days starting of the concerned financial year considering public comments and advices given to the budget and will submit it to the Divisional Commissioner or to any authority assigned by the government.

**(4) Budget is sent to Divisional Commissioner or Local Government Division : by the end of May**

After the draft budget is approved by the special meeting of a paurashava, it is send to a division commissioner or LGD, by the end of May (30 days before the starting of the concerned fiscal year), as described in **Article 92 (2) of Local Government (Paurashava) Act, 2009**.

The budget document is prepared using Form Ka and Kha of **Paurashava Budget (preparation and approval) Rules, 1999**. They are also explained in “**4. Overview of Budget Document**” of this handbook.

Paurashava Budget (preparation and approval) Rules,1999

3. Budgeted preparation: (1) All Paurashavas before started of financial year will prepare budget element in FORM Ka and Budget in Form Kha for each year and submits the copy to the Prescribed Authority;



Although it was observed that, many small paurashavas tend to change Form Ka and Form Kha, it is mandatory for Paurashavas to use these formats without making modification.

(5) Budget is announced to public through an open budget meeting: June

After the budget is approved by a special meeting in paurashava, it is announced to public, in many cases through “open budget meetings”, inviting citizens and explains the major points of the budget by the end of June.

(6) Budget is sanctioned (modified / finalized) by Divisional Commissioner or

Local Government Division: by end of June

A division commissioner and Local government division (LGD) is supposed to modify the budget submitted by paurashavas, and the modified budget is deemed sanctioned. If a division commissioner and Local Government Division do not modify proposed budgets in thirty days, then the proposed budget is also deemed sanctioned.

Local Government (Paurashava) Act, 2009

92. Budget:

(4) Within thirty days of the receipt of the copy of a budget under sub-section (1), the Government may modify it by order and this modified budget shall be deemed as the sanctioned budget of the Municipality.



(7) Paurashavas start executing budget: 1st July

After the new fiscal year started in 1st July, a paurashava starts executing the budget of the new fiscal year.

Before starting executing budget for the new fiscal year, paurashavas need to prepare new cashbooks and registers.

At the same time, paurashavas stop using the old cashbooks and registers of the previous fiscal year. Paurashavas then close the cashbook of the previous fiscal year and transfer the closing balance to the cashbook of the new fiscal year as opening balance. Paurashavas also need to reconcile the budget execution of the previous fiscal year to prepare their annual statement.

(8) Budget execution and monitoring: During the fiscal year

During the fiscal year, paurashavas need to record the budget execution (income and expenditure) and monitor the progress of budget execution. The rules in budget execution are explained in “**5. Budget formulation, execution and monitoring**” of this handbook.

A paurashava monitor the budget execution every month and every quarter, producing “Quarterly and Annual Account of Receipts and Payments”, and examine if the expenditure of each budget item is within the approved budget amount. It is also important to monitor the progress of tax collection and make sure that the paurashava

achieves target revenue amount. The paurashava also produce an annual statement at the end of each fiscal year and publish it.

Budget monitoring is basically under the responsibility of Account and Audit standing committee, which is composed of a mayor and four councillors.

The mandates of Accounting and Audit Standing Committee are as follows;

Circular on Formation of Municipal Standing Committee & sending a copy of sub rules regarding activities of committee, dated 02.01.2013



2. Activities of Committee:

- 2.1 Assisting all in proper maintenance of all accounts
- 2.2 Regular inspection of all collection and deposit
- 2.3 Ensuring that all activities of municipal are run as per government guidelines
- 2.4 Assisting all in publishing all accounts in public to ensure transparency and accountability
- 2.5 Auditing accounts annually and submitting the report on Paura Parshid meeting
- 2.6 Formulating plans for overall computerization of accounts department and assisting in implementation
- 2.7 Organizing internal audit after periodic interval
- 2.8 If there is computer software for accounts, then continuing using
- 2.9 Committee can co-opt the District or Upazila accounts officer as an expert member for District and Upazila level paurashava respectively.
- 2.10 Others activities.related

During the fiscal year, many paurashavas decide which project to implement. Projects implemented during the fiscal year in a paurashava are discussed and determined during the fiscal year, after the end of 1st Quarter (30 September) when paurashava receive the first instalment of the ADP budget.

When determining project, paurashavas are encouraged to organize WLCC meeting to discuss the priorities of proposed projects. Projects should be discussed in TLCC meeting again to decide which projects to be implemented.

When discussing which projects to be implemented, paurashavas need to pay attentions to ADP guidelines, as specified in **Paurashava Budget (preparation and approval) Rules, 1999**.

Paurashava Budget (preparation and approval) Rules,1999

6.Budget preparation system – For each Paurashava

- d. In case of Annual Development Grants expenditure, need to follow the circular of government time to time.
- e. Development Assistance Fund will not expenses for revenue purpose.



The current ADP guideline is “Guideline Regarding undertaking and implementation of development project by Paurashava” issued in 2001. This guideline specifies the proportion of development budget allocation to sectors (e.g. health, water or market construction), as follows;

Guideline Regarding undertaking and implementation of development project by Paurashava And Paurashava (Treaty) Ordinances, 2001

1. Under annual development program, only the following sector projects will receive sanction from development aid fund:
 - a. Public Health (5-15% of total allocation)
 - b. Drinking water and sewerage
 - c. Construction and maintenance of market and bus-terminal (10-15% of total budget)
 - d. Development of roads (20-45% of total budget)
 - e. Lighting of roads (5-10%)
 - f. Auditorium/ Community centre and park construction and forestation (5-10%)
 - g. Construction and maintenance of Paurashava building



When new guidelines are issued, paurashava need to pay attentions to them and follow.

4. Overview of Budget Document

4.1. Formats of Budget Document

Formats of budget documents are specified in **Paurashava Budget (preparation and approval) Rules, 1999**. The main formats in budget are Form Ka and Form Kha, which are supposed to be submitted to Local Government Division.

Paurashava Budget (preparation and approval) Rules, 1999

3. Budgeted preparation: (1) All Paurashavas before started of financial year will prepare budget element in FORM Ka and Budget in Form Kha for each year and submits the copy to the Prescribed Authority;



Form Ka is the summary of a paurashava budget, which summarizes the income and expenditure of (i) Revenue budget, (ii) Development budget and (iii) Capital budget, and Form Kha shows the details of each budget.

Form Ka is most useful to understand the overall picture of the budget of a paurashava. As mentioned above, the revenue surplus (Revenue income – Revenue expenditure) is supposed to be transferred to development budget, and spent for infrastructure development. It is therefore recommended that paurashava monitor the progress of income and expenditure every month to examine how much can be transferred from Revenue budget to Development budget.

Form Ka

(Section-3)

Description	Actual of previous year	Current year Budget or Current Year Revised budget	Budget of upcoming year
(A) Revenue account			
Income from part-1			
Income from part-2			
Total income:			
Less: Revenue expenditure			
Part-1			
Part-2			
Total expenditure:			
Grand Total revenue surplus			
(B) Development account			
Government Donation			
Revenue surplus			
Others			
Total :			
Less: Development expenditure			
Total budget surplus/shortage			
Add: Opening balance			
Closing balance:			
(C) Capital account			
Total income :			
Total expenditure :			
Closing balance regarding capital account:			

Formats of Kha (a) Part-1 and Part-2, Form Kha (b) and Form Kha (c) are as follows³;

³ Please note that this is a simplified format. See Annex 1 for the full format with detailed budget items.

Form Kha

(Section-3)

..... Paurashva's Budget

Financial Year:.....

(a) Revenue Account

Part-1

Income				Expenditure			
Head of Income	Actual of Previous Year	Current Year Budget or Revised Budget	Budget of Upcoming year	Head of Expenditure	Actual of Previous Year	Current Year Budget or Revised Budget	Budget of Upcoming year
Taxes				General Establishment			
Tax on holding and land				Education Expenses			
...				...			
Sub-Total				Sub-Total			

Part-2

Income				Expenditure			
Head of Income	Actual of Previous Year	Current Year Budget or Revised Budget	Budget of Upcoming year	Head of Expenditure	Actual of Previous Year	Current Year Budget or Revised Budget	Budget of Upcoming year
Water Tax				Salary and allowances of water section employees			
Connection Fees				Electricity bill-for water supply			
...				...			
				Depreciation Fund			
Sub-Total				Sub-Total			
Total Income (Part 1+2)				Total Expenditure (Part 1+2)			
				Transfer to Development account (Part 1+2)			
Opening balance (Part 1+2)				Closing balance (Part 1+2)			
Grand Total				Grand Total			

(b) Development Account

Income				Expenditure			
Head of Income	Actual of Previous Year	Current Year Budget or Revised Budget	Budget of Upcoming year	Head of Expenditure	Actual of Previous Year	Current Year Budget or Revised Budget	Budget of Upcoming year
Government Aid				Infrastructure:			
				Road construction			
Revenue Surplus				Road maintenance			
Part-1				Bridge culvert construction			
Part-2				...			
Donation				Hat/Bazar(Market) Development			
...				Bus Terminal Development			
				Bus Terminal Maintenance			
				...			
				Others			
Opening Balance				Closing Balance			
Total				Total			

(c) Capital Account

Income				Expenditure			
Head of Income	Actual of Previous Year	Current Year Budget or Revised Budget	Budget of Upcoming year	Head of Expenditure	Actual of Previous Year	Current Year Budget or Revised Budget	Budget of Upcoming year
Loan received				Loan repayment			
Loan refund				Loan payment			
Received from Investment				Miscellaneous			
...				...			
Total Receipts				Total Expenditure			
Opening balance				Closing balance			
Total				Total			

In addition, there are some more budget formats as follows (See Annex 1);

- Form Ga: a list of regular officer and staff including name, designation, salary, salary scale and their bonus and required amount
- Form Gha: a list of contractual staff and their related information, and

- Form Uma: Particulars of the fund received by the Government for any special project

Form No	Name of the form	Rule no.
Form Ka	Component of budget	Rule- 3
Form Kha(a)	Revenue accounts (Part- 1)	Rule- 3
Form Kha(a)	Revenue accounts (Part-2)	Rule- 3
Form Kha(b)	Development Accounts	Rule- 3
Form Kha(c)	Capital Accounts	Rule- 3
Form Ga	Particulars of the regular officer/ staffs	Rule- 5
Form Gha	Particulars of the contract based staffs	Rule- 5
Form Umo	Particulars of the fund received by the Government for any special project	Rule- 5

See Annex 1 for each format. The rules are those of Paurashava Budget (preparation and approval) Rules, 1999.

4.2. Accounts of budget document

A budget document of a paurashava is composed of three budgets, namely i) Revenue budget, ii) Development budget and iii) Capital budget, as specified in **Article 3(2) of Paurashava Budget(preparation and approval) Rules, 1999.**

Revenue budget:

Revenue budget is the budget prepared from their own fund to meet up their regular expenditures.

Income of the revenue budget is mainly tax revenue (e.g. holding tax), land transfers, fees (e.g. business license and other fees). Revenue from water connection fees is also included in this.

Expenditures of the revenue budget include establishment expenses, education and health and sanitation expenses and salary and allowances of water supply section, etc.

Establishment expenses, including honorarium of Mayor and Councillors, and salary of employees excluding water supply section, vehicle expenses, telephone bill and electricity bill, cannot be more than 50% of revenue income, as specified in **Paurashava Budget (preparation and approval) Rules, 1999.**

The revenue surplus (revenue income – revenue expenditure) is transferred to development budget.

Development budget:

Development budget is the budget prepared to initiate development activities with the fund provided by the government, development partners and others.

Revenue surplus transferred from revenue budget is also a part of the income of development budget.

Capital budget:

Capital budget represents the income and expenditure transactions which are given below:

Income⁴:

- Loan received by the paurashava;
- Collection of loan provided by the paurashava;
- Income from the investment and securities;
- Fund transferred to the gratuity fund of the officer and staffs of the paurashava
- Fund transferred by the paurashava in depreciation fund

Expenditures:

- Repayment of loan by the paurashava;
- Loan paid (disburse) by the paurashava;
- Purchase of securities and other investment;
- Any expenditures from depreciation fund;
- Real expenditure for the gratuity of the officer and staffs of the paurashava.

The summary of the budget of three accounts is indicated in **Form Ka of Paurashava Budget (preparation and approval) Rules, 1999**. This format is most useful when looking at the overview of the budget of a paurashava.

Form Ka of Paurashava Budget (preparation and approval) Rules, 1999 is as show in the following table;

⁴ Source: Article 3(2)(c)6 of Paurashava Budget (preparation and approval) Rules, 1999

Form Ka (Section-3)			
Description	Actual of previous year	Current Year Budget or Current Year Revised budget	Budget of upcoming year
(A) Revenue account			
Income from part-1			
Income from part-2			
Total income			
Less: Revenue expenditure			
Part-1			
Part-2			
Total expenditure :			
Total revenue surplus :			
(B) Development account			
Government aid			
Revenue surplus			
Others			
Total :			
Less: Development expenditure			
Total Budget surplus/shortage			
Add: Opening balance			
Closing balance:			
(C) Capital account			
Total income :			
Total expenditure :			
Closing balance regarding capital account:			

The three accounts, (a)Revenue account, (b)Development account, and (c) Capital account are interrelated, as follows;

(i) **Transfer from Revenue account to Development account**

The revenue surplus (revenue income – revenue expenditure) is transferred from (a) Revenue account to (b) Development account.

(ii) **Transfer from Revenue account to Capital Account**

- When a paurashava is repaying debts, the funds for repayments would be transferred from Revenue account to capital account. Repayments of debts are made as capital expenditure.
- When a paurashava saves some amount for the gratuity for officials and staffs, the paurashava transfers the amount from (a) Revenue account Part-1to (c) Capital account, and keeps it in gratuity fund.

- A paurahsya which provide water supply services are supposed to keep 2.5% of water fee revenue into a separate account (Depreciation fund). This is also regarded as a transfer from Revenue account Part-2 (water section) to Capital account.

Relationship among the three accounts is as follows;

Relationship among three accounts in Form Ka

(a) Revenue account	
Revenue income	
Income from part-1	Revenue from Tax, rate and fee
Income from part-2	Revenue from water tariff and connection
Total income :	Total revenue income (of Part-1 and 2)
Less: Revenue expenditure	
Part-1:	Expenditure for establishment, education, health and sanitation etc.
Part-2:	Expenditure for salary and allowance of water supply department etc.
Total expenditure :	Total revenue expenditure (of Part-1 and 2)
Total revenue surplus :	= [Total revenue income] – [Total revenue expenditure]

(b) Development account	
(i) Transfer from (a) Revenue account to (b) Development	
Government aid	
Revenue surplus	
Others	
Total:	
Less: Development expenditure	
Total development expenditure (of all projects)	
Total Budget surplus/shortage	= [Total development income] – [Development expenditure]
Add: Opening balance	Opening balance of Revenue account and Development account
Closing balance:	Closing balance of Revenue account and Development account

(c) Capital account	
Total income :	
Total expenditure :	
Closing balance of capital account :	(ii) Transfer from (a) Revenue account to (c) capital account

An example of Form Ka is as follows⁵;

Example of Form Ka

Particulars	Budget for next year-TK.
A. Revenue account	
Income from Part-1	1,250,000
Income from Part-2	800,000
Total Income :	2,050,000
Less: Revenue Expenditure	
Part-1	750,000
Part-2	626,000
Total Expenditure :	1,376,000
Total revenue surplus :	674,000
B. Development account	
Government Grant	1,000,000
Revenue surplus	674,000
Others	-
Total :	1,674,000
Less: Development expenditure	1,520,000
Total Budget surplus/shortage	154,000
Add: Opening balance	36,000
Closing balance :	190,000
C. Capital account	
Total income :	50,000
Total expenditure :	40,000
Closing balance of capital account :	10,000

In this example, [Total (Revenue) income] is TK. 2,050, 000, and [Total (Revenue) expenditure] is TK. 1,376,000, then [Total revenue surplus] is TK. 674,000.

Naturally, the revenue surplus is calculated as follows;

$$[\text{Revenue income}] - [\text{Revenue expenditure}] = [\text{Revenue surplus}]$$

[Revenue surplus] is then transferred to development account. In other words, if a paurashava increase revenue surplus, it can increase its development expenditure.

As specified in Article 11 of **Paurashava Budget (preparation and approval) Rules, 1999**, paurashavas cannot spend more than 50% of collected revenue income for

⁵ Please note that this table is showing the sample of one year (budget for next year). However, Form Ka has to show three year budget (i) Actual budget of previous year, (ii) Revised budget of current year, (iii) Budget for next year.

establishment. Therefore, paurashavas basically need to generate revenue surplus more than 50% of revenue account and transfer it to development account.

In this example, [Government grant] is TK. 1,000,000, and [Replacement of revenue surplus], which is the revenue surplus transferred to development account is TK. 674,000, and thus the total development income is TK. 1,674,000. As [Development expenditure] is TK. 1,520,000, [Total surplus or shortage] is TK. 154,000.

Total surplus is calculated as follows;

$$\begin{aligned} &[\text{Development income (including revenue surplus)}] - [\text{Development expenditure}] \\ &= [\text{Total surplus}] \end{aligned}$$

This is called as [Total surplus], as this is including the surplus of both revenue account and development account.

[Closing balance] is then calculated from [Total surplus] and [Opening balance].

[Opening balance] is the balance of all account (revenue account and development account) at the beginning of the fiscal year, and [Closing balance] is the balance of all accounts at the end of the fiscal year.

Adding [Total surplus] (total income minus total expenditure) to [Opening balance], [Closing balance] is obtained. This is described as follows;

$$\begin{aligned} &\text{Total surplus} \\ &+ \text{Opening balance (Total of revenue account and development account)} \\ &= \text{Closing balance (Total of revenue account and development account)} \end{aligned}$$

Opening balance is the summation of the opening balance of 3 accounts (Revenue account Part- 1, Revenue account Part-2 and Development Account) as shown below;

Account	Opening balance TK.
Revenue account Part- 1	10,000
Revenue account Part-2	6,000
Development account	20,000
Total Opening balance	36,000

In this example, [Total surplus] is TK. 154,000 and [Opening balance] is TK. 36,000. Then, [Closing balance] will be TK. 190,000.

Closing balance calculated above will be the same as the summation of the closing balance of 3 accounts (Revenue account Part- 1, Revenue account Part-2 and Development account).

In this example, the summation of the closing balance of 3 accounts are as shown in the following table. This is same as the closing balance calculated from total surplus and opening balance.

Account	Closing balance TK.
Revenue account Part-1	50,000
Revenue account Part-2	30,000
Development account	110,000
Total Closing balance	190,000

Please note that calculation of revenue surplus without consider opening and closing balances of revenue part-1 and 2; so the actual transfer from revenue account to development account is not always same as the revenue surplus indicated in Form Ka (which is transferred from Revenue account to Development account). Therefore, there are some technical discrepancies between the actual transfers and the calculated transfers in Form Ka. Please see **Annex 2** for more details.

4.3. Relationship between Form Ka and Form Kha

4.3.1. Form Kha of Paurashava of Budget (preparation and approval) Rules, 1999

Form Kha of **Paurashava Budget (preparation and approval) Rules, 1999** shows the details of what were summarized in Form Ka for (a) revenue account, (b) development account and (c) capital account.

There are three formats for Form Kha as follows;

Formats of Form Kha

Format	Relevant account
Form Kha (a)	Revenue account Part-1 Revenue account Part-2
Form Kha (b)	Development account
Form Kha (c)	Capital account

The format of Form Kha (b), which is for the development account, is as follows;

<p style="text-align: center;">Form Kha (Section-3) Paurashva's Budget Financial Year:..... (b) Development account</p>							
Income				Expenditure			
Head of Income	Actual of Previous Year	Budget or Revised Budget of Current Year	Budget of Upcoming year	Head of Expenditure	Actual of Previous Year	Budget or Revised Budget of Current Year	Budget of Upcoming year
Government aid				Infrastructure:			
				Road construction			
				Road maintenance			
				Bridge culvert construction			

Revenue Surplus				Hat/Bazar(Market) Development			
Part-1				Bus Terminal Development			
Part-2				Bus Terminal Maintenance			
Donation							
				Others			
Opening Balance				Closing Balance			
Total				Total			

The left side of Form Kha shows income, while the right side shows is expenditure. At the same time, Form Kha shows opening balance on the left, and closing balance on the right. The relationship among [Income] [Expenditure] [Opening balance] and [Closing balance] can be described as in the following table.

Relationship among income, expenditure, opening balance and closing balance

[Income]	1,000	[Expenditure]	950
[Opening balance]	100	[Closing balance]	150
Total	1,100	Total	1,100

[Opening balance] for example of Development account is the balance of bank account for development account at the beginning of the fiscal year. Similarly, [Closing balance] is the balance at the end of fiscal year.

Suppose the opening balance of development account of a paurashava is TK. 100, the paurashava received income TK. 1,000 and then spent TK. 950 in this fiscal year. Then, the remaining amount in the account at the end of fiscal year will be TK. 150. This can be described as follows;

$$[\text{Opening balance: TK. 100}] + [\text{Income: TK. 1,000}] - [\text{Expenditure: TK. 950}] = [\text{Closing balance: TK. 150}]$$

This is then transformed as follows;

$$[\text{Opening balance: TK. 100}] + [\text{Income: TK. 1,000}] = [\text{Expenditure: TK. 950}] + [\text{Closing balance: TK. 150}]$$

Then, the left side and right side of Form Kha should always show the same figures.

4.3.2. Relation between Form Ka and Form Kha

In this section, the relationship between Form Ka and Form Kha is explained. There are three kinds of Form Kha corresponding to account namely;

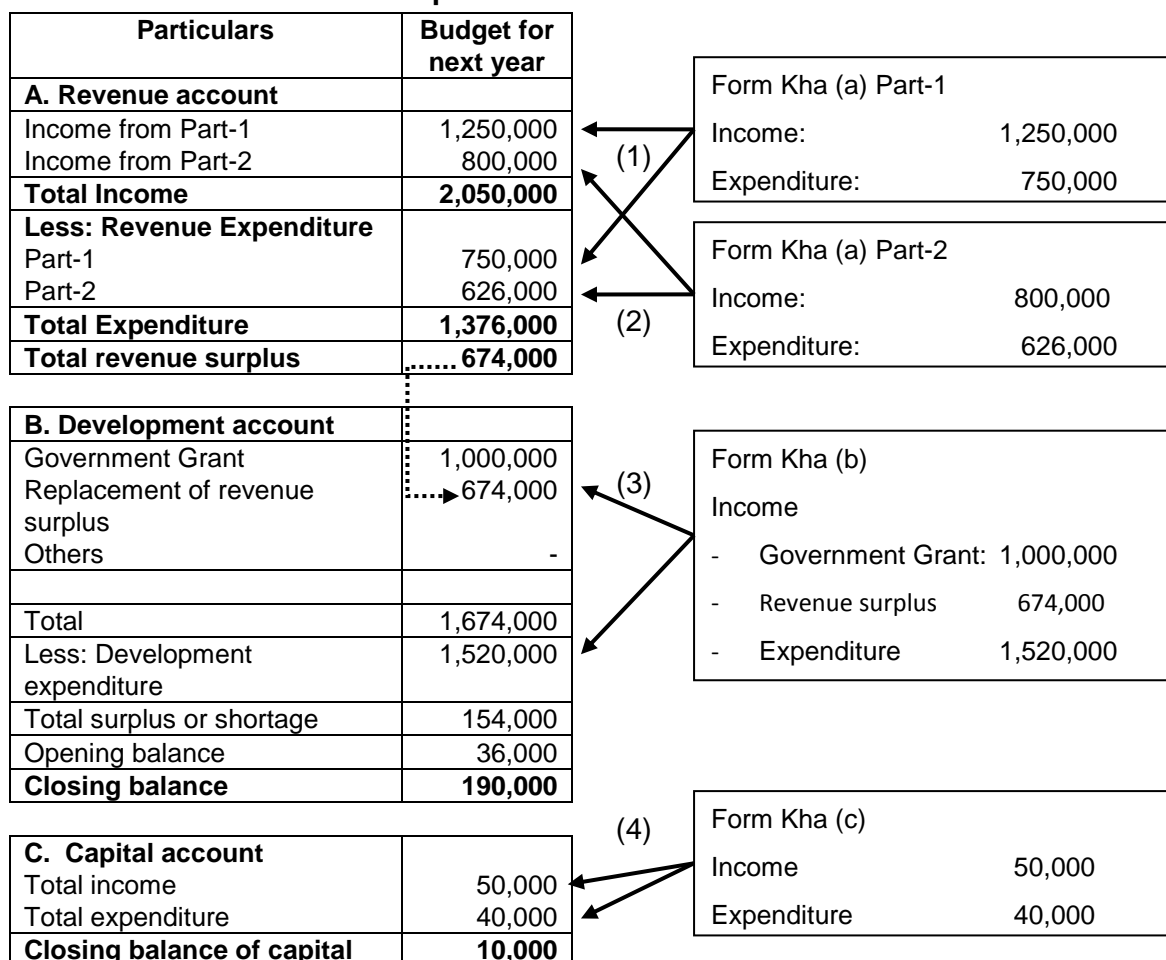
- Form Kha (a) for Revenue account Part-1 and Revenue account Part-2
- Form Kha (b) for Development account
- Form Kha (c) for Capital account

The details are described in Form Kha, and Form Ka shows the summary of Form Kha.

In the actual practice, paurasavas prepare Form Kha and then input the summary of Form Kha into Form Ka.

The relationship between Form Ka and Form Kha is depicted as in the following chart.

Relationship between Form Ka and Form Kha



The following section describes the relationship between Form Ka and Form Kha for (1) Revenue account Part- 1, (2) Revenue account Part-2, (3) Development account and (4) Capital account.

(1) The relationship between Form Ka and Form Kha (a) Part- 1: Revenue account Part- 1

As mentioned above, the details of Revenue account Part-1 in Form Ka is described in Form Kha (a) Part- 1. The relationship between Form Ka and Form Kha (a) Part-1 for Revenue account Part-1 is as follows;

Form Ka (Extracted)

Particulars	Budget for next year-TK. . FY-20X3-20X14
A. Revenue account	
Income from Part-1	1,250,000
Income from Part-2	800,000
Total Income	2,050,000
Less: Revenue Expenditure	
Part-1	750,000
Part-2	626,000
Total Expenditure	1,376,000
Total revenue surplus	674,000

Form:Kha(a): Revenue Account Part- 1

Head of Income	Budget for Next year FY: 20X3-20X4	Head of Expenditure	Budget for Next year FY: 20X3-20X4
Taxes	600,000	General Establishment	
		Honorarium for Mayor and Councillors	200,000
Rate	400,000	Salary and allowances of employees (other than water section)	400,000
		Transfer to Gratuity fund (Capital account)	10,000
Fees	150,000	Sub-Total	610,000
		Education Expenses	50,000
		Health and Sanitation	80,000
		Tax collection expenditure	10,000
Others	100,000		
Sub- Total	1,250,000	Sub-Total	750,000
		Transfer to Development account	460,000
Opening balance	10,000	Closing balance	50,000
Total	1,260,000	Total	1,260,000

Total income
of Revenue
account Part-1

Total
expenditure of
Revenue

Income of Revenue account Part- 1

Income of Revenue account Part-1 is indicated on the left side of Form Kha (a) Part- 1. The income of Revenue account Part-1 comes from various sources such as holding

tax, tax on transfer of immovable property, tax on building construction and reconstruction, conservancy rate, lighting rate, license fee, pauri market fee, others.

In this example, the total income of Revenue account Part-1, which is then input into Form Ka is TK. 1,250,000. Please be noted that this does not include the amount of opening balance.

As the opening balance of Revenue account Part-1 is TK. 10,000, the total of left side is TK. 1,260,000.

Expenditure of Revenue account Part- 1

Expenditure of Revenue account Part-1 is indicated on the right side of Form Kha (a) Part-1. The expenditure from Revenue account Part-1 includes honorarium of Paurashava Mayor and Councillors, salary of staff (other than water section), transfer to gratuity fund, education expenditure, health and sewerage system, tax collection expenses.

In this example, the total expenditure of Revenue account Part- 1, which is then input into Form Ka, is TK. 750,000. **This does not include the transfer to the development account and closing balance either.**

The transfer to the development account from revenue account Part-1 to is TK. 460,000 and thus the closing balance will be TK. 50,000. This can be summarized as follows;

Income TK. 1,250,000 + Opening balance TK. 10,000
= Expenditure TK. 750,000 + Transfer to Development account TK. 460,000 + Closing balance TK. 50,000

Please note that [Transfer to Development account] indicated in Form Kha (a) Part-1 is the “actual” transfer from Revenue account Part-1 to Development account. This might not always same as the revenue surplus which is supposed to be transferred to development account in Form Ka (Please also see **Annex 2** for more details).

(2) The relationship between Form Ka and Form Kha (a) Part-2 (Revenue account Part-2)

Similarly, the relationship between Form Ka and Form Kha (a) Part-1 for Revenue account Part-2 is described as follows;

Form Ka (Extracted)

Particulars	Budget for next year-TK. . FY-20X3-X4
A. Revenue account	
Income from Part-1	1,250,000
Income from Part-2	800,000
Total Income	2,050,000
Less: Revenue Expenditure	
Part-1	750,000
Part-2	626,000
Total Expenditure	1,376,000
Total revenue surplus	674,000

Form Kha (a): Revenue Account Part-2 (Water section)

Head of Income	Budget for Next year FY: 20X3-X4	Head of Expenditure	Budget for Next year FY: 20X3-X4
Water tax	625,000	Salary and allowances of water section employees	360,000
Connection Fees	100,000	Electricity for water supply	160,000
Reconnection Fees	50,000	Water line connection expenses	50,000
Sur charge	10,000	Pump House Repair and maintenance	25,000
Sale of Form	5,000	Stationary	11,000
Others	10,000	Postage and telephone	0
		Transfer to Depreciation Fund (Capital account)	20,000
Sub-Total	800,000	Sub-Total	626,000
Total income of Part 2		Transfer to Development account	150,000
Total expenditure of Part 2		Closing balance	30,000
Total	806,000	Total	806,000
Total Income (1+2)	2,050,000	Total Expenditure (1+2)	1,376,000
Opening balance (1+2)=(10,000+6,000)	16,000	Total transfer to development fund	610,000
Total	2,066,000	Total closing balance(1+2)(30,000+50,000)	80,000
		Total	2,066,000

Total income of Part 1 and Part 2

Total expenditure of Part 1 and Part 2

This part shows the total of Part 1 and Part 2.

Income of Revenue account Part-2 (Water section)

Income of Revenue account Part-2 is indicated on the left side of Form Kha (a) Part-2. The income of Revenue account Part-2 comes from various sources such as water rate, connection fees, re-connection fees, surcharge and others.

In this example, the total income of Revenue account Part-2, which does not include the opening balance, is TK. 800,000. This is then input into Form Ka.

As the opening balance of Revenue account Part-2 is TK. 6,000, the total income of Revenue account including opening balance will be TK. 806,000.

Expenditure of Revenue account Part-2 (Water section)

Expenditure of Revenue account Part-2 is indicated on the right side of Form Kha (a) Part-2. The expenditures from Revenue account Part-2 include salary expenditure of water section staff, electricity bill (water supply purpose), pipe line connection expenses, and pump house repairs expenditure.

In this example, the total expenditure of Revenue account Part-2, which does not include the closing balance and transfer to development account amount is TK. 626,000. This is the input into Form Ka.

The transfer to the development account from revenue account Part-2 to is TK. 150,000 and thus the closing balance will be TK. . 30,000. This can be summarized as follows;

Income TK. 800,000 + Opening balance TK. 6,000
= Expenditure TK. 626,000 + Transfer to Development account TK. 150,000 + Closing balance TK. 30,000

Summary of Income and expenditure of Revenue account Part-1and Part-2

The bottom of Form Kha (a) Part-2 shows the summary of income and expenditure of Revenue account Part-1and Part-2.

The left side shows the revenue income (of Part-1 and Part 2) and opening balance. The right side shows the revenue expenditure (of Part-1 and Part-2), transfer to development account, and closing balance.

For example, the total revenue income of Part-1 is TK. 1,250,000 and the revenue income of Part- 2 is TK. . 800,000, then the total revenue income of Part -1 and Part-2 will be TK. 2,050,000. Similarly, the total opening balance of Part-1and Part-2 is TK. 16,000, and the total of the left side (revenue income including opening balance) is TK. 2,066,000.

The right side shows total expenditure (TK. 1,376,000), transfer to development account (TK. 610,000) and the closing balance (TK. 80,000). The total expenditure, including the transfer to development account and the closing balance (TK. 2,066,000) will be same as the total income including the opening balance.

[Income]	2,050,000	[Expenditure]	1,376,000
Part- 1	1,250,000	Part-1	750,000
Part-2	800,000	Part-2	626,000
		[Transfer to Development	610,000
		account]	460,000
		Part- 1	250,000
		Part-2	
[Opening balance]	16,000	[Closing balance]	80,000
Part- 1	10,000	Part- 1	50,000
Part-2	6,000	Part-2	30,000
Total	2,066,000	Total	2,066,000

(3) The relationship between Form Ka and Form Kha (b): Development account

In Development account, the details of the income and expenditure indicated in Form Ka are described in Form Kha (b). The relationship between Form Ka and Form Kha (b) is described as follows;

Form Ka (Extracted)

Particulars	Budget for next year-TK. FY-20X3-20X4
A. Revenue account	
Income from Part-1	1,250,000
Income from Part-2	800,000
Total Income	2,050,000
Less: Revenue Expenditure	
Part-1	750,000
Part-2	626,000
Total Expenditure	1,376,000
Total revenue surplus	674,000

B. Development account	FY:20X3-20X4
Government Grant	1,000,000
Replacement of revenue surplus	674,000
Others	-
Total	1,674,000
Less: Development expenditure	1,520,000
Total surplus or shortage	154,000
Opening balance	36,000
Closing balance	190,000

Form Kha(b): Development account

Head of Income	Budget for Next year FY: 20X3-20X4	Head of Expenditure	Budget for Next year FY: 20X3-20X4
Government Grant	1,000,000	Infrastructure construction	
		Road	1,000,000
Revenue Surplus		Bridge	300,000
From Part-1	460,000	Culvert	100,000
From Part-2	150,000	Drain	100,000
		Water line	
Donation	0	Hat –Bazar	20,000
Others		Bus Terminal	
Sub-Total	1,610,000	Sub-Total	1,520,000
Opening Balance	20,000		
		Closing balance	110,000
Total	1,630,000	Total	1,630,000

Income of Development account

The income of development account, which is represented by government grant and transfer from Revenue account, is indicated on the left side of Form Kha (b). In this example, Government grant is TK. 1,000,000, and this is input into Form Ka.

Replacement of revenue surplus indicated in Form Ka is TK. 674,000. This comes from Revenue account section of Form Ka (not from Form Kha (b)). Total Revenue Surplus calculated in Form Ka is TK. 674,000 (Total revenue income TK. 2,050,000 – Total revenue expenditure TK. 1,376,000). As mentioned above, the actual transfer from revenue account to development account does not always match with the revenue surplus calculated in Form Ka (please see Annex 2 for more details).

Adding opening balance of development account (TK. 20,000) to the total development income (TK. 1,610,000), the total income including opening balance is TK. 1,630,000.

Expenditure of Development account

The expenditure of development account, which is mostly development of infrastructures, is indicated on the right side of Form Kha (b). In this example, total development expenditure is TK. 1,520,000. This is also input into Form Ka.

Adding closing balance of development account (TK. 110,000) to the total development expenditure (TK. 1,520,000), the total expenditure including closing balance is TK. 1,630,000.

(4) The relationship between Form Ka and Form Kha (c): Capital account

In Capital account, the details of the income and expenditure indicated in Form Ka are described in Form Kha (c). The relationship between Form Ka and Form Kha (c) is described as follows;

Form Ka (Extracted)			
C. Capital account		FY:20X3-X4	
Total income (including opening balance)	50,000	
Total expenditure		40,000	
Closing balance of capital		10,000	

Form Kha(c): Capital account			
Head of Income	Budget for Next year FY: 20X3-X4	Head of Expenditure	Budget for Next year FY: 20X3-X4
Loan received		Loan refund (BMDF)	25,000
Refund of Loan		Loan disbursement	15,000
Income from various Investment		Various Investment	
Depreciation Fund-Part-2	20,000	Expenditure from Depreciation Fund	
Gratuity Fund-Part-1	10,000	Expenditure from Gratuity Fund	
Others			
Sub-Total	30,000	Sub-Total	40,000
Opening Balance	20,000		
		Closing balance	10,000
Grand Total	50,000	Grand Total	50,000

Income of Capital Account includes loan received, returned of paid disbursed loan, income from different investment, depreciation fund, and gratuity fund.

A depreciation fund is a deposit of a paurashava for water facility maintenance. Paurashavas are supposed to deposit 2.5% water revenue into a separate account (Depreciation fund) in Capital account. This is regarded as a transfer from Revenue account Part-2 (water section) to Capital account. Therefore, the receipt of depreciation fund (TK. 20,000) should equal to the amount of transfer from Revenue account Part- 2 (water section).

Similarly, paurashavas save funds for gratuity of staffs and officials. The saving is regarded as a transfer from Revenue account Part-1to capital account. Then, the receipt of gratuity fund (TK. 10,000) should equal to the transfer amount from Revenue Account Part-1(Gratuity fund transfer, under general establishment head).

The total income of capital account including opening balance is TK. 50,000. It is the summation of transfer amount from Revenue Part-1 as gratuity fund transfer amount (TK. 10,000) and the transfer from Revenue account Part-2 to depreciation fund (TK. 20,000) and opening balance (TK. 20,000).

Expenditures of Capital account include loan refund, loan disbursement, investment, expenditure from depreciation fund, gratuity expenses (refund).

Total expenditure of capital account is TK. 40,000. In this example, the capital expenditure is loan refund (loan repayment to BMDF, TK. 25,000) and loan disbursement (loans provided to staffs and officials) (TK. 15,000).

Adding closing balance TK. 10,000, the Grand Total is TK. 50,000.

5. Budget execution, monitoring and reporting

5.1. Budget execution

5.1.1. Rules on budget executions

There are several rules and restrictions for budget executions which paurashavas need to pay attentions.

Such rules are;

- | |
|---|
| (1) Upper limit of the establishment cost |
| (2) Restrictions on expenditure more than approved budget and adaptations |
| (3) Regulations on minimum closing balance |
| (4) Regulations on increasing salary expenses of contract staffs |

(1) Upper limit of the establishment cost

As specified in **Article 11 (1) of Paurashava Budget (preparation and approval) Rules, 1999**, paurashavas cannot spend more than 50% of revenue income for establishment cost.

Paurashava Budget (preparation and approval) Rules,1999

11.Expenditure restriction:

- (1)The Paurashava will not expend more than 50% of collected revenue income for establishment in the relevant financial year;



Establishment expenses showing as General Establishment expenses in the Budget form 'Kha' under rule 3 of **Paurashava Budget (preparation and approval) Rules, 1999**.

General Establishment expenses include the following items:

a	Paurashava Mayor/Councillors' Honorarium
b	Salary of Officers and Staff other than water section
c	Transfer to Gratuity Fund
d	Transport repairs and fuel
e	Telephone
f	Electricity bill
g	Contingency Expenses

Naturally, most of the revenue income is generated from tax income, such as from holding tax. Because paurashavas are regulated not to spend more than 50% of

revenue income to establishment expenses, paurashavas must spend more than 50% of revenue income (tax income) for public services and infrastructure development.

If paurashavas can explain that they spend most of the tax revenue for public services and infrastructure development through TLCC or open budget meeting, the level of satisfactions of citizens toward paurashavas would improve.

(2) Restrictions on expenditure more than approved budget and adaptations

As specified in **Article 11(2) of Paurashava Budget (preparation and approval) Rules, 1999**, paurashava cannot make expenditure which is not included in the approved budget. Paurashava cannot adapt any allocation from one head or sub-head to another head or sub-head either, as in **Article 12**.

Paurashava Budget (preparation and approval) Rules,1999

11.Expenditure restriction:

(2) Paurashava cannot expend in any means excluded the approved budget;



Paurashava Budget (preparation and approval) Rules,1999

12.Adaptation of expenditure head: Paurashava cannot adaptation any allocation from one head or sub-head to another head or sub-head:
But to tackle any disaster or critical situation, adaptation can be made with the prior approval of the Prescribed Authority;



The budget head and sub-head is interpreted as the budget head in Form Kha. The budget head at the top level (e.g. 1 General establishment, 2. Educational expenses) is regarded as budget head, and the ones at the second level (e.g. 1) Mayor or Councillors' honorarium, and 2) Salary and allowances of employees excluding water supply section are as sub-head.

Therefore, it is not allowed to adapt the budget for 1) 1) Mayor or Councillor's honorarium into 2) Salary of employees excluding water supply section, for example. It is not allowed to adapt the budget for 1. General establishment to 2. Educational expenses, either.

Examples of budget head / sub-head in Form Kha

Serial no	Expenditure Heads/Sub heads	Budget head
1	General establishment	
1)	Mayor and Councilor's honorarium	
2)	Salary of employees excluding water supply section	
	...	
2	Educational expenses	
	...	

Likewise, budget allocation by annual development grants cannot be spend as revenue expenses, as stipulated in **Article 6 of Paurashava Budget (preparation and approval) Rules,1999.**

Paurashava Budget (preparation and approval) Rules,1999

6. Budget preparation system – For each Paurashava

e. Annual Development Grants will not permitted to expenditure in revenue head;



Paurashava should be careful not to violate these rules, as the expenditure made without following these rules would be regarded as the personal liabilities of the Mayor, as per **Article 11 (4) of Paurashava Budget (preparation and approval) Rules,1999.**

Paurashava Budget (preparation and approval) Rules,1999

11.Expenditure restriction:

(4) If any expenditure made violating the rule, it will be considered as personal liabilities of the Mayor.



These rules do not imply that paurashavas should prepare unrealistic and excessive budget to avoid making expenditure more than approved budget. It is highly recommended that paurashava will prepare realistic budget and monitor the budget executions every month to confirm that expenditures of all budget head are not exceeding the approved budget amount.

In case expenditure exceeds approved budget, the paurashava may consider revising the approved budget before the end of the financial year, as specified in **Article 92(5) of Local Government (Paurashava) Act, 2009.** Paurashavas should also monitor the budget execution and examine every month if they have not spent more than approved budget in any budget head.

(3) Regulations on minimum closing balance

As specified in **Article 13 of Paurashava Budget (preparation and approval) Rules, 1999,** paurashavas need to make sure that their closing balance of revenue account Part-1 is more than the one month establishment expenses. Similarly, the closing balance of revenue account Part-2 (water section) has to be more than the one month salary expenditure of water section.

Paurashava Budget (preparation and approval) Rules,1999

13. Minimum closing balance: Minimum one month's general establishment expenditure and salary expenditure of water supply sections need to be kept in the closing balance of revenue budgeted;



In order to comply with this rule, paurashavas need to estimate the one month expenditure of establishment expenses and salary of water section officials.

Suppose the expenditure of general establishment is TK. 60,000,000, then the one month expense will be estimated as closing balance TK. 5,000,000.

	Annual general establishment expenditure	Minimum one month expenses	
Establishment expenses	60,000,000	5,000,000	Minimum closing balance of Revenue account Part 1
Salary expenses of water section	48,000,000	4,000,000	Minimum closing balance of Revenue account Part 2 (Water section)

Then, paurashavas monitor the closing balance of revenue account and water account, and make sure that the closing balance is more than the minimum closing balance.

(4) Regulations on increasing salary expenses of contract staffs

As per Article 11 (3) of Paurashava Budget (preparation and approval) Rules, 1999, increasing the salary of contract staffs cannot be made without the approval by LGD (prescribed authority).

Paurashava Budget (preparation and approval) Rules,1999

11.Expenditure restriction:

(3) Without prior approval of the Prescribed Authority, Paurashava cannot increase the salary of the contractual employees and prepare the budget;

**(5) Other Regulations**

A purashava which provide water supply services is supposed to keep 2.5% of water revenue into a separate account from the Revenue account Part-2. The separate account is called as a “depreciation fund”. The amount saved in the depreciation fund will be used for the maintenance and replacement of water supply facilities, such as water pipes, and water pump.

Saving 2.5% of water revenue into the depreciation fund is regarded as a payment from Revenue account Part-2 and income of Capital account. In other words, this is a transfer from Revenue account Part-2 to Capital account.

Memo no-Paura-2/Pau:rule-2/99/192(210) dated: 6-3-2000;
Sub; Paurashava Budget (preparation and approval) Rules,1999
issue.(Paura-2 section of Local Government Division: LGD)
2 (b) 2.5% from water supply head must be kept separately as depreciation fund.



5.2. Monitoring of budget execution

5.2.1. Rules on monitoring of budget execution

As mentioned in “5.1.1 Rules on budget executions (2) “Restrictions on expenditure more than approved budget and adaptations”, paurashavas cannot spend more than approved budget of each budget head and sub-head. It is not allowed to adapt the budget amount of a budget head or sub-head to others either.

Therefore, paurashavas need to monitor the budget execution, as per specified in **The Bengal Municipal Account Rules, 1935**.

The Bengal Municipal Account Rules, 1935

247. At the close of every month, the totals under the various heads of account recoded in the Abstract Registers shall be entered in English (regarded as “Bengali”) by the accountant in the separate register in Form 89 and 90 against the corresponding heads under the appropriate month. If it is desired to show the expenditure in greater details than according to the prescribed budget heads, additional details heads may be inserted in the Register of Expenditure.



The format used for monthly monitoring of income and expenditure is Form 89 and Form 90 of Bengal Municipal Account Rules, as mentioned above. The formats are as follows;

Form 89
(Vide rules 180 and 243)
Quarterly and Annual Account of Receipts

Head of receipt	Budget estimate as sanctioned	Jul	Aug	Sep	Total 1 st Quarter	...	Total 4 th Quarter	Total of the year
1	2	3	4	5	6	.	20	21
Total Receipts								
Opening balance								

Form 90
(Vide rule 247)
Quarterly and Annual Account of Payments

Head of expenditure	Budget estimate as sanctioned	Jul	Aug	Sep	Total 1 st Quarter	...	Total 4 th Quarter	Total of the year
1	2	3	4	5	6		20	21
Total Expenditure								
Closing balance at the end of previous fiscal year								

A simplified example of monthly monitoring of income and expenditure using Form 89 and Form 90 is as follows (**see Annex 3 for more details**);

Form 89
(Vide rules 180 and 243)
Quarterly and Annual Account of Receipts (Revenue account Part 1)

Head of receipt	Budget estimate as sanctioned	Jul	Aug	Sep	Total 1 st Quarter	...	Total 4 th Quarter	Total of the year
1	2	3	4	5	6		20	21
Holding tax	900,000	73,680	75,000	50,000	198,680			
...								
Lighting	500,000	39,200	45,000	30,000	114,200			
...								
License	240,000	16,000	12,000	10,000	38,000			
...								
Hat lease	250,000	20,675	25,000	20,000	65,675			
...								
Total Receipts	1,890,000	149,555	157,000	110,000	416,555			
Opening balance	200,000	200,000	244,555	300,555	200,000			

Form 90
(Vide rule 247)

Quarterly and Annual Account of Payments (Revenue account Part 1)

Head of expenditure	Budget estimate as sanctioned	Jul	Aug	Sep	Total 1 st Quarter	...	Total 4 th Quarter	Total of the year
1	2	3	4	5	6		20	21
Honorarium	260,000	20,000	22,000	21,000	63,000			
Salary	1,000,000	80,000	75,000	78,000	233,000			
Telephone	25,000	2,000	1,500	1,800	5,300			
Electricity Bill	40,000	3,000	2,500	2,000	7,500			
...								
Total Expenditure	1,350,000	105,000	101,000	102,800	308,800			
Closing balance at the end of previous fiscal year	200,000	244,555	300,555	307,755	307,755			

The items to be indicated in Form 89 (receipt) and Form 90 (Payment) should be same as budget document Form Ka and Form Kha, so that paurashavas can easily examine whether the budget execution amount of each item is within the initial budget amount.

The monthly monitoring of income and expenditure is prepared by an accounts officer/accountant, checked by a secretary, and then submitted to Mayor and Paura council (Paura parishad) meeting.

5.2.2 Checkpoints on budget monitoring

In the budget monitoring, it is most important to examine that the budget execution at a pauashsava will comply with rules and regulations. As mentioned above, there are certain rules on budget execution, such as;

- (1) Upper limit of the establishment cost
- (2) Restrictions on expenditure more than approved budget and adaptations
- (3) Regulations on minimum closing balance
- (4) Regulations on increasing salary expenses of contract staffs

Because of the regulation on the upper limit of the establishment cost, paurashavas are regulated not to spend more than 50% of revenue income to establishment expenses, and paurashavas must spend more than 50% of revenue income (tax income) for public services and infrastructure development.

Therefore, paushavas are recommended to set target on the revenue surplus amount and monitor the amount of revenue surplus every month. Some paurashavas monitor the tax collection and revenue surplus and determine how much is going to be used for

infrastructure development six month after the beginning of the fiscal year (at the end of December), and then start bidding processes of development projects.

Recommended checkpoint in monthly monitoring are as follows

- ☑ Tax revenue is meeting target
- ☑ Revenue surplus amount is satisfactory, and meeting target
- ☑ Expenditures of any budget head / sub-head are not more than approved budget
- ☑ Closing balance of revenue account (part-1) is more than one month expenditure of establishment expenses.
- ☑ Closing balance of water account is more than one month expenditure of salary and allowances for water supply section employees.

The budget monitoring format is as per attached in Annex 6.

Such budget monitoring is recommended to be reported at TLCC meetings and Paura parishad meetings. Monthly tax collection amounts should be also reported to these meetings, so that Mayor and Councillors are more willing to be involved in tax collection.

5.3. Revisions to budget

Paurashavas are authorized to make revision to the approved budget any time before the end of fiscal year, as specified in **Article 92 (5) of Local Government (Paurashava) Act, 2009**.

If paurashavas expect that expenditure of some budget heads / sub-heads would be more than approved amounts through monthly monitoring, paurashavas revise budget, have it discussed in TLCC meeting and Paura-council (parishad) meetings and, and have it approved by the Paura council meeting.

In many cases, paurashavas revise their budget after March (9 months from the beginning of a fiscal year).

Paurashava Budget (preparation and approval) Rules,1999

14. Revised budget: As per rules 6,7 & 8, if needed, Paurashava can prepare and approve revise budget in any time before closing the financial year;



15. Fund for special project: Government can provide fund to the Paurashava for implementation of any special project. If Paurashava obtain these type of fund, they will include it to the relevant financial years' budget or revised budget;

Local Government (Paurashava) Act, 2009.

92. Budget:

(5) At any time before the expiry of the financial year to which a budget relates, a revised budget for the year may, if necessary, be prepared and sanctioned, and such revised budget shall, so far as may be, subject to provisions of this section.



As per **Article 15 of Paurashava Budget (preparation and approval) Rules, 1999**, if Paurashava receive budget allocation for special project during a fiscal year, they will include it in the budget/revised budget of the relevant fiscal year.

5.4. Budget reporting

At the end of fiscal year, paurashava will prepare an annual statement, compiling the income and expenditures of the relevant fiscal year.

The annual statement is then posted onto a conspicuous place in the office of paurashavas (such as a notice board at a paurahsava office).

The annual statement prepared by paurashava should be then presented to a TLCC meeting and a Paura Council meeting. In these meetings, it is most recommended to explain how the revenue income, especial tax revenue, was spent (e.g. how many percentage (%) of spent for salary expenses and how many percentage (%) was for education / health services and infrastructure development, etc).

Local Government (Paurashava) Act, 2009

93. Accounts- (1) Accounts of the receipts and expenditure of the municipality shall be kept in the prescribed manner.

(2) An annual statement of the accounts shall be prepared after the close of every financial year.

(3) A copy of the annual statement of accounts shall be placed at a conspicuous place in the office of the municipality for public inspection, and all objections or suggestions concerning such accounts received from the public shall be considered by the municipality.



The format of the annual statement is **NOT** specified in **Local Government (Paurashava) Act, 2009**. However, as **The Bengal Municipal Account Rules, 1935** explains that the format to be used for annual statement in Form 91 and rule 247, the annual statement should indicate (1) Budget of current year, (2) Actual budget execution, and (3) the difference between budget and actual execution.

However, Form 91 of **The Bengal Municipal Account Rules, 1935** is not consistent with the budget format (Form Ka and Form Kha) specified in **Paurashava Budget (preparation and approval) Rules, 1999**.

Therefore, it is most recommended to prepare the statement following Form Ka and Form Kha (a) (b) and (c) of **Paurashava Budget (preparation and approval) Rules, 1999** for preparing annual statement, indicating (1) Budget of current year, (2) Actual

budget execution, and (3) the difference between budget and actual execution. Some paurashava might want to indicate actual budget execution of the previous year as well. The budget items indicated in the annual statement should be same as the ones of Form Ka and Form Kha (a) (b) and (c).

Recommended format for annual statement

Form Ka (Summary)

Description	Actual of previous year Tk.	Budget or Revised budget of current year Tk.	Actual of current year Tk.	Difference between budget and actual of current year Tk.
1	2	3	4	5 (3-4)
(A) Revenue account Income from part-1 Income from part-2 Total income : Less: Revenue expenditure Part-1 Part-2 Total expenditure : Grand Total revenue surplus : (B) Development account Government aid Revenue surplus Others Total : Less: Development expenditure Overall Budget surplus/shortage Add: Opening balance Closing balance: (C) Capital account Total income : Total expenditure : Closing balance regarding capital account:				

Form Kha
(Revenue Part-1 and Part-2, Development Account and Capital Account)

Head of Income	Actual of previous year Tk.	Budget or Revised budget of current year Tk.	Actual of current year Tk.	Difference between budget and actual of current year Tk.
1	2	3	4	5 (3-4)
Sub-Total Income :				
Add: Opening Balance				
Total :				

Head of Expenditure	Actual of previous year Tk.	Budget or Revised budget of current year Tk.	Actual of current year Tk.	Difference between budget and actual of current year Tk.
1	2	3	4	5 (3-4)
Sub-Total Expenditure :				
Add: Closing Balance				
Total :				

<For reference only>



The Bengal Municipal Account Rules, 1935

Rule: 248: As soon as possible after the close of the year and not later than the 15th April (June) following totals of the receipts and expenditure of the year as worked out in the last column of the registers (Forms 89 and 90) shall be posted in English (regarded as "Bengali") by the accountant into the annual account in Form 91.

FORM 91

(Vide rule 248 and 249)

Annual Account of the -----Municipality for the year ending-----

Receipts				Disbursements			
1				2			
Revenue (Head as in prescribed list)	Estimate	Actuals	Actuals. Plus or minus	(Head as in prescribed list)	Estimate	Actuals	Actuals. Plus or minus
	TK. .	TK. .	TK. .		TK. .	TK. .	TK. .
Opening balance				--	--	--	--
--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--
Sub-Total	--	--	--	Sub-Total	--	--	--
				Closing Balance	--	--	--
Grand Total	--	--	--	Grand Total	--	--	--

6. Reporting of Annual Development Program

In addition to “Quarterly and Annual account of receipts and payments” and “Annual statement” explained above, paurashavas are supposed to prepare several reports for the implementation of Annual Development Program, according to **Guideline Regarding undertaking and implementation of development project by Paurashava And Paurashava (Treaty) Ordinances, 2001.**

Such reports are;

- Final annual development program of current
- Progress report of project implementation, and
- Project Implementation report.

After preparing such reports, paurahsavas are going to send it to designated authority, or Local Government Division.

(1) Final annual development program

After the fiscal year started, paurashavas finalize the projects to be implemented under Annual Development Program, and make a list of projects using the format of Final annual development program (Attachment 1 of Annex 6) before the end of August of the fiscal year.

(2) Progress report of project implementation

Paurahshavas also prepares Progress report of Project implementation, before the end of March, using the format (attachment 2 of Annex 6).

(3) Project implementation report

After the end of the fiscal year, paurahsavas prepare Implementation report of implemented project, using the format (attachment 3 of Annex 6) by the end of August.

The format of the reporting is in Annex 5.

Annex- 1: Format of Budget document

Form Ka

(Section-3)

Description	Actual budget of previous year	Current year Budget or Current year Revised budget	Budget of upcoming year
(a) Revenue account			
Income from part-1			
Income from part-2			
Total income :			
Less: Revenue expenditure			
Part-1			
Part-2			
Total expenditure :			
Grand Total revenue surplus :			
(b) Development account			
Government aid			
Revenue surplus			
Others			
Total :			
Less: Development expenditure			
Overall Budget surplus/shortage			
Add: Opening balance			
Closing balance:			
(c) Capital account			
Total income :			
Total expenditure :			
Closing balance regarding capital account :			

Form Kha (Section-3)

..... Paurashva's Budget Financial Year:.....

Revenue Account Part-1

Income				Expenditure			
Head of Income	Actual of Previous Year	Current Year Budget or Revised Budget	Budget of Upcoming year	Head of Expenditure	Actual of Previous Year	Current Year Budget or Revised Budget	Budget of Upcoming year
1.Taxes				1.General establishment			
Holding and land tax				Mayor and Councilors' honorarium			
Transfer of Immovable property				Salary and allowances of employees excluding water supply section			
Construction and reconstruction of building				Transfer to Gratuity fund			
Occupation, business and callings				Vehicle repairs and fuel			
Birth, marriage and adoption				Telephone			
Advertisement tax				Electricity bill			
Pet animal				Contingency			
Cinema, theater, audiovisual				Total of General Establishment Expenses			
Vehicle (Other than motor and boat)							
Others				2.Educational expenses			
				Salary and allowances of teachers and employees of institutions managing by			
2.Rate				Books for the library			
Lighting				Others			
Conservancy							
Water				3.Health and sanitation			
Constructions for Public welfare				Medicine and treatment			
				E.P.I.			
3.Fees				Drain cleaning			
License				Waste management			
Slaughter house				Buying Equipment for waste management			
Paura Market							
Fare and Agriculture Exhibition				4. Tax collection expenses (Printing of various registers, forms, receipt books			
Others							
				5. Plantation and maintenance			
4.Others				6.Donation in social and religious institution			
Lease of Market(Hat bazar)				a.Donation to institutions and club in the Paura area			
Lease of Bus stand				b. Donation to religious institutions in the Paura area			
Lease of Feri ghat				7.Land development tax			
Graveyard/Burial place				8. Audit Expenses			
Rent of road roller /mixture machine				9.Legal expenses			
Compensation for Road cutting				10.Celebration of National Days			
Various certificates				11.Sports and culture			
Various Forms				12. Emergency relief			
Tender Schedule				13.Revenue surplus transferred to Development Account			
Fine				14. Closing balance			
5.Government aid other than development works				(one of twelfth of total of sl. no.1)			
Sub-Total				Sub-Total			

Part-2

Income				Expenditure			
Head of Income	Actual of Previous Year	Current Year Budget or Revised Budget	Budget of Upcoming year	Head of Expenditure	Actual of Previous Year	Current Year Budget or Revised Budget	Budget of Upcoming year
1.Water tariff				1.Salary and allowance of employees of water section			
				2.Electricity bill (w ater supply related)			
				3.Water line connection expenses			
2.Connection fee				4.Pump house repairs and maintenance			
3.Re connection fee				5.Production Tube well repairs and maintenance			
4.Surcharge				6.Stationary, register and others for water supply section			
5.Sale of forms				7.Postage and telegram			
				8.Telephone			
				9.Transferred to Depreciation fund			
				10.Revenue surplus transferred to Development account			
				11.Closing balance			
6.Others				(not less than one month equal expenses of sl.no.1)			
Sub-Total				Sub-Total			
Total Income (Part-1 and Part-2)				Total Expenditure (Part-1 and Part-2)			
Opening balance (Part-1 and Part-2)				Total Transferred to Development account (Part-1 and Part-2)			
				Total Closing Balance (Part-1 and Part-2)			
Grand Total				Grand Total			

(b) Development Account

Income				Expenditure			
Head of Income	Actual of Previous Year	Current Year Budget or Revised Budget	Budget of Upcoming year	Head of Expenditure	Actual of Previous Year	Current Year Budget or Revised Budget	Budget of Upcoming year
1.Government development aid				1.Infrastructure			
				Road construction			
				Road repairs and rehabilitation			
				Bridge and culvert construction			
2.Revenue surplus				Bridge and culvert repairs and maintenance			
From Part-1				Drain construction			
From Part-2				Water line installation and expansion			
3.Donation							
				2.Market development(Hat bazar)			
				3. a.Bus terminal construction			
4.Others				b. Bus terminal Repair and maintenance			
				4. Market construction			
				5.Park construction			
				6.Others			
5.Closing Balance				7.Closing Balance			
Total				Total			

(c) Capital Account

Income				Expenditure			
Head of Income	Actual of Previous Year	Current Year Budget or Revised Budget	Budget of Upcoming year	Head of Expenditure	Actual of Previous Year	Current Year Budget or Revised Budget	Budget of Upcoming year
1.Received loan				1.Loan repayment			
2.Return of loans				2.Loan disbursement			
3.Income from various investments				3.Miscellaneous investment			
4.Depreciation Fund				4.Expense from depreciation Fund			
5.Gratiuity Fund				5.Gratiuity expenses			
Total Receipts				Total Expenditure			
6.Opening balance				6.Closing balance			
Grand Total				Grand Total			

FORM Ga

(Section-5)

.....Paurashava

Details of regular Officers and Staffs**Financial Year:**

Section/ Unit	Sl. No.	Name of Officer / Staff	Designation	Salary Scale	Salary	Allowances	Total Monthly Expenditure	Total Annual Expenditure	Remarks

FORM Gha

(Section-5)

.....Paurashava

Details of Contractual Employees**Financial Year:**

Section / Unit	Sl. No.	Name of Employee	Designation	Daily Wages	Other allowance (if any)	Total Monthly Expenditure	Total Annual Expenditure	Remarks

FORM-E (Umo)

(Section-5)

.....Paurashava

Statement of Money Received From Government for any Special Project**Financial Year:**

Sl. No.	Name of Project (with short description)	Amount-Received from Government	Expenditure (expended or probable expenditure for current year)	Balance (appro.)

Annex- 2: The difference between the revenue surplus and actual transfer

In Form Ka, [Revenue surplus] calculated as [Revenue income – Revenue expenditure] is theoretically transferred to Development Account.

However, the actual transfer amount from Revenue account to Development account is not always same as [Revenue surplus] which is theoretically supposed to be transferred to Development account in Form A.

In other words, there are technical discrepancies between [Actual transfer amount] and [Theoretical transfer amount].

This can be described as follows;

Revenue account Part1

<Actual transfer>

Income	1,250,000	Expenditure	750,000
		Transfer to Development account (Actual)	460,000
Opening balance	10,000	Closing balance	50,000
Total	1,260,000	Total	1,260,000

<Theoretical transfer>

Income	1,250,000
Expenditure	750,000
Revenue Surplus	500,000

=Transfer to Development account (Theoretical)

Revenue account Part2

<Actual transfer>

Income	800,000	Expenditure	626,000
		Transfer to Development account (Actual)	150,000
Opening balance	6,000	Closing balance	30,000
Total	806,000	Total	806,000

<Theoretical transfer>

Income	800,000
Expenditure	626,000
Revenue Surplus	174,000

=Transfer to Development account (Theoretical)

Annex- 3: Example of monthly monitoring

(quarterly and annual account of receipts and payments)

FORM 89 (Vide rule 247)

Quarterly and Annual Account of Receipts of the Municipality offor the year.....

Details of Receipts	Budget estimate as sanctioned	Jul	Aug	Sep	Total 1 st Quarter	Oct	Nov	Dec	Total 2 nd Quarter	Total half-year	Jan	Feb	Mar	Total 3 rd Quarter	Total three Quarters	Apr	May	Jun	Total 4 th Quarter	Total of year
1	2	3	4	5	6 (3+4+5)	7	8	9	10 (7+8+9)	11 (6+10)	12	13	14	15 (12+13+14)	16 (11+15)	17	18	19	20 (17+18+19)	21 (16+20)
Tax on building and land	15,000	1,000	1,500	1,300	3,800	500	700	1,500	2,700	6,500	1,000	1,400	1,100	3,500	10,000	1,300	1,000	1,500	3,800	13,800
Lighting Rate	6,000	300	500	400	1,200	500	600	700	1,800	3,000	500	400	300	1,100	4,100	300	400	500	1,200	5,300
--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
License Fees	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Total Receipts	21,000	1,300	2,000	1,700	5,000	1,000	1,300	2,200	4,500	9,500	1,500	1,800	1,400	4,600	14,100	1,600	1,400	2,000	5,000	19,100
Opening balance on 1 st July	12,000	1,500	700	600	1,500	2,000	9,100	8,400	200	1,500	8,500	7,900	7,700	8,500	1,500	7,100	6,700	6,100	7,100	1,500
Total	33,000	2,800	2,700	2,300	6,500	11,200	10,400	10,600	14,700	21,000	10,000	9,700	9,100	13,200	25,700	8,700	8,100	9,100	13,100	31,700

In **Column 1**, the details of receipts are mentioned as in the budget form Revenue –Part-1, Part-2; Development and Capital account budget heads for receipts side in this form and payment side in the form next page. **Column 2** shows the approved budget amount of the current fiscal year. Budget head wise amount will entered in this column.

Column 3 is the summation of head wise received amount for the month of July. For example tax on building and land income for the month of July is TK.1,000, Lighting rate TK. 300. Total of receipts for this month is TK. 1,300.

Column 4,5,7,8,9,12,13,14,17,18 and 19 are the income amount of respective month and total of receipts are shown at the bottom of the column.

Column 6 is the total of the 1st quarter, and this is the summation of Column 3 (July), Column 4 (August) and Column 5 (September,). The total of the 1st quarter of “Tax on building and land” is TK. 3,800, which is the total of TK. 1,000 (July), TK. 1,500 (August) and TK.1,300 (September). Similarly, **Column 10, Column 15 and 20** are the summation of 2nd, 3rd quarter and 4th quarter respectively. The bottom of the column is for summation of all receipts of concerned quarter.

Column 20 is the total of the 4th quarter, TK. 3,800 (this is the total of column no 17 (TK.1,300), 18 (TK. 1,000) and 19 (TK. 1,500)).

Column 21 is the total of the year, TK. 23,800, this is the summation of column no 16 (TK.20, 000) and Column 20 (TK. 3,800).

The opening balance shown in **Column 2** is carried from budget document (Revenue Part-1, Part-2, Development and Capital account respectively). Monthly opening balance will be carried from cash books for respective month. Closing balance of a month will be opening balance of the next month. Actual closing balance in June of previous fiscal year is recorded as opening balance of July in this fiscal year.

FORM 90
(Vide rule 247)

Quarterly and Annual Account of Payments of the Municipality offor the year.....

Details of Receipts	Budget estimate as sanctioned	Jul	Aug	Sep	Total 1 st Quarter	Oct	Nov	Dec	Total 2 nd Quarter	Total half-year	Jan	Feb	Mar	Total 3 rd Quarter	Total three Quarter s	Apr	May	Jun	Total 4 th Quarter	Total of year
1	2	3	4	5	6 (3+4+5)	7	8	9	10 (7+8+9)	11 (6+10)	12	13	14	15 (12+13+14)	16 (11+15)	17	18	19	20 (17+18+19)	21 (16+20)
Honorarium for Paurashava Mayor and Councillors	12,000	1,000	1,000	1,000	3,000	1,000	1,000	1,000	3,000	6,000	1,000	1,000	1,000	3,000	9,000	1,000	1,000	1,000	3,000	12,000
Salary of staff	13,000	1,000	1,000	1,000	3,000	1,000	1,000	1,000	3,000	6,000	1,000	1,000	1,000	3,000	9,000	1,000	1,000	1,000	3,000	12,000
Education expenses	1.5																			
Health and Sanitation	1,000																			
--	2,500	100	100	100	300	100	-	100	200	500	100	-	-	100	600	-	-	50	50	650
Total expenditure	30,000	2,100	2,100	2,100	6,300	2,100	2,000	2,100	6,200	12,500	2,100	2,000	2,000	6,100	18,600	2,000	2,000	2,050	6,050	24,650
Closing balance on the 30th June	3,000	700	600	200	200	9,100	8,400	8,500	8,500	8,500	7,900	7,700	7,100	7,100	7,100	6,700	6,100	7,050	7,050	7,050
Total	33,000	2,800	2,700	2,300	6,500	11,200	10,400	10,600	14,700	21,000	10,000	9,700	9,100	13,200	25,700	8,700	8,100	9,100	13,100	31,700

In **Column 1**, the details of expenditures are mentioned as in the budget form Revenue –Part-1, Part-2; Development and Capital account budget heads for payment side of this form. **Column 2** shows the approved budget amount of the current fiscal year. Budget head wise amount will entered in this column.

Column 3 is the summation of head wise payment amount for the month of July. For example, Honorarium of Mayor and Councillor expenses for the month of July is TK.1,000, Salary TK.1,000 and others is TK.100 Total of expenses for this month is TK. 2,100.

Column no 4,5,7,8,9,12,13,14,17,18 and 19 are the payment amounts of respective month and the total of payments are shown at the bottom of the column.

Column 6 is the total of the 1st quarter, and this is the summation of **Column 3** (July), **Column 4** (August) and **Column 5** (September). The total of the 1st quarter of “honorarium of Mayor and councillors” is TK. 3,000, which is total of TK.1,000 (July), TK.1,000 (August) and TK.1,000 (September). Similarly, **Column 10**, **Column 15** and **Column 20** are the summation of 2nd, 3rd quarter and 4th quarter respectively. The bottom of the column is for summation of all receipts of concerned quarter.

The closing balance shown in Column 2 is carried from budget document (Revenue Part-1, Part-2, Development and Capital account respectively). Monthly closing balance will be carried from cashbooks of respective month. Closing balance of a month will be opening balance of the next month. Closing balance of the month of June of current fiscal year is recorded as opening balance of July in the next fiscal year.

Annex- 4: Extract of Resolution of TLCC meeting for budget formulation (Discussion on budget)

.....Paurashava

.....,

Established: Year

Meeting No. : 06(Six)

President : Mr.

Mayor

..... Paurashava,

Name of Meeting : **Town Level Coordination Committee, TLCC**

Meeting Date : 20/05/20X4

Time : 11.00 am

Venue : Meeting Room, Paurashava Office.

Participants name and signature:

Sl.No.	Name and Designation	Position in Committee	Signature
01	Mr., Mayor, Paurashava	President	
02	...	Member	
13	...	Member	
Representatives of Associates Organization			
14...	Representative , District Commissioner (DC)	Member	
21	...	Member	
Representatives of Professional Body			
22...	...	Member	
26	...	Member	
Representatives of Non-Government Organization, NGO			
27...	...	Member	
30	...	Member	
Representatives of Civil Society			
31...	...	Member	
42	...	Member	
Representatives of Urban Poor people			
43...	...	Member	
49	...	Member	
50	...Secretary of the said Paurashava	Member Secretary	

Agenda No-05 (Five) Discussion on Budget:

Proceedings:

The secretary of the Paurashava as per instruction of the Mayor read the draft budget of the Paurashava for FY 20X4-20X5. In the meeting the Mayor takes part in the discussion held on Paurashava annual proposed budget with the audience about the income and expenditure of the said budget. He said that Budget is the mirror of Paurashava where the actual picture of the Paurshava reflects. He gives the floor to the audience to give their opinion on the draft budget for FY 20X4-20X5. In this period some honourable participants of the meeting give their opinion as below:

The representative of NGO sector proposed to increase in the sanitation head of the budget. Mrs. Rupali Akhter the representative of Urban Poor people said to increase in health head, Mr. Meer Nowab Ali, representative of Civil Society said that the allocation in education head is very few; budget allocation should be increased in this head. The representative of Civil Society Mr. Pankoj Kumar Das said that to insist the young population in sports and cultural activities to save them from different kind of addiction budget allocation should increase in this head. The Urban Poor people representative Mrs. Rina Begum said that for safely movement of school going children necessary vixen (dog biting) to be procured, so budget should be increased in this head also. Mr. Harunur Rashid representative of Professional Group said to take steps for plantation in every roads in the Paurashava to make a green Bangladesh. Mr. F.M Ripon, councillor of the Paurashava said to increase a little bit in budget head for cleaning drain, canal, and solid waste from roads.

Decision:

Decision has taken after discussion that budget should be doubled in the following heads: Sanitation, Heath, Education, Sports and Culture, Vixen procurement (dog biting), Mosquito killing, plantation and cleaning on solid waste and drain in the proposed budget for the Financial Year 20X4-20X5 of ----- Paurashava.

Implementation:

Accountant of the said Paurashava will implement the above budget related decision taken against agenda no.5 (five).

(.....)

Mayor

.....Paurashava.

Memo No: .. paura/ Admin(mm)/09/01/20X4/108/1

Date: 20/05/20X4

Copies to:

.....

.....

Attachment 1

No	Sector wise project	Projected expenditure	comment

63

Attachment 2

----- Pourashava
Interim report regarding the implementation of the annual development program through
development grants

Particulars of receiving development grants:

1 st Instalment	2 nd Instalment	3 rd Instalment	4 th Installment	Remarks

Implementation progress of the annual development program:

Number of project under implementation	Proposed expenditure	Contract price	Expended amount	Implementation progress (%)	Cause of being unexpended

This is to be certify that, the above particulars are correct and the amount of fourth instalment of the development aid grants will be expended within June- 30.

Mayor
----- Pourashava

Attachment 3

----- Pourashava

Report on the actual implementation of the annual development program initiated
under the fiscal year: -----

Serial no	Sector wise name of the projects	Proposed expenditure	Real contract price	Paid amount	Cause of more or less expenditure than the contract price (if any)

Mayor

----- Pourashava

Proposed format of the report for implementation progress of the annual development program is as follows;

Infrastructures under implementation			Proposed expenditure	Contract price	Expended		Implementation progress		Cause of being unexpended (if any)
Name	Quantity	No. of projects			Amount	Rate (%)	Quantity	Rate (%)	
1	2	3	4	5	6	7	8	9	10
Road									
Bridge									

Attachment 4

Project implementation inspection form

----- Pourashava

Ward no: -----

Date of inspection: -----

Time: -----

1. (a) Name of the project/ work : -----
(b) Proposed expenditure : -----
2. Work order no and date : -----
3. As per the work order Starting date : -----
Date of completion : -----
If time is extended,
date to be complete as per that expansion : -----
4. (a) Real date of starting the work : -----
(b) Real date of completing the work : -----
5. Real progress of the work on the date of inspection (percentage): -----
--

(Only gathering of the construction equipment does not means any real progress of the work)

- 1) Certification of the limitation found in the work during inspection
This is to be certified that, the information mentioned above are true and correct. We found the bellow mentioned limitation in the work while inspection:
a) -----
b) -----
c) -----
d) -----

- 2) Certificate of completion of the work.
This is to be certified that, we have visited the site for ----- times during the implementation of the project. The work have been completed as per the schedule and specification of the work and the quality of the work is satisfactory.

(Name: -----) (Name: -----) (Name: -----
-----)

Assistant/ sub-assistant engineer Commissioner, Commissioner

Ward no: -----

Ward no: -----

(Note: please take the necessary part through cutting that part)