

Educational Planning and Management in the Earthquake Affected Areas



Introduction to Financial Management



Provincial Institute of Teacher Education, NWFP

Trainer's Notes

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Provincial Institute of
Teacher Education,
NWFP

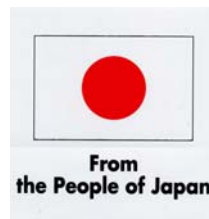


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Note to the trainers

How was this guide developed?

This manual has been designed in response to the needs identified by senior education officials in the earthquake-affected areas of NWFP and AJK. The objective of the workshop is to strengthen the management skills of senior-level managers, especially with regard to the recovery and reconstruction process in order to assist them to “build back better” in their districts.

The workshop is based on an inter-active approach, which follows the essential principles of adult learning and models the type of approach that is necessary for teachers and managers to use with students in order to build a stronger and more effective education programme. The workshop uses a variety of approaches and active learning to ensure that participants can internalise what they are learning. It is also designed to be practical and give participants tools that they can use effectively in their work.

How is this guide organised?

There are two books: the **Trainer’s Notes** for the person doing the training and the **Workbook** for those being trained. The master trainer needs to read these books very thoroughly.

Trainer’s notes

The trainer’s notes consist of:

- **Session plans:** These explain the objectives, the time allocated for the session (although this can only be a guide) and directions for the activities. To conduct this training effectively, trainers need to familiarize themselves with the content of each session before conducting it. We strongly encourage everyone to attend and participate in a course before attempting to train it.
- **Materials required:** In addition to the basic materials that are necessary for the running and implementation of this course (see below), each session includes a list of items that are specifically required in order to run the session effectively. The trainer should make sure that all of these materials are prepared in advance of the session.
- **Activities** are designed to be undertaken as they are written. All instructions are provided to the trainer and time allocations are listed both in the trainer’s note and also in the Workbook for the actual activity. Tables, questions, case studies, role play scenarios and extra space for notes are all laid out in the Workbook. Where sample responses are included in the training guide, possible responses (or responses to be added) are included in the text.

Workbook

The Workbook is designed as a ‘take-home’ reference for the participants. Encourage participants to record all their notes and responses to activities in their Workbook. All tables, questions and scenarios – everything the participant needs to be able to complete the exercise is in the Workbook. The Workbook also includes reference materials which the trainer should read and familiarize him/herself with in advance of conducting the training.

Materials needed for this course

Each session plan contains a list of materials that are specifically needed for the session. In addition, the following materials are required for all sessions:

- Flipchart paper (at least 100 white sheets)
- At least one flipchart stand (two is preferable)
- Tape or yellow tack to post flip charts on the wall or cards on charts
- Permanent markers (at least 24)
- Pens, pencils and erasers for participants
- Index cards or, if these are not available, heavy stock paper can be cut into pieces that are approximately 10 x 15 centimeters each. You will need approximately 100 of these.
- 6-8 pocket calculators
- Special exercise handouts and materials for sessions 3, 7, 8 and 10. These are included at the end of the Trainer's Notes and should be prepared in advance of the workshop.

In addition, this course has been developed with a series of PowerPoint presentations. If you have a data projector and laptop available, you can use these presentations. If you do not have a data projector and laptop, you can print the PowerPoint slides on overhead transparencies for use with an overhead projector. If you do not have an overhead projector, you should transfer key points or illustrations from the slides onto flipchart paper for use during the sessions.

Basic training tips

While it is assumed that the course facilitators are experienced trainers, it would still be useful to review the “basic training tips” that are included in either the Training of Trainers workbook or the trainer's notes for the middle-managers' course “Quality Educational Response” and the teacher training course for teachers affected by the earthquake. These basic training tips are a helpful reminder to even the most experienced trainers.

Timetable

Time	Session/Activity	Key Learning Points/Objectives
DAY 1		
8:30-9:00	Registration	
9:00-10:00	Workshop Opening and Welcome	<ul style="list-style-type: none"> ▪ Opening of the workshop ▪ Welcome
10:00-10:30	Tea break	
10:30-11:30	1. Introduction and objectives	<ul style="list-style-type: none"> ▪ Workshop objectives and agenda shared ▪ Participant expectations and key issues to be discussed during workshop ▪ Participants introduced to one another ▪ Review of the project management cycle – where are the links to financial management?
11:30-13:00	2. Financial management responsibilities of district education officials	<ul style="list-style-type: none"> ▪ Review of roles and responsibilities of various levels of district education officials ▪ What differences, if any, arise due to reconstruction?
13:00-14:00	Lunch	
14:00-15:20	3. Budget basics	<ul style="list-style-type: none"> ▪ Why prepare a budget? ▪ Budget cycle ▪ Performance based budgeting
15:20-15:45	Tea break	
15:45-16:30	4. Budget basics, continued	<ul style="list-style-type: none"> ▪ Performance based budgeting, continued ▪ Major budget categories ▪ New Accounting Model ▪ Sources of funding: which potential sources exist?
16:30	Adjourn	
DAY 2		
8:30-9:00	Day 1 Review	
9:00-11:30	5. Estimating expenditures	<ul style="list-style-type: none"> ▪ Completing BDC forms ▪ Estimating expenditures for Personnel, Pensions, and other expenditures
10:30-11:00	Tea break	
11:30-13:00	6. Financial controls	<ul style="list-style-type: none"> ▪ What are internal controls? ▪ What is the role of district officials in making sure that financial transactions are properly recorded and assets safeguarded? ▪ How can education officials set up appropriate internal control mechanisms in their districts?
13:00-14:00	Lunch	
14:00-15:15	7. PTC financial roles and responsibilities	<ul style="list-style-type: none"> ▪ What records must PTCs keep? ▪ What internal control mechanisms are established via the PTC Guidelines? ▪ What is the role of district officials in monitoring the financial records of PTCs?
15:15-15:45	Tea break	
15:45-16:30	8. Audit	<ul style="list-style-type: none"> ▪ Who is responsible? ▪ Preparing for an audit
16:30	Adjourn	

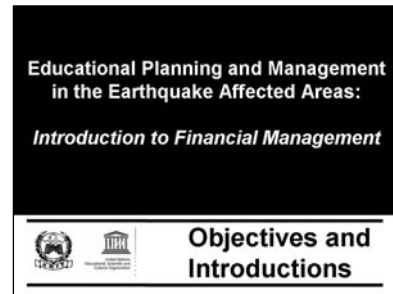
DAY 3		
8:30-9:00	Workshop review	
9:00-10:30	9. Financial reporting and analysis	<ul style="list-style-type: none"> ▪ Analysing periodic statements of expenditure ▪ Monitoring budget utilisation ▪ Benefits of timely reporting ▪ Re-appropriation and supplementary grants
10:30-11:00	Tea break	
11:00-13:00 (+ 10 minutes after lunch)	10. Review exercise	<ul style="list-style-type: none"> ▪ Practice using proper internal control procedures to make financial transactions ▪ Practice preparing Expenditure Statements ▪ “Audit” transactions prepared by another team
13:00-14:00	Lunch	
14:15-15:15	11. Workshop evaluation and closing	<ul style="list-style-type: none"> ▪ Review of participants' initial objectives ▪ Completion of workshop evaluations ▪ Workshop closing ▪ Workshop certificates
	Adjourn	

Workshop opening and welcome

Learning objectives

By the end of this session:

- The workshop will be officially opened
- Participants will understand the course objectives



Session outline

Content	Approx. Time	Instructional Activity
1. Workshop opening	45 minutes	Presentations
2. Housekeeping and workshop agenda	15 minutes	Presentation
Total Time	60 minutes	

Materials needed or special preparation for this session

In advance of the workshop, arrange for an official to open the workshop. Provide the official with the workshop objectives so that he/she is familiar with the content and purpose for the workshop.

You may also want to arrange for a UNESCO representative to attend the opening and to offer remarks to participants.

1. Workshop opening 45 minutes

- Arrange for someone to begin with workshop with a recitation from the Quran.
- If there is a senior official to formally open the training workshop, introduce that person or ask the UNESCO representative to introduce him/her.

2. Housekeeping and workshop agenda 15 minutes

- Review the housekeeping details for the workshop.

Administration
<ul style="list-style-type: none">▪ Workbook▪ Washrooms▪ Lunch / tea breaks▪ Participant list, attendance

Language & Questions
<ul style="list-style-type: none">▪ Please ask any speaker to "speak up!" or "slow down!" when needed▪ Please ask questions when you have them▪ Please use the language with which you are most comfortable
Your name



- Review the agenda and prepared contents.
- Depending on the time, either break for tea or continue with participant introductions.

Note: One hour has been allocated for the workshop opening based on the assumption that the workshop will not start on time. If the workshop does start on time, great! You have saved time which you may need for some other activities.

Session 1: Introductions and objectives

Learning objectives

By the end of this session participants will:

- Be able to identify other people in the course
- Understand the course objectives
- Have considered their expectations/objectives for the workshop

Session outline

Content	Approx. Time	Instructional Activity
1. Participant introductions and expectations	45 minutes	Individual exercise
2. Where does financial management fit in the project management cycle?	15 minutes	Plenary discussion
Total Time	60 minutes	

Materials needed or special preparation for this session

None

Session activities

1. Participant introductions

45 minutes

- Give instructions for the introductions. Tell participants that they should take about five minutes to prepare their introductions.
- On a piece of paper they should write the financial responsibilities that they are responsible for and one interesting thing about themselves – something that could be used to identify them, but **not** their name, title or district.
- Collect all the slips of paper in a plastic bag and then ask each participant to draw one slip of paper from the bag, making sure that they do not draw their own description.
- After everyone has drawn a piece of paper, tell participants that they should find the person whose paper they have drawn. After they find their person, they should interview him/her to learn their name, title and district and their chief objective/expectation for this workshop. They should be prepared to introduce this person to the rest of the group.
- After everyone has found and interviewed their partner, ask for a volunteer to start the introductions. He/she should introduce the person they found. Then that person will introduce the person he/she found and so on until everyone has been introduced..
- After everyone has been introduced, review the course objectives with participants. Note where participants' objectives match the stated objectives for the course.

Introductions

On a piece of paper write:

- Your specific financial responsibilities
- Something that identifies you – not your name, title or district

Interview your partner to learn his/her:

- Name, title, district
- Chief/primary objective for this workshop

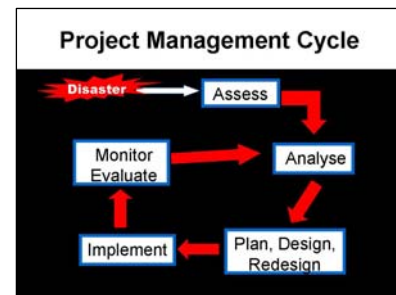
Objectives of the Workshop

- Financial responsibilities of district education staff
- Importance of and how to establish effective financial controls
- How to prepare and analyse budgets
- How to analyse financial reports
- The role of financial audits in ensuring accountability and transparency

2. Where does financial management fit in the project management cycle

15 minutes

- Review the project management cycle. Ask participants where they think financial management fits within the cycle.
- Financial management should inform all phases of the project management cycle. The planning and designing phase is especially important as during this phase budgets need to be prepared using accurate financial data. As well, implementation depends on the timely release of funds so that projects can proceed, which in turn calls for monitoring to ensure that funds are expended properly and in accordance with budgets.



Session 2: Financial management responsibilities of district education officials



Learning objectives

By the end of this session participants will have:

- Clarified the financial management responsibilities of different levels of district education officials
- Identified areas where district managers need to improve their skills and understanding

Session outline

Content	Approx. Time	Instructional Activity
1. Session objectives	10 minutes	Plenary presentation
2. Exercise: identifying financial responsibilities	40 minutes	Small group activity (by district)
3. Debriefing	35 minutes	Participant presentations and plenary discussion
4. Conclusion	5 minutes	Q & A and plenary presentation
Total Time	90 minutes	

Materials needed or special preparation for this session

Index cards or heavy A4 paper cut into thirds.

Session activities

1. Session objectives

10 minutes

- Review the session objectives.
- Note that in this session we will be looking at the financial management skills participants think are necessary for various district officials. They will also consider whether district officials have the required knowledge and skills to be able to perform their financial responsibilities effectively.

Objectives
<ul style="list-style-type: none"> ▪ Clarify the financial management responsibilities of different levels of district education officials ▪ Identify areas where district managers need to improve their skills and understanding

2. Exercise: identifying financial responsibilities

40 minutes

- During this activity, ask participants to work with the other people from their district.
- Ask participants to turn to page 5 in their Workbooks.
- For this exercise, they should first think of the titles of all the S&L Department employees in their district who have financial responsibilities. They should write these titles on cards (one per card).
- They should tape the cards to a piece of flipchart paper.

Exercise
<ul style="list-style-type: none"> ▪ Write on a card the title of each education official in your district who has financial responsibilities (one title per card) ▪ Write the specific financial activities for which each position is responsible. ▪ Rate the financial skills of the people in your district per the scale on page 5. <p style="text-align: center;">See page 5 in your workbooks.</p>

- Next to each card they should list the specific financial responsibilities associated with each position, for example, reconciliation of monthly expenditure statement. They should list as many specific financial tasks/responsibilities as they can think of for each position.
- Give the groups approximately 30 minutes to work on this task.
- As they work, circulate around the room to answer questions and give suggestions.
- If the groups are finished after 30 minutes, then ask them to analyze the chart that they have prepared and, with a marker, draw arrows between any supervisory financial tasks to the task that is being supervised. For example, if the EDO is responsible for reviewing the monthly expenditure statement and the DO is responsible for preparing it, then draw an arrow between the EDO task and the DO task.
- Give the groups another 10 minutes to draw the arrows that indicate supervisory responsibilities.

3. Debriefing

35 minutes

- After the groups have completed their charts, ask for a representative from one group to come forward and present the financial responsibilities of **one** of the titles listed on their chart.
- After the group has finished presenting, ask the other groups whether they listed any additional responsibilities for the title just presented. If so, add those to the flip chart in order to create a consolidated list of responsibilities for each position.
- Continue this process until the financial responsibilities for all the positions have been discussed.
- Then review the various arrows that the groups have drawn. Ask for clarification of why the arrows have been drawn as they have.
- Point out that these supervisory arrows are essential elements of financial control – something that we will be discussing in more detail tomorrow.
- Finally review participants' rankings of how well district staff are currently equipped to manage their financial responsibilities. In cases where staff knowledge and skills are rated satisfactory or lower, ask for some examples of the specific tasks that participants think staff need more information about.

4. Conclusion

5 minutes

- Highlight the main financial responsibilities that we will discuss during the next two days as they relate to participants' charts.

Session 3: Budget basics

Learning objectives

By the end of this session participants will be able to:

- Describe the budget calendar and identify key dates in it
- Describe the importance of the budget call letter and its functions
- Define performance based budgeting
- Explain how what they have learned in the first three courses applies to performance based budgeting



Session outline

Content	Approx. Time	Instructional Activity
1. Session objectives	10 minutes	Plenary presentation
2. The budget cycle	30 minutes	Small group activity and debriefing
3. Performance based budgeting	40 minutes	Small group activity and plenary discussion
Total Time	80 minutes	(with break for tea and prayers at approx 1520)

Materials needed or special preparation for this session

Five-six copies of the steps in the budget cycle calendar for use in the activity described below. Note that these need to be cut into separate pieces before the session. See “Handouts and Special Materials” at the end of the Trainer’s Notes.

Session activities

1. Session objectives

10 minutes

- Review the session objectives.

Objectives
<ul style="list-style-type: none"> ▪ Describe the budget cycle and identify key dates in the budget calendar ▪ Describe the importance of the budget call letter and its functions ▪ Define performance based budgeting ▪ Explain how what you have learned in the first three courses applies to performance based budgeting

- In this session, we will begin discussing some of the basics of budgeting. Ask for someone to define “budget” and why it is important to have a budget.
- Take a few suggestions before reviewing the prepared slides.

Budget
A statement of the estimated receipts and expenditures of the local government for a financial year.

Role of a budget
<ul style="list-style-type: none"> ▪ Policy making – establishes service priorities, ensures expenditures do not exceed revenues ▪ Legal – provides legal authorisation for expenditures ▪ Management – determines level and direction of work and allocates resources accordingly <p>See page 7.</p>

- As part of the devolution process, district officials as well as tehsil and union council officials will ultimately have budgeting responsibilities.
- For this reason, it is critical that district officials understand the steps in the budgeting process.

2. The budget cycle

30 minutes

- Form participants into five-six small groups.
- Distribute the sets of papers with the different elements of the budget cycle printed on them.
- Ask the groups to place these pieces of paper in the order that they should occur according to the budget calendar. Once they have agreed on the order of the activities, they should tape them to a piece of flipchart paper and then write the date when each activity should occur according to the budget calendar.
- Allow the groups 15 minutes to work on this activity.
- Circulate among the groups as they are working in order to answer any questions.
- After 15 minutes, ask the groups to stop working and post their flipcharts on the wall. Conduct a review of the flipcharts to ensure that all groups have listed the activities in the proper order. Discuss any errors in placement to ensure that everyone has the correct answers.
- The dates of the budget cycle are specified in the Budget Rules published in 2003.

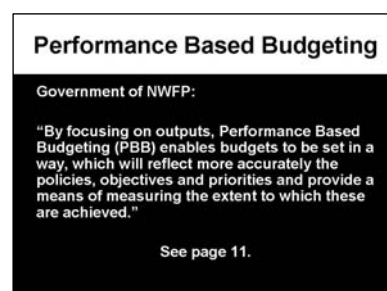
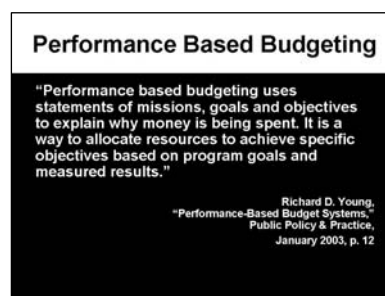
Budget Calendar Exercise	
▪ Issue call letter and guidelines	September
▪ CCBs & concerned offices submit priority schemes	1 March
▪ Submit: Excesses and Surrenders Statement, Revised Estimates and Supplementary Budget, SNE, Draft Budget	March
▪ Budget and Development Committee finalizes budget	March
▪ Submit draft budget to council	1 April
▪ Council reviews draft budget	April
▪ Solicit input from Government and Public on Council proposals	1 May-1 June
▪ Revisions & finalisation by Budget & Dev Committee	May-June
▪ Submit to Provincial Government	June
▪ Approval of final budget by Council	June
▪ Communicate current budget grants	July
▪ Finalize previous year accounts	October

Sr. #	Activity	Target Date
1	Issue Call letter and guidelines to concerned offices.	September
2	i) Submission of Schemes by CCBs (Copy to Evaluation Committee of Council). ii) Submission of prioritized list of schemes by concerned offices along with Administrative Approval /technical sanction to Development Committee for inclusion in ADP.	1 st March
3	i) Excesses and Surrenders Statement ii) Revised Estimates and Supplementary Budget if required. iii) Statement of New Expenditure iv) Consolidation of draft Budget (current and Development) for next financial year. Finalization by Budget and Development Committee.	March
4	Submission of draft Budget to Council based on initial estimates provided by the Provincial Government.	1 st April
5	Review of Draft Budget by Council.	April
6	Input from Government and Public on the proposals agreed by the Council.	1 st May to 1 st June
7	Revisions and Changes by Head of Offices and Finalization by Budget and Development Committee.	May - June
8	Submission of final Budget to Council based on final estimates provided by the Provincial Government.	June
9	Approval of Final Budget by Council.	June
10	Communicate Current Budget Grants to concerned Offices and Accounts Offices.	July
11	Finalize Accounts previous year.	October

3. Performance based budgeting

60 minutes

- Review with participants the following definitions of performance based budgeting.
 - “Performance based budgeting uses statements of missions, goals and objectives to explain why money is being spent. It is a way to allocate resources to achieve specific objectives based on program goals and measured results.” Richard D. Young, “Performance-Based Budget Systems,” Public Policy & Practice, January 2003, p. 12
 - “By focusing on outputs, Performance Based Budgeting (PBB) enables budgets to be set in way, which will reflect more accurately the policies, objectives and priorities and provide a mean of measuring the extent to which these are achieved.” From NWFP website explanation.
- In NWFP, PBB is being rolled out with pilot projects in Peshawar, Kohat, Abbottabad and Bannu in the



Departments of Agriculture, Education and Health. In education, 70 schools in each district are part of the pilot program (20 male primary, 20 female primary, 10 male middle, 10 female middle, 5 male high schools and 5 female high schools).

- Ask participants to turn to the example from Abbottabad for 2007-08 that is included on page 11 of their workbooks.
- Ask for some comments on the example. If participants note that the objectives are not SMART, affirm this response. As Performance Based Budgeting becomes more routine and as better data become available, these objectives should become more specific.
- Based on the definitions of performance based budgeting, ask participants to review the contents from the first three senior managers' training courses found on pages 13-14 and discuss in their groups how what they learned during the first three courses relates to the concept of performance based budgeting. Tell the groups they have 15 minutes to discuss. They should appoint a representative who will give a short summary of their group's thinking to the plenary.
- After 15 minutes, ask the groups to stop discussing and ask the first group for their thoughts on how what they have learned so far is related to performance based budgeting.
- **At approximately 15:20 allow participants a break for tea and prayers. They should return to the training room at 15:45 for the final session of the day.**

How does PBB relate ...

... to what we have discussed in the three previous workshops?

Review the topics from the first 3 workshops (pages 13-14) and discuss in your groups which topics are relevant/ relate to PBB.

You have 15 minutes to discuss.

Session 4: Budget basics, continued

Learning objectives

By the end of this session participants will be able to:

- Explain how what they have learned in the first three courses applies to performance based budgeting
- Describe the features of the New Accounting Model



Session outline

Content	Approx. Time	Instructional Activity
1. Performance based budgeting	20 minutes	Plenary discussion
2. Major budget categories	20 minutes	Presentation and facilitated discussion
3. Conclusion	5 minutes	Plenary discussion
Total Time	45 minutes	

Materials needed or special preparation for this session

None

Session activities

1. Performance based budgeting, continued 20 minutes

- If all the groups did not make their short presentation before the tea break, ask the remaining groups to summarize their discussions on how what they learned in the first three courses is related to performance based budgeting.
- After all the groups have presented, ask if there are any further questions or comments.
- Summarize the discussion. Essentially during the planning sessions in the first two workshops, participants should have learned about how to develop a vision statement and the objectives to support achievement of the vision. These are necessary components of performance based budgets.
- When we discussed the development of a logical framework matrix and action plans, the final step was to cost the planned activities (which we did rather informally). This costing is necessary for the development of a performance based budget.
- After activities are funded and are being implemented, monitoring should focus on the performance and results of the activities. The final analysis of performance based budgeting is not just how much money was spent but whether the money spent resulted in achievement of planned objectives.
- In addition, the sessions on the Learning System, Quality Education and a Rights-based Approach are also relevant as they remind us that the “learner” is at the center of everything we do and it is our results with regard to the learner that are most critical.

2. Major budget categories

20 minutes

- Review the session objectives.
 - In all public organizations the budget categories are broken down for Revenues and Expenditures.
- Objectives**

 - Describe the features of the New Accounting Model (NAM)
 - Consider the first steps in budgeting
-
- In Pakistan, as part of the New Accounting Model (NAM) and a major World Bank supported project PIFRA (Project to Improve Financial Reporting and Auditing), the accounting system will be updated to move from the Cash Basis of Accounting to the Modified Cash Basis with a long term goal of moving to the Accrual Basis.
 - In addition, computerized systems will be introduced as will a new Chart of Accounts for recording transactions. The purpose of a Chart of Accounts is for every district to enter financial information in a consistent manner so that as information moves from lower levels to higher levels (e.g. DDO to district level to provincial level to national level), the information can be easily consolidated.
 - For budgeting purposes, district officials need to estimate their revenues and expenditures for the next budget year. For revenues, this is generally done by using the estimates provided in the Budget Call Letter or by using a percentage increase over the current year's budget. Collecting Officers are generally responsible for estimating revenues.
 - Ask participants if they use any other methods for estimating revenues.
 - At the school level, for example, do head teachers make an estimate of how much they might be able to collect from PTCs? If so, how is this used during the budgeting process, if at all?
 - In the Education Department, salaries (and other expenditures associated with personnel, such as allowances) account for the vast majority of the budget, upwards of 90% or more of the recurring budget. The Establishment Budget is relatively straight forward to calculate but a critical component is ensuring that all teachers drawing a salary are actually teaching in the schools. Likewise, as part of the budget process, district officials should only request funding for vacant posts that they reasonably expect to fill during the upcoming year.
 - Since districts generally have only a small budget for non-salary expenditures, district officials are wise to consider carefully how those other expenditures relate to their short and long-term objectives (as part of performance based budgeting). This is an area where district officials should consider carefully their plans for the upcoming year when developing their budgets in order to prioritize those expenditures that are essential for their plans.
- Features of NAM**

 - Modified cash basis of accounting (p. 16)
 - Commitment accounting (p. 17)
 - Fixed assets accounting (p. 18)
 - New chart of accounts (p. 18)
-
- For budgeting purposes**

Estimate revenues

 - Are you responsible? For which ones?
 - Is anyone in the S&L Dept in your district responsible, e.g. head teachers?
-
- For budgeting purposes**

Estimate expenditures

 - Salaries and allowances >= 90% of budget
 - Non-salary expenditures – careful consideration of how these match priorities or plans
 - Separate estimation for development projects

- Development projects are budgeted and submitted as part of the ADP process.

3. Conclusion

5 minutes

- Tomorrow morning we will look more carefully at the process of estimating expenditures.
- Ask if participants have any questions.
- Thank them for a good first day.



Any questions so far?

Session 5: Estimating expenditures

Learning objectives

By the end of this session participants will be able to:

- Estimate current and new expenditures
- Complete BDC forms 2-8
- Calculate gross and net pensions and the commuted value of pensions



Session outline

Content	Approx. Time	Instructional Activity
1. Introduction to estimating expenditures	20 minutes	Plenary presentation
2. Exercise: estimating current expenditures	30 minutes	Small group activity
3. Exercise Estimating new expenditures	30 minutes	Small group activity
4. Calculating pension benefits	15 minutes	Presentation
5. Exercise: calculating pension benefits	20 minutes	Participants work in groups of 2-3
6. Conclusion	5 minutes	Plenary discussion
Total Time	120 minutes	

Materials needed or special preparation for this session

Calculators for participants to use in the exercises.

Session activities

1. Introduction to estimating expenditures 20 minutes

- Review the session objectives with participants.

- The starting point for expenditure estimation is an examination of existing expenditures. Ask participants how expenditures are currently estimated in their offices. How do they calculate their budget for the next year? Answers will likely include:
 - Inflation
 - Increased costs due to expansion in demand
 - Increased costs as a result of service improvement

Objectives

- Estimate current and new expenditures
- Complete BDC forms 2-6
- Calculate gross and net pensions and the commuted value of pensions

Estimating Expenditures

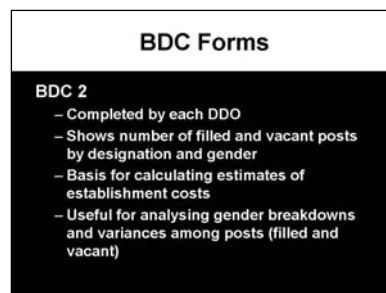
How do you usually estimate expenditures?

- There are two types of increases associated with expenditures:
 - Routine increases in expenditure
 - Increases in scope of expenditure
- Ask what are some routine increases in expenditure? Note participants' comments on a flip chart. These include such things as:
 - Known or anticipated increases in the salary/ allowances of central/provincial public employees and/ or any corresponding increases for local government employees. This is rarely more than 30% and may be on average around 15%.
 - Routine annual increment of employees. These vary from Rs 75 per annum (Grade 1) to Rs 1,655 (Grade 22). The BDC Form will indicate the designation of all employees so that it is relatively easy to budget for the respective increments applying to different grades.
 - Consumable/ durable goods that will be purchased in the forthcoming year in the light of new priorities as per call letter and budget policy (to be reflected in BSF Forms and BDC 8 Justification) and estimates of routine purchasable goods as per historic need.
 - Inflationary impact on:
 - Repair and maintenance of durable goods
 - Transportation including TA/ and POL charges
 - Communication (post and telecom) & utilities
 - Stationery and printing
 - Publicity and events (workshops)
- Next ask what would cause a change in the scope of expenditures? Note participants' comments on a flip chart.
- Changes in the scope of expenditure might result from:
 - the completion of past projects in the concerned service area
 - anticipated current expenditure increases arising from planned new activities in the development budget.
 - increased effectiveness of services through greater levels of output (service coverage, service volume, frequency)
 - increased quality of services (higher standards, greater responsiveness, higher levels of accountability)
- These types of changes should be carefully budgeted to ensure adequate project sustainability.
- The BDC (Budget Details Current Expenditure) forms required as part of the annual budget process will include your estimates of expenditures. We will briefly review the forms here and then conduct an exercise where you will estimate expenditures for a fictional district.
- Refer participants to the BDC forms starting on page 25 of their workbooks.
- Ask how many participants are familiar with the BDC forms? If most participants are familiar with the forms, do not review the forms in detail. In this case, ask if participants have any questions about completing these forms and then address their questions.
- If most participants are not familiar with the forms, briefly review them.

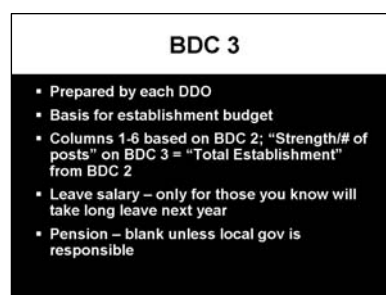
Estimating Expenditures

- Routine increases in expenditures – examples?
- Increases in scope of expenditures – what would cause these? Examples?

- BDC-2 Establishment Strength By Function DDO-wise is the starting point for the compilation of the expenditure estimates based on the establishment costs of a department. The table shows the number of filled and vacant posts by designation and by gender breakdown (ie Male and Female).
- Explain to the participants that this table provides the basis for calculating the estimates of establishment charges by indicating the total number of staff and their designation and grade upon which is based the calculation of salary and related allowances. Highlight also that this table shows the gender breakdown of the sanctioned and filled posts that allows a comparison and analysis of any variance.
- Explain the individual columns of the Form as follows:
 - Column 1 is a simple serial no
 - Column 2 is the Basic Pay Scale of the respective grade of officer/ staff
 - Column 3 is the designation which indicates the function they should be performing
 - Columns 4-18 provides a breakdown of male/ female and total according to:
 - Sanctioned strength (ie approved as per finance dept notification)
 - Filled (those actually in post)
 - Vacant (sanctioned vacant posts)
 - Recruitment planned
 - Total (to include filled and planned)



- Next introduce form BDC- 3 Establishment Budget By Function and Designation – DDO-wise. Explain that this form provides for the compilation of the establishment budget drawing information on establishment strength from the base Form BDC-2 already discussed. This will be done by:



Transferring information from BDC-2 into the first 6 columns of BDC-3 to include:

- Column 1 = serial no as per BDC-2
- Column 2 = designation of post as per BDC-2
- Column 3 = basic pay scale to be applied to each post as given in BDC-2
- Columns 4/5/6 = breakdown of Male/ Female/ Total as per total columns in BDC-2 (ie for all filled & planned posts)
- Column 7 = establishment charges or the salary to be drawn (based on basic pay scale maximum, minimum and average levels to be applied in each case)
- Column 8 = Leave salary or additional salary provision of temporary posts to cover any staff that will avail of long leave in the forthcoming budget year
- Column 9 = Allowances as determined based on basic pay scale
- Column 10 = Pension provision in those cases where employees' pensions are the responsibility of the local (as opposed to provincial) government
- Column 11 = Total establishment budget

- Next explain form BDC- 4 Establishment Strength By Function. Explain that this table provides for the Total Establishment Budget broken down by the Establishment Strength by Sanctioned, Filled, Vacant and Planned posts with gender breakdown in each case. Tell the participants that to fill the table they should simply aggregate the data in BDC-2 and add the Total Establishment Budget as per last column of BDC-3.

BDC 4 and 5	
BDC 4	<ul style="list-style-type: none"> ▪ Uses all the post data from BDC 2 ▪ Uses Total column from BDC 3
BDC 5	<ul style="list-style-type: none"> ▪ Filled for local government as a whole, not just the Education Department

- Form BDC- 5 Establishment Strength By Function. Explain to the participants that this table provides a consolidation of Form BDC-3 Establishment Budget by Function and Designation for the local government as a whole (rather than the Department as in Form BDC-3).

- Next introduce participants to BDC- 6 Estimates of Demand For Grants (Current Expenditure). Explain that this Form provides revised budget estimates for the current year and proposed budget for next year on the basis of:

BDC 6	
	<ul style="list-style-type: none"> ▪ Provides revised budget estimates for current fiscal year ▪ Provides proposed budget for next fiscal year (justified using BDC 8) ▪ Estimates should be based on actual costs last year as well as spending in first 8 months (absorptive capacity) ▪ Must be completed separately for new and existing expenditures

- Actual expenditure (last year)
- Estimated expenditure (current year)
- Actual expenditure (first 8 months of current year)

- Explain that the actuals of the first 8 months will indicate the absorptive capacity of departments to spend their budgets and will thus allow for some adjustments in proposed estimates. Each and every object head will need justification but focus should be given to those areas of increase or decrease as per BDC-8. Highlight that this form will have to be filled separately for new and existing expenditures.
- Note that BDC-6 needs to be completed separately for charged and voted expenditures. Review the definitions of these two types of expenditures.

	<ul style="list-style-type: none"> ▪ “Charged expenditure” means such items of expenditure as are specified in the Ordinance, which are not subject to vote of the Council ▪ “Voted expenditure” means expenditure that is submitted to the vote of the Council.
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2. Exercise: estimating current expenditures

30 minutes

- Tell participants that they will now have an opportunity to undertake an individual exercise to become better acquainted with Form BDC 6. Ask participants to refer to page 32 in their Workbooks.
- Ask participants to individually read the Case Study and then examine the Worksheet BDC-6 that provides data for District Alpuram on Actuals and Revised estimates. Instruct the participants to complete the BDC-6 Worksheet by filling out the column for the budget estimates for the next year in the light of what they have read.
- Give participants 20 minutes to complete the worksheet. They should work in groups of three for this activity.
- As participants work, circulate around the room to answer questions.

Exercise: estimating expenditures	
	<ul style="list-style-type: none"> ▪ Read the case study on page 32 ▪ Complete the BDC 6 on page 33 ▪ Work in groups of 3 or 4
	You have 20 minutes

- After everyone is finished ask participants to describe the types of estimates that they made. Review the overheads to show the key areas they should have considered when making their estimates.
 - Increase in TA/DA
 - Increase in POL
 - Reduction in building maintenance
 - Reduction in purchase of durable goods
 - Increase in telephone calls
 - Overall inflationary estimates for other operating costs and establishment costs

How did you make your estimates?

- Increase in TA/DA and POL (to increase visits to schools)
- Increase in telephone calls
- Overall inflationary estimates for other operating costs and establishment costs
- Reduction in building maintenance
- Reduction in purchase of durable goods

District Alpuram
Suggested Answer BDC-6 Exercise

Code	Description	Actuals of the last year	Budget estimates for current year	Actual of first 8 months of current year	Revised estimate of the current year	Proposed Budget Next Fiscal Year	% increase or decrease
A01101	Pay of Officers	6,056,000	6,619,000	4,412,700	6,619,000	7,280,900	+10%
A01151	Pay of Staff	49,446,000	52,324,900	34,883,267	52,324,900	57,557,390	+10%
Total Pay		55,502,000	58,943,900	39,295,967	58,943,900	64,838,290	
A01202	House Rent Allowance	2,245,300	2,494,800	1,663,200	2,292,700	2,521,970	+10%
A01209	Special Additional Allowance	1,081,700	1,201,900	801,267	1,104,500	1,214,950	+10%
A01216	Qualification Allowance	4,100	4,500	3,000	4,200	4,620	+10%
A01217	Medical Allowance	928,600	1,031,800	687,867	948,200	1,043,020	+10%
A01224	Entertainment Allowance	5,100	5,700	3,800	5,300	5,830	+10%
A01238	Charge Allowance	18,200	20,200	13,467	18,500	20,350	+10%
A01253	Science Teaching Allowance	9,500	10,500	7,000	9,600	10,560	+10%
A01256	Special Adhoc Relief Allowance	1,789,000	1,987,800	1,325,200	1,826,800	2,009,480	+10%
A01262	Special Relief Allowance	1,789,200	1,988,000	1,325,333	1,827,000	2,009,700	+10%
A01270	Other	61,900	68,800	45,867	63,200	69,520	+10%
Total regular allowances		7,932,600	8,814,000	5,876,000	8,100,000	8,910,000	
A01274	Medical Reimbursement	47,900	53,200	35,467	43,300	47,630	+10%
A01278	Leave Salary	53,800	59,800	39,867	48,700	53,570	+10%
Total other allowances		101,700	113,000	75,333	92,000	101,200	
Total Establishment Charges		63,536,300	67,870,900	45,247,300	67,135,900	73,849,490	
Operating Expenses							
A03201	Postage	10,000	25,000	12,900	17,000	17,850	+5%
A03202	Telephone and Trunk Calls	210,000	227,000	159,000	289,000	332,350	+15%
A03303	Electricity	180,000	290,000	197,000	290,000	333,500	+15%
A03805	Travelling allowance POL charges staff cars,	185,000	380,000	240,000	430,000	537,500	+25%
A03807	motorcycles etc	320,000	583,000	365,901	660,000	825,000	+25%
A03901	Office Stationery	1,390,000	1,694,000	1,129,000	1,694,000	1,778,700	+5%
A03902	Printing and Publication Newspapers, Periodicals and	623,000	824,000	320,000	824,000	865,200	+5%
A03905	Books	7,200	12,000	4,000	8,000	8,400	+5%
A03906	Uniform and Liveries	55,000	118,000	62,980	118,000	123,900	+5%
A03917	Law Charges	36,000	50,000	35,000	68,000	71,400	+5%
A03970	Others	49,000	67,000	57,000	72,000	75,600	+5%
Total operating expenses		3,065,200	4,270,000	2,582,781	4,470,000	4,969,400	
Purchase of durable goods							
A09701	Purchase of Furniture and Fixtures	320,000	693,000	788,200	480,000	408,000	-15%
Repair and maintenance of durable goods and works							
A13001	Transport	75,000	180,000	105,000	144,000	122,400	-15%
A13201	Furniture and Fixtures	103,000	160,000	50,000	90,000	76,500	-15%
A13301	Buildings	91,000	185,000	120,000	120,000	102,000	-15%
Total repair and maintenance		269,000	525,000	275,000	354,000	300,900	
Total EDO Education, District Alpuram		67,190,500	73,358,900	48,893,281	72,439,900	79,527,790	+10%

3. Estimating new expenditures (optional exercise) 30 minutes

- [Note: if you are running behind schedule, you may wish to omit this exercise.]
- Ask participants to complete the activity found on page 34. Tell them that they have 20 minutes to estimate the new expenditures for the new schools in District Alpuram.
- After 20 minutes, ask for a volunteer to present their estimates for the GPS. They should come to the front of the room and write their estimate on a flipchart. Ask if anyone had a different answer.
- Next ask for a volunteer to present their estimates for the GGPS. Continue this process for all categories of schools.
- Note that for knowledge of average unit costs of different types of schools would be useful for this type of costing activity.

Estimating new expenditures

- Turn to page 34.
- In your small groups, prepare estimates of the new expenditures associated with the 5 new schools that will be established next year in District Alpuram

You have 20 minutes

4. Calculating pension benefits 15 minutes

- Review the calculations for gross and net pensions and the commuted value of pensions.
- Refer participants to page 36 in their Workbooks.
- Ask if there are any questions before moving on to the exercise.
- If tea is ready, ask participants to take a short break before coming back to complete the pension exercise.

Pension Calculations

See page 36

5. Exercise: calculating pension benefits 20 minutes

- If there are no questions, ask participants to individually (or with a partner) complete the pension calculations found on page 40 in the Workbook.
- Tell them they have 15 minutes to complete the calculations.
- After 15 minutes, review the answers with participants.

6. Conclusion 5 minutes

- Conclude the session by telling participants to review the BDC forms carefully when they have a chance. If they have any questions about the forms, we will find time to try to answer those on the last day of the workshop.

Session 6: Financial control

Learning objectives

By the end of this session participants will be able to:

- Describe what is meant by the term “internal control”
- Describe the internal control mechanisms in place in your district
- Consider areas where internal controls need to be strengthened



Session outline

Content	Approx. Time	Instructional Activity
1. Introduction to internal controls	20 minutes	Plenary presentation
2. Exercise: review of internal controls	30 minutes	Small group activity
3. Debriefing	20 minutes	Plenary discussion
4. Can internal controls be strengthened?	20 minutes	Plenary discussion
Total Time	90 minutes	

Materials needed or special preparation for this session

None

Session activities

1. Introduction to internal controls

20 minutes

- Review the session objectives with participants.
- Use the prepared slides to review the definition of internal controls, the purpose/ principles of financial control systems and the main types of internal controls.

Objectives
<ul style="list-style-type: none"> ▪ Describe what is meant by the term “internal control” ▪ Describe the internal control mechanisms in place in your district ▪ Consider areas where internal controls need to be strengthened

Internal Controls
<p>System of checks, reports and procedures ... to protect against fraud and to ensure complete and accurate financial information is produced.</p>

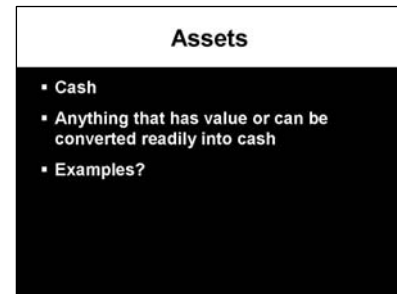
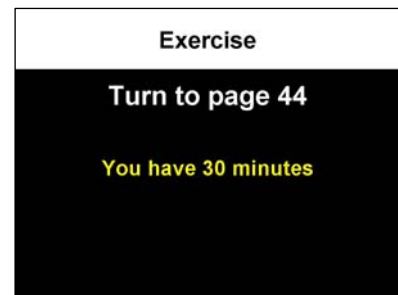
Purpose / Principles
<ul style="list-style-type: none"> ▪ Funds are spent for intended purpose ▪ Funds spent according to rules and regulations ▪ Expenditures do not exceed budget ▪ Public money or assets are not used to benefit any individual ▪ Assets properly safeguarded

Main Features
<ul style="list-style-type: none"> ▪ Well defined authorities and clear financial instructions ▪ Systems for processing financial data ▪ Segregation of duties ▪ Verification of work ▪ Rotation of officers and leave ▪ Timely reconciliations

2. Exercise: review of internal controls

30 minutes

- Review the exercise on page 44 with participants.
- Make sure that participants are clear about what constitutes “assets” in the first column. Assets include such things as cash, furniture, equipment (computers, photocopiers), vehicles, and textbooks and supplies – anything in their districts that has value (can be converted readily into cash).
- For each asset that they identify, they should list the specific internal control procedures that are in place in their districts to safeguard or protect those assets from misuse. For example, checks are prepared by one person and signed by another person who verifies that the proper paperwork has been completed (e.g. vouchers, invoices, necessary approvals).
- Participants should work with the other people at their table for this exercise.
- Tell them that they have 30 minutes to complete the table. Ask each group to nominate a spokesperson (someone who has not yet presented) who will be responsible for presenting their group’s results.



3. Debriefing

20 minutes

- After 30 minutes, ask the groups to stop working.
- Ask one group to present the specific internal control procedures that they have in place in their districts for one category of assets.
- Record the procedures on a flipchart.
- Ask if any of the other groups have additional procedures that should be listed.
- Repeat this process until all the categories of assets have been presented and listed on the flipchart.

4. Can internal controls be strengthened?

20 minutes

- After all the internal control procedures have been listed. Ask participants to sit together in district groups.
- Ask them to turn to page 45.
- Based on what we have discussed about internal control procedures and the key principle (segregation of duties), ask participants to consider the systems currently in place in their districts. Are any internal control procedures weak or do any need to be strengthened? If so, which ones and how might they strengthen them?
- Tell the groups to take 10 minutes to think about this question.
- After 10 minutes, ask for volunteers to share ideas for how they might strengthen the procedures in their district.

Session 7: PTC financial roles and responsibilities



Learning objectives

By the end of this session participants will be able to:

- Describe the financial responsibilities of PTCs as established in the 2007 PTC Guidelines
- Identify the internal control mechanisms inherent in the Guidelines
- Monitor financial transactions of PTCs to ensure necessary internal controls are in place and procedures are followed

Session outline

Content	Approx. Time	Instructional Activity
1. Introduction	5 minutes	Plenary presentation
2. Exercise: PTC internal control procedures	30-40 minutes	Small group activity
3. Exercise: reviewing financial transactions of PTCs	30 minutes	Small group activity
4. Conclusion	5 minutes	Plenary discussion
Total Time	75 minutes	

Materials needed or special preparation for this session

Handouts for the PTC financial transactions to distribute to all participants. See the end of these trainer's notes for the handout.

Session activities

1. Introduction

5 minutes

- Review the session objectives with participants.
- In this session, we will be discussing the financial roles and responsibilities of PTCs, which have been expanded via the new PTC Guidelines issued in 2007.
- PTCs now have up to Rs. 200,000 available to them each year, which they may use at their discretion.

Objectives
<ul style="list-style-type: none"> ▪ Describe the financial responsibilities of PTCs as established in the 2007 PTC Guidelines ▪ Identify the internal control mechanisms inherent in the Guidelines ▪ Monitor financial transactions of PTCs to ensure necessary internal controls are in place and procedures are followed

2. Exercise: PTC internal control procedures

30-40 minutes

- The PTC Guidelines clearly lay out the financial responsibilities of the PTC as well as of the Chairperson and Secretary.
- Ask participants to read the excerpts from the PTC Guidelines that are shown on pages 46-48 of the Workbook. As they read, they should look for and

Exercise: PTC Internal Controls
<ol style="list-style-type: none"> 1. Read the sections from the PTC Guidelines on pages 46-48. 2. What internal controls mechanisms are specified in the Guidelines? 3. What financial records should district officials check to verify that funds are spent and recorded correctly?

highlight the internal control procedures that are stated or implied in the Guidelines.

- Tell them they have 10 minutes to read through the Guidelines starting with the section labeled “Financial responsibilities” on page 46.
- After 10 minutes or after everyone is finished reading, ask participants to work in groups of 2 or 3 to answer the questions on page 49.
- Give the groups 15-20 minutes to answer the questions.
- After everyone is finished with the questions, ask for volunteers to suggest internal controls that are contained within the Guidelines. Write a consolidated list on a flipchart. The list should include:
 - Bank account is operated jointly by Chairperson and Secretary
 - At least 50% of members of Council must approve withdrawals from the bank (except in case of emergency, where approval should be sought as soon as possible in subsequent meeting of PTC)
 - Financial records of PTC are kept in safe custody
 - All financial records are signed by Chairperson and Secretary
 - Income and expenditure statements are presented at PTC meetings and signed by all members
 - Income and expenditure statements prepared at least quarterly
- After the consolidated list has been produced. Ask for volunteers to share which financial records district officials should check to verify that funds and assets are being used properly for the intended purpose. Possible answers include:
 - Cash books (income and expenditure)
 - Receipts
 - Vouchers
 - Bank statements
 - Bank reconciliations
 - Income and Expenditure Statements
 - PTC minutes
 - Stock register
 - Register for construction, maintenance and monitoring
 - Physical verification of assets purchased

3. Exercise: reviewing financial transactions of PTCs 30 minutes

- Now tell participants that they will have a chance to practice reviewing the financial records of a PTC. They should work in groups of 3-4 for this activity.
- The groups should review the financial records (found at the end of this trainer’s note) and write their answers to the questions on page 50 on a flipchart. ***Note you should print these handouts in advance of the workshop, write the appropriate signatures on the forms and then photocopy them.***
- Tell the groups that they have 20 minutes for this activity.
- After 20 minutes, ask the groups to hang their flipcharts on the wall and conduct a gallery walk to review the answers of the other groups.
- Make sure all of the discrepancies have been identified and that participants have attempted to reconcile the cash balance per the bank to the cash balance per the Statement of Income and Expenditure.
- Comment on the recommendations as appropriate.

4. Conclusion

5 minutes

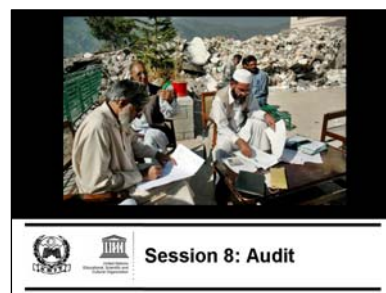
- The new PTC Guidelines give considerable financial authority to the PTCs which hopefully will use their position to improve the quality of their schools for the benefit of all students.
- PTCs have a responsibility to use the Rs. 200,000 that have been entrusted to them in an economical and transparent manner.
- District officials play a role in making sure that funds are used for the purpose intended for the benefit of the school.

Session 8: Audit

Learning objectives

By the end of this session participants will be able to:

- Prepare more effectively for an audit



Session outline

Content	Approx. Time	Instructional Activity
1. Introduction	10 minutes	Plenary presentation
2. Exercise: What will the auditors look for?	20 minutes	Small group activity
3. Debriefing and conclusion	15 minutes	Gallery walk and plenary discussion
Total Time	45 minutes	

Materials needed or special preparation for this session

Handout "Execution of Audit Work" copied for all participants.

Session activities

1. Introduction

10 minutes

- Review the session objectives with participants.
- Review the two slides related to the purpose of auditing and some audit terms

Objectives

- Prepare more effectively for an audit

Audit

- An examination of the accounts to express an opinion on the:
 - Fair presentation of the financial statements
 - Compliance with rules and regulations
- Examines accounts to look for waste, fraud, and areas for improvement
- Findings reported to the Legislature

A few terms ...

- Pre-audit: system of checks before a payment is made (accounting function) – auditors test that these checks are working and complied with
- Local audit inspection: conducted at premises of auditee
- Performance auditing (of development projects): also includes opinion on strengths and weaknesses of project

2. Exercise: what will the auditors look for?

20 minutes

- Divide participants into five small groups for this activity.
- Assign one of each of the following categories to each small group.
 - A. Cash (includes checks) and expenditures (not including establishment charges)
 - B. Fixed assets (such as furniture, equipment, computers, vehicles)
 - C. Supplies (consumable items such as stationery, newspapers)
 - D. Stocks (e.g. stocks of textbooks)
 - E. Payroll and allowances and TA Bills
- Ask the groups to answer the questions on page 54 of their Workbooks. Their answers should be as specific as possible. They should write their answers on flipcharts.
- Give the groups 20 minutes to work on this activity.
- As the groups work, circulate around the room to make sure that the groups are giving specific answers and to answer any questions that arise. Encourage the groups to write their answers directly onto the flipcharts to save time.

3. Debriefing and conclusion

15 minutes

- After 20 minutes, ask the groups to hang their flipcharts on the wall.
- They should conduct a gallery walk to review the charts of other groups. Ask if there are any questions or if anything should be added to the charts.
- Distribute the handout “Execution of Audit Work” and tell participants that they should read through this to see the types of things the auditors are likely to examine.

Session 9: Financial reporting and analysis

Learning objectives

By the end of this session participants will be able to:

- Analyze expenditure statements and suggest follow-up actions
- Describe what is meant by re-appropriation and supplementary grants



Session outline

Content	Approx. Time	Instructional Activity
1. Introduction	5 minutes	Plenary presentation
2. Exercise: Analysing expenditure statements	45 minutes	Small group activity and debriefing
3. Re-appropriation and Supplementary Grants	15 minutes	Presentation
4. Re-appropriation case studies	20 minutes	Small group activity
5. Conclusion	5 minutes	Plenary discussion
Total Time	90 minutes	

Materials needed or special preparation for this session

Calculators for the groups to use.

Session activities

1. Introduction

5 minutes

- Review the session objectives with participants.
- Explain that managers must know how to interpret and analyze financial information in order to make good decisions,
- In this session we will practice analyzing financial data with the objective of using it to manage district activities better.

Objectives

- Analyze expenditure statements and suggest follow-up actions
- Describe what is meant by re-appropriation and supplementary grants

2. Exercise: Analysing expenditure statements

30 minutes

- Explain the exercise to participants. Tell them that they will be analyzing an Expenditure Statement for District Zaripur for the month ended February 2008.
- Review each of the columns on the Expenditure Statement so participants understand each one.
 - Budget: represents the 2007-08 budget for each expenditure

District Zaripur

1. Review the February 2008 Expenditure Statement for District Zaripur on page 57.
 - Budget: 2007-08 budget
 - Feb: expenditures for month of February
 - Previous: total expenditures Jul 1 – Jan 31
 - Total: sum of Feb and Previous
 - Balance: Budget – Total (i.e. the remaining budget)
 - % expended: percentage of the budget that has been expended through the end of February

- Feb: represents the expenditures that were made in the month of February
 - Previous represents the total of the expenditures that were made from July 1 – January 31
 - Total is the sum of Feb and Previous (i.e. the total of the expenditures that were made from July 1 – February 28)
 - Balance is the Budget – Total (i.e. the remaining budget)
 - % expended (a new column, not on the Pakistani forms but useful for analysis purposes) is the percentage of the budget that has been spent as through the end of February
- Tell participants to review the Expenditure Statement and answer the questions on page 57: what questions do they have about expenditures to date in District Zaripur? What actions would they suggest after having reviewed the Statement?
 - Tell them they have 30 minutes to conduct their analysis.
 - As participants work, circulate among the groups to answer any questions and make sure the instructions are clear.
 - After 30 minutes ask the groups to stop working.
 - Conduct a round robin debriefing to consolidate a list of questions about the Expenditure Statement. Ask one table for one of their questions, then ask the next table for another question. Continue this process until there are no new questions.
 - Possible questions should include:
 - Why is the amount expended on basic salaries lower than what might be expected? If the budget is 100% accurate, we would expect that as of the end of February (the end of 8 months), 8/12 or 66% of the salary budget would have been expended.
 - Will you use the full salary budget during this fiscal year? That is, will more contract staff be hired or will vacant posts be filled?
 - Why is the amount expended on conveyance allowance, ad hoc relief allowance and special relief allowance so high (more than 75%) especially if only 55% of the basic pay budget has been expended? Is there an error here?
 - Why has 84% of the telephone budget been expended? Will you have enough in the budget for the remaining four months of the year?
 - Will you need the full budgets for postage, gas, water, electricity, rent this year or can some of that money be re-allocated?
 - Why has 82% of the travelling allowance been expended? Does this mean that you will have to curtail monitoring visits in order to stay within budget?
 - Why has so little of the repairs and maintenance budget been expended? Do you plan to use these amounts or should they be surrendered?
 - Then ask each group for their recommendations.

District Zaripur
1. Review the February 2008 Expenditure Statement for District Zaripur on page 57 2. What questions do you have about the expenditures in District Zaripur? 3. What follow-up actions do you recommend based upon your review of the Expenditure Statement? You have 30 minutes

3. Re-appropriation and Supplementary Grants

15 minutes

- Review the definition of re-appropriation and terms of re-appropriation.
- Review the slides on Excesses and Surrenders and Supplementary Grants

Re-appropriation

- Transfer of savings in the provision of expenditure for one object to meet excess expenditure anticipated under another such object.
- Limits of re-appropriation are set by the Council
- Generally not made until the second half of the year

Excess and Surrenders

- Statement submitted in March every year as per budget calendar
- Based on this information, revised budget estimates are computed
- Revised budget estimates should be used for preparing next year's budget

Supplementary Grants

- Amount over and above expenditure budgeted in schedule of authorized expenditure
- Must be approved by the Council

4. Re-appropriation case studies

20 minutes

- Ask participants to work in small groups to complete the three short re-appropriation case studies found on page 60.
- For this exercise, they should make sure to review the table of re-appropriation powers and use the information provided.
- Answers for the case studies.

- Case 1: Under the delegation of powers for reappropriation approved by the council, a DDO can reappropriate within units of appropriation under his control provided the appropriated amount does not exceed Rs. 10,000. In this example the DDO has reappropriated Rs. 15000 which is beyond the powers delegated to him by the council. ***DDO should have sent the case for reappropriation to his Head of Office.***
- Case 2: The reappropriation powers exercised by DDO are in accordance with the Reappropriation powers delegated to him.

Case Studies

1. Under the delegation of powers for reappropriation approved by the council, a DDO can reappropriate within units of appropriation under his control provided the appropriated amount does not exceed Rs. 10,000. In this example the DDO has reappropriated Rs. 15,000 which is beyond the powers delegated to him by the council. *DDO should have sent the case for reappropriation to his Head of Office.*

Case 2

The reappropriation powers exercised by DDO are in accordance with the Reappropriation powers delegated to him.

- Case 3: EDO(F&P) has exceeded the powers delegated to him by the council, and since this is a case of new scheme where funding can only be given through a supplementary grant, this ***requires the approval of the district council.***

Case 3
<ul style="list-style-type: none">▪ EDO(F&P) has exceeded the powers delegated to him by the council and this is a case of new scheme where funding can only be given through a supplementary grant which requires the approval of district council.

5. Conclusion

5 minutes

- Analysing and using financial information to make decisions is a critical component of financial management. Managers must make sure that they have timely financial information that they can compare against their budgets in order to utilize their budgets fully and to request re-appropriation when warranted.

Session 10: Review exercise

Learning objectives

By the end of this session participants will have:

- Practiced using proper internal control procedures to make financial transactions
- Practiced preparing Expenditure Statements
- “Audited” transactions prepared by another team



Session outline

Content	Approx. Time	Instructional Activity
1. Introduction and instructions	10 minutes	Plenary presentation
2. Making a plan/budget	20 minutes	Small group activity
3. Obtaining quotes and making purchases/ arranging for services	20 minutes	Small group activity
4. Finalising records and preparing Statement of Income and Expenditure	20 minutes	Small group activity
5. Auditing another PTC	30 minutes	Small group activity
6. Audit findings/ “paras”	20 minutes	Presentations and plenary discussion
7. Debriefing	10 minutes	Plenary discussion
Total Time	130 minutes	

Materials needed or special preparation for this session

Calculators for the groups to use, simulation forms (attached at the end of these trainer’s notes) [approximately 40 receipts; 80 vouchers; four “checkbooks”, each consisting of 20 checks; four Statements of Income and Expenditure; 12 cash books-income; four cash books-expenditures], instructions for the four PTCs, the local shopkeepers, local construction companies and local tradespeople.

Session activities

1. Introduction

10 minutes

- Explain to participants that this is a review session of much of what they have learned in the course.
- The review will occur via a simulation exercise/role play.
- Ask if anyone can describe what is meant by a simulation exercise.
- Explain that participants will all be given a role and that in order to make the exercise successful, they must play their roles well. They must be creative and act out their roles to the best of their abilities.
- Explain the roles in the simulation. There will be:
 - Four PTCs that will consist of 4-6 members each. Every PTC should nominate one member to be the Chairperson and one member who will play the role of the Head Teacher/Secretary of the PTC. The rest of the group will be voting members of the PTC. Each PTC will receive an instruction that describes their

school. The goal of each PTC is to plan for and spend their Rs. 200,000 allocation.

- Three local shopkeepers who are selling stationery, supplies, teaching/learning materials – anything a school could need.
 - Three local construction companies who can do repair or construction work.
 - Two-three local tradespeople who can repair furniture or do minor repairs at the schools.
- The local business people are all in competition. Their goal is to make as much money as possible. They should be creative and think like business people for this exercise. They also need to record all of their sales/transactions and deposit all the checks that they receive in the “bank” (with the workshop facilitator).
 - Ask for volunteers to play the roles of the local business people (shopkeepers, construction companies and tradespeople).
 - Depending on the number of people present, then form four PTCs with the remaining people. If possible, form two PTCs with the women in the group (since all PTC members of girls’ schools are to be women) and two PTCs for the boys’ schools. If there are not enough women in the group, then ask some of the men to join the PTCs for the girls’ schools.
 - Explain to the PTC members that they will be given forms to use during the exercise. They should fill out their paperwork correctly as they will be subject to audit at the end of the exercise. Review the forms, making sure that participants know that the vouchers are filled out when they make a purchase and receipts are filled out when they receive money, e.g. if they want to ask parents or local businesses to make a monetary contribution to the PTC.

2. Making a plan/budget **20 minutes**

- Tell the PTCs that they have 20 minutes (maximum) to make their plan/budget for how they will spend their Rs. 200,000 allocations.
- During that time, meet separately with the local business people. Reinforce that they should be very creative in their roles. They may choose to use the price lists that they have been provided or they may make up their own prices. They should be creative and think like good Pakistani business people. Their goal is to make as much money as possible. Remind them that they are in competition with each other to make more money. Ask them to use this time to make signs for their business and prepare their price lists.

3. Obtaining quotes and making purchases **20 minutes**

- After 20 minutes, encourage the PTCs to finish up their plans (if they have not already) and begin shopping for quotations and purchasing goods and services. Tell them they have only 20 minutes remaining to make all their transactions. Their goal is to spend their entire Rs. 200,000 allocation so time is short!
- Monitor the groups carefully to make sure that all the PTCs are actually making their purchases and spend their money in time.

4. Finalising records and preparing Statements of Income and Expenditure **20 minutes**

- After 50-60 minutes from the start of the exercise (when it looks as though most people have made their agreements), distribute the Statements of Income and Expenditures to the PTC members and ask them to complete the Statements and make sure that all of their records are in order for the auditors. During this time, ask the local business people

to finalize their earnings so they can report how much they made during the debriefing of the exercise.

5. Auditing another PTC **30 minutes**

- Ask the local business people to join the four PTCs.
- Then ask the two PTCs from the girls' schools to swap records and the two PTCs from the boys' schools to swap records. They should audit each other's records and record their audit findings.
- Tell the groups that they have 30 minutes to complete their audit.

6. Audit findings/ "paras" **20 minutes**

- After 30 minutes (or when the groups have finished their audits), ask the groups to present their audit findings.
- Comment as appropriate.

7. Debriefing **10 minutes**

- If it is time for lunch, break now and prepare a few concluding remarks for after lunch.
- During the debriefing, ask each local business person how much money he made and write the results on a flipchart.
- Then ask each PTC whether they were able to spend their Rs. 200,000. Did they spend their money according to their plan? What problems did they face?
- Comment on the audit findings and ask for ideas of how participants could have improved their record keeping.
- Congratulate everyone on their performances.

Session 11: Workshop evaluation and closing

Learning objectives

By the end of this session, participants will have:

- Evaluated the workshop
- Received their certificates

Session outline

Content	Approx. Time
1. Introduction	05 minutes
2. Evaluation of the course	30 minutes
3. Closing Remarks	25 minutes
Total Time	60 minutes

Materials needed for the session

Course certificates

Session activities

1. Introduction 05 minutes

- Thank the participants for the work that they have undertaken during the workshop.
- Remind participants that their feedback is especially important as this is a pilot course and any modifications will be on the basis of analysis and their feedback. Explain that it is more important to have full comprehensive comments than it is to have comments in English.

2. Evaluation of the course 30 minutes

- Ask the group to turn to page 63 in their workbook and to complete the evaluation form.
- Remind participants that it is not necessary to put their names on the evaluation form.
- Ask participants to tear the page from their workbooks and hand them in.

3. Closing Remarks 25 minutes

- If there is a senior official present to close the workshop, introduce them and hand over for the closing remarks.
- Ask the senior official to hand out the certificates
- Thank all the participants and organizers and adjourn the workshop.

Workshop handouts and special materials

Instructions:

On the next several pages are all the handouts and special materials that you need for this workshop. Read the instructions carefully and prepare these materials in advance of the workshop.

- **For session 3:** You will need 5-6 copies of the steps in the budget calendar (pages 35-41) which will need to be photocopied and cut into separate pieces of paper (one budget calendar step per paper) before the workshop begins.
- **For session 7:** Exercise: Review of PTC financial records (pages 42-45). Print out one copy of this exercise and sign the original with fictitious signatures in the places indicated. You may want to omit one or two signatures to see whether participants notice the error in their review of the records. After you have made all the signatures, make enough copies for all participants.
- **For session 8:** Make enough copies of the handout “Execution of Audit Work” (pages 46-51) for all participants.
- **Session 10:** This is a simulation exercise that consists of multiple pieces, which are all attached starting on page 52, Prepare them as follows:
 - Read the handouts titled “Final review exercise instructions”.
 - There are four schools identified in the handouts (pages 52-55). You should make 5-6 copies of these four pages depending on how many participants are in the workshop and how many will play the role of PTC members during the exercise.
 - Decide how many shopkeepers, local construction companies and tradespeople you want to have in the exercise (two or three). Then make two or three photocopies of the instructions for each of these roles (pages 56-58).
 - Four copies (one for each PTC) of the documents labeled **Cash Book Income**, **Cash Book Expenditure**, and **Statement of Income and Expenditure** (pages 59-61).
 - Four copies of the checks for the checkbooks (pages 62-66). Note there are 20 checks for each checkbook. The checks are pre-number 1001-1020. These pages should be photocopied and then cut into checks. Staple the set of 20 together in numerical order.
 - Eight or nine copies of the **Vendor/Contractor Cash Book Income** (page 67), depending on the number of local business people you will have during the exercise.
 - Print out and cut enough voucher forms (page 68) to give each PTC approximately 20 copies.
 - Print out and cut enough receipt forms (page 69) to print out and give each PTC approximately 10 copies

Issue call letter and budget guidelines

Submit prioritized list of schemes (with administrative approval/technical sanction) to Development Committee for inclusion in ADP

**Submit Excesses and Surrenders
Statement**

**Submit Estimates and Supplementary
Budget, if required**

Submit Statement of New Expenditures

**Submit draft Budget to Council based
on initial estimates provided by the
Provincial Government**

Review of draft budget by Council

**Obtain input from Government and
Public on proposals agreed by the
Council**

Revise and finalize budget

**Submit final budget to Council based
on final estimates provided by the
Provincial Government**

Approval of final budget

**Current budget grants communicated
to concerned offices**

Finalize accounts of previous year

Exercise: Review of PTC financial records

Instructions: You are an official from the Schools & Literacy Department, District Alpuram. You are on a mission to review the financial records of the PTC at GGHS Alpuram. You have asked the Principal to show you the financial records of the PTC so you can review them and suggest areas for improvement. She shows you the following records in addition to the bank statements from the National Bank of Pakistan. The latest bank statement (May 31, 2008) indicates that the PTC has Rs. 25,000 in their account.

School name: GGHS Alpuram

Cash Book Income/Receipts

Date	Description	Receipt No.	Amount	Total (Rs.)
15/7/07	PTC grant from Provincial government		200,000	200,000
10/9/07	Contributions from parents (100 parents, Rs 50 each)		5,000	205,000
30/9/07	Contribution from Mr. Mohammad Ali Khan (local business man)	1	25,000	230,000
15/4/07	Contributions from parents (75 parents, Rs. 50 each)		3,750	233,750

Statement of Income and Expenditure

Name of school: GGHS Alburnam

Circle: Usmaniabad

Financial Year 2007-08

Sr. No.	Income		Expenses	
	Details	Amount	Details	Amount
1	Grant from Provincial Government	200,000		
2			Chalk and dusters	640
3			Repair of chairs and desks	7,500
4			Tables for teachers	3,000
5			Blackboards	4,000
6	Contributions from parents	5,000		
7	Contribution from Mr. Mohammad Ali Khan	25,000		
8				
9			Materials for repair of boundary wall	9,000
10			Uniforms for needy students	10,000
11	Contributions from parents	3,750		
12			Construction of new classroom	160,000
Total		233,750		194,140

Signature Chairperson

Signature Secretary

Signatures other members

1 _____ 2 _____

3 _____

4 _____

5 _____

6 _____

Date 31/7/07 Voucher # 1

Sr. #	Description	Amount
1	8 boxes of chalk	400
2	8 dusters	240
Total		640

Signature receiver _____
Signature Secretary _____

Date 31/7/07 Voucher # 2

Sr. #	Description	Amount
1	Repair 30 chairs	3,000
2	Repair 30 desks	4,500
Total		7,500

Signature receiver _____
Signature Secretary _____

Date 15/8/07 Voucher # 3

Sr. #	Description	Amount
1	3 teacher tables	3,000
Total		3,000

Signature receiver _____
Signature Secretary _____

Date 15/8/07 Voucher # 4

Sr. #	Description	Amount
1	10 uniforms	5,000
Total		5,000

Signature receiver _____
Signature Secretary _____

Date 15/8/07 Voucher # 5

Sr. #	Description	Amount
1	4 blackboards	4,000
Total		4,000

Signature receiver _____
Signature Secretary _____

Date 31/8/07 Voucher # 8

Sr. #	Description	Amount
1	4 bags cement	1,000
2	2 trolley loads sand	4,000
3	2 loads crushed gravel	4,000
Total		9,000

Signature receiver _____
Signature Secretary _____

Date 12/2/08 Voucher # 9

Sr. #	Description	Amount
1	13 uniforms	10,000
Total		10,000

Signature receiver _____
Signature Secretary _____

Date 25/4/08 Voucher # 10

Sr. #	Description	Amount
1	1 new classroom	160,000
Total		160,000

Signature receiver _____
Signature Secretary _____

Execution of Audit Work¹

Introduction

In this part, we will analyze the objectives of district education accounts auditing and discuss the stages in the process involved. The audit party exercise audit checks of the following auditable documents and other documents and other records maintained by the Division so as to bring out the irregularities noticed during audit and to improve the state of work regarding maintenance of accounts in the audited organization:

1) Cash Book

- a) **Physical Verification of Cash:** The Inspecting Officer verifies the cash-in-hand on the first day of the audit by actual counting and records the certificate to that effect in the Cash Book under his dated signatures. In case if discrepancy is found the matter is reported to the headquarters.
- b) **Checks:** The Cash Book is checked in detail for the month selected for test audit. For the rest of the months a general scrutiny is made. The receipt side of the Cash Book is checked with counterfoils of receipts and bills (on accounts) of amount drawn from Accounts Offices, Banks and Treasuries. The payment side of the Cash Book will be checked with supporting vouchers and the Treasury challans showing amounts credited into Treasury. The totals and balances of the cashbook will then be checked to see that:
 - All cash transactions are entered as soon as they occur.
 - The cashbook is closed regularly.
 - The head of office has furnished a certificate that he has verified the cash balance at the end of every month.
 - The expenditure shown in the "Permanent Advance" column justified retention of the full amount of permanent advance.
 - The cash balance in the hands of the cashier is sufficiently covered by his security deposit.
 - The amount remitted into Treasury has been reconciled.

2) Discretionary Grant:

It is seen that the:

- a. Un-utilized amounts have been surrendered to Government account
- b. Amount has been sanctioned by the competent authority i.e. Minister
- c. Register of Discretionary Grant has been maintained
- d. Payee's receipts are available in the files

3) Personal Ledger Account:

The audit should see:

- a. The personal ledger account was opened with the sanction of the competent authority
- b. Prepare vouchers are maintained for the amounts shown as paid
- c. Payment should not exceed the balance at credit of a particular account

¹ Source: *Financial Management* module, prepared by Academy of Educational Planning and Management, Islambad, 2007.

- d. The account was put out and agrees with the balances in the ledger

4) Audit of Expenditure:

It is seen that,

- a. Sub-vouchers not required to be sent to the audit are defaced and cancelled so that they cannot be used again
- b. There is proper sanction either special or general accorded by the competent authority authorizing the expenditure
- c. The payment has been made to the proper person
- d. The charges do not exceed any rate of scale fixed under the rules or orders issued by the competent authority and that all arithmetical calculations are correct
- e. The expenditure has been incurred with due regard to financial propriety e.g. supplies in excess of requirements have not been obtained by review the stores and stocks at that point, the purchases have not been made at higher than the reasonable prices and the expenditure has been incurred only for legitimate purpose etc.
- f. The tenders have been invited for large-scale purchases and that in cases in which tenders other than the lowest have been accepted; adequate reasons for non-acceptance of the lowest tenders exist
- g. The expenditure has not been unnecessarily incurred to prevent the lapse of the budget grant or the charges incurred in one financial year have not been met from the budget grant of the next year
- h. There is no wastage
- i. No money is expended except in accordance with rules of the Government and after due provision of funds.

5) Contingent Vouchers:

Contingent expenditure relating to two months is checked in detail and of remaining months it is reviewed generally. This is to see that:-

- a. The local organization exercises the same vigilance in respect of contingent expenditure as a man of ordinary prudence would exercise in spending his own money and that the rules regarding the preparation of vouchers are observed.
- b. The charges are of obvious necessity, are made at fair and reasonable rates and that prior sanction for any special item requiring such a sanction has been obtained.
- c. Every payment is supported by a payment order signed by the D.D.O.
- d. Every payment has been acknowledged by the payee and is dated.
- e. All vouchers for sums in excess of Rs. 20/- bears revenue stamps which has been defaced.
- f. The details given in the sub-vouchers agree with the entries in other registers or records maintained in the office.
- g. The flow of expenditure is even and that if expenditure is un-usually large in June, it has not lead to financial irregularities.
- h. The expenditure is within the available appropriation and that all steps have been taken by the D.D.O. with a view to obtain an additional appropriation if the original is likely to be exceeded.
- i. No money is withdrawn from the Treasury merely to prevent the lapse of the budgetary grant.
- j. No money is withdrawn from the treasury unless it is required for immediate disbursement.

- k. Charges, which are in admissible or are in excess of the sanctioned scale have not been concealed by showing them under contract contingencies or by splitting them into two or more different bills.
- l. All vouchers have been cancelled or defaced so as to prevent a second claim on the same score.
- m. The purchases of typewriters, duplicating machines and duplicators as well as stationary are made in accordance with the rules contained in the Printing and Stationary Manual.

6) Contingent Register:

The entries in the contingent register are checked with the supporting vouchers to see that:

- a. Cash entry of payment has been recorded in the contingent register as soon as the payment has been made and has been initialed by the D.D.O.
- b. Payments have been correctly entered in the columns having as heading the classification under which the expenditure falls.
- c. The total of the entries of the sub-vouchers agree with the total of the contingent bill drawn
- d. Progressive totals expenditure are made from month to month and do not exceed the budget allotment noted at the top of the register under each head
- e. Sub-vouchers are properly numbered.

7) Audit of Contracts:

- a. The proper contracts for acquiring the consultancy services, construction of civil works, purchase of machinery equipments, supplies and other service should be entered into, to ensure smooth plan and completion
- b. The contracts have been signed by the competent authority as give in Annex-I GFR-Vol. II, & Rule-7 of Rules of business.
- c. The terms of contract are precise and specific, standard contract form has been used.
- d. No uncertain or indefinite liability has been contracted for without the approval of finance Division.
- e. Open Tenders have been invited and in cases where the lowest tender is not accepted, reasons are recorded.
- f. Financial and expertise wise status of contractor have been considered.
- g. Clause for obtaining reasonable percentage of value of contract as security has been agreed to.
- h. Penalty clause has been agreed to, to ensure timely completion of contract.
- i. Cost & Risk Clause: A clause has been included in documents under which contractor is bound to bear the cost of abandoned work.
- j. Mode of payment has clearly been spelt out in the contract.
- k. Provision has been made in the contract to safeguard Government property entrusted to contract.
- l. When the contract is likely to endure for a period of more than 5 years, provision for unconditional power of revocation or cancellation by Government at any time on the expiry of six months, notice, has been made.

8) Stores Audit:

The regulations for the audit of the stores accounts are contained in Appendix-2 of the Audit code: Stores

Accounts are checked in detail during local audit and a certificate of audit over the signature of the Gazetted Officer is appended to each store's account audited and published in the appropriation Accounts. It should specially be seen that:

- a. The requisitions for materials are approved by the competent authority
- b. The tenders are invited for the purchases under the orders of the competent authority and that purchases are made through government Agency, namely; Director General Supply and Development, Civil Supplies, etc.
- c. There are reasonable checks against the receipt of illicit commissions by the officials
- d. The copies of the orders are prepared for the required number and sent to the authorized parties
- e. The advices are received for the deliveries under orders and proper record is kept of the deliveries against orders
- f. The orders are usually completed by the suppliers of one order before the commences delivery on a subsequent order
- g. The goods are received from the authorized officer and checked with the relevant purchase order
- h. The invoices are marked when checked
- i. The proper check is there that all requisitioned notes reach office
- j. The requisitioned notes are priced by the authorized officer and the correct prices are obtained
- k. The prices, extensions and additions are correctly kept
- l. The priced store ledger is posted from the correct source and also to receipts and issues
- m. The materials including those specifically ordered for special jobs pass through the Store Keepers record
- n. The physical verification is conducted regularly and the differences are treated in the normal way
- o. The bills are paid after verifying the fact that the stores entered in the relevant registers have actually been received
- p. The acquisition of stores has been made in the most economical manner and they are not stocked in excess of requirements
- q. Prompt steps have been taken to dispose off unwanted and obsolete store.

9) Stock Register: (Dead Stock, Consumable Articles, Stationary, Liveries, Postage Stamps and Library)

Entries in the stock registers of selected months are examined in detail while transactions relating to the remaining period are reviewed generally. It is seen that:

- a. These have been maintained in the prescribed forms
- b. Separate page is allotted for each article, the nomenclature of the article having been given at the top of the relevant page
- c. the dead stock items i.e. articles of permanent nature should not be charged off at the time of issue, but only distribution to different person should be indicated in pencil in the remarks column
- d. The opening balances have been correctly brought forwarded
- e. Items purchased have been shown on the receipt side
- f. Issues have been made in accordance with the sanctioned scales
- g. The closing balances have been correctly worked out
- h. Sale proceeds of un-serviceable articles disposed off by public auction or otherwise have been credited into the Treasury
- i. Stores have been physically verified and certificate to that effect is recorded in stock registers, against each item mentioning number and the condition of the article counted.

10) Pay and T.A. Bills:

The acknowledgement in respect of pay and T.A. during the selected months shall be checked after a thorough scrutiny of the amounts claimed and drawn therein. Any irregularity or omission on the part of D.D.O./ Controlling Officer in scrutinizing the T.A. bills is pointed out. A case in which T.A. was issued is brought out. G.P. Fund deductions are checked whether they are according to the scale presented.

11) Permanent Advance:

It is seen that the permanent advance is recouped whenever it is running short and in any case at the end of each month.

12) Telephone Bills:

The checks involved here are to see that:

- a. The ceiling of the official/ residential telephone calls are adhered to in accordance with the instructions issued by the Cabinet Division from time to time.
- b. The trunk calls have been entered in the Trunk Call Register.
- c. Whether recovery of private calls has been affected from persons concerned.

13) Log Book and Movement Registers of Staff Cars:

The checks are made in order to see:

- a. That the approval of the Cabinet Division for the maintenance of vehicles is present on record
- b. That the ceiling of petrol consumption of the entitled officers has been adhered to
- c. That movement register is maintained in the form prescribed as provided in the rules
- d. That recoveries have been made in respect of private journeys and misuse of vehicles has been avoided
- e. That the Log Book is maintained on proper form
- f. That the repairs of vehicles have been entered in the relevant Log Book of the vehicle
- g. That the Petrol Account Register is maintained in the prescribed form and the entries have been made therein.

14) Entertainment Register:

This register is checked to see:

- a. Whether it has been maintained according to the instructions issued by the Ministry of Finance (Regulation Wing)
- b. That light refreshment does not exceed Rs. 5/- per head at meetings convened for official business
- c. That for receptions, lunches and dinners, expenditure not exceeding Rs. 5,000/- in each case has been incurred
- d. That for serving lunch boxes expenditure not exceeding Rs. 40/- per head has been incurred are prolonged beyond office hours without break in the interest of Government work
- e. List of participants have been maintained for each meeting
- f. Expenditure from entertainment should be incurred on constituted meetings

15) Long Term Advances Registers: (HBA and Car/Motorcycle Advance):

The following points are seen:

- a. Separate register for each type of advance has been maintained
- b. Purchase documents of HBA, MCA & Cycle Advance granted to non-gazetted staff (B-1 to 16) have been obtained and maintained
- c. Recovery of advances is being regularly affected
- d. Whether interest has been calculated and recovered from the officials whose recovery have been completed

16) Library Register:

It is seen that library books issued to the officers/ officials have been returned by the prescribed dates. List of books not returned by the staff is prepared showing the cost of each book.

17) Leave Accounts and Service Book:

Leave Accounts and Service Books of the non-gazetted staff are seen to ensure that they are kept in a satisfactory manner. Test audit will be limited to 5 to 10% of the leave accounts and books.

18) Newspaper Account:

These accounts are checked to see:

- a. Whether the number of the Newspaper has been approved by the competent authority
- b. That the Attendance Register has been maintained and Newspapers entered in that register.

19) G.P. Fund Register of Class-IV:

The register has been maintained according to the instructions issued by the Government and is complete in all respects.

20) Security:

It is seen that securities have been obtained from the Cashier and Store-Keepers.

21) To ensure that nominations for pension and G.P. Fund have been made and sent to A.G.P.R. under acknowledgement in duly acceptable form.

22) Review of the internal check system and report prepared by the department is carried out. To see that the irregularities pointed out has been rectified and steps taken to avoid future recurrence. It is also seen that copy of the report and comments of executive have been communicated to Audit.

23) Any other document maintained in the local office.

Sometimes, procedure differs in view of the nature of auditor organizations. More records other than those mentioned above are maintained which are subjected to audit.

Final review exercise instructions

Background information:

1. Your school is **GPS Hazigula** in District Alpunam, Circle Usmaniabad.
2. Your group consists of five members of a PTC. You should nominate one member to be the Chairperson of your PTC and one person to be the Secretary (the Head Teacher or Principal of the school). The other three people in your group will be parent members of the PTC.
3. Your schools has 83 primary students and two teachers. As with most schools in your District, your school needs everything! You need teaching and learning materials as well as registers and supplies for your school records. You have only one blackboard and it is badly in need of repair/repainting. Your children are sitting on the ground and there is only one table in the Head Master's office.
4. In addition, you only have one useable classroom and the roof is leaking in that classroom so when it rains, many students do not come to school. There is also a hole in the wall that needs to be repaired. When the weather is nice, half of the students sit outside in the open air for their classes with one of the teachers. When the weather is bad everyone shares the same classroom.
5. Perhaps as many as 20% of the children in your school are from poor families who cannot afford to buy school uniforms for their children.

Instructions:

1. You have **20 minutes** to decide how you will spend your Rs. 200,000 allocation (or a portion of your Rs. 200,000) and to purchase as many items as you can. If you decide to repair anything at your school or to undertake any construction activities for your school, you must also make arrangements with local tradespeople or construction companies during this time.
2. You must be able to account for all the Rs that you spend, which means that you must complete all the necessary documents (vouchers, checks, registers etc.) at the time you purchase materials or contract for services.
3. If you collect any additional donations for your PTC, properly completed and signed receipts must also be filled out.
4. Your accounts and records are subject to Third Party audit so make sure that all of your paperwork is correct.
5. Good luck!

Final review exercise instructions

Background information:

1. Your school is **GGPS Usmania** in District Alpunam, Circle Usmaniabad.
2. Your group consists of five members of a PTC. You should nominate one member to be the Chairperson of your PTC and one person to be the Secretary (the Head Teacher or Principal of the school). The other three people in your group will be parent members of the PTC.
3. Your schools has 74 primary students and two teachers. As with most schools in your District, your school needs everything! You need teaching and learning materials as well as registers and supplies for your school records. You have only one blackboard and it is badly in need of repair/repainting. Your children are sitting on the ground and there is only one table in the Head Mistress' office.
4. There is no boundary wall at your school and no access to water. This is a serious problem for the teachers and the children.
5. In addition, you only have one useable classroom and the roof is leaking in that classroom so when it rains, many students do not come to school. There is also a hole in the wall that needs to be repaired. When the weather is nice, half of the students sit outside in the open air for their classes with one of the teachers. When the weather is bad everyone shares the same classroom.
6. Perhaps as many as 30% of the children in your school are from poor families who cannot afford to buy school uniforms for their children.

Instructions:

1. You have **20 minutes** to decide how you will spend your Rs. 200,000 allocation (or a portion of your Rs. 200,000) and to purchase as many items as you can. If you decide to repair anything at your school or to undertake any construction activities for your school, you must also make arrangements with local tradespeople or construction companies during this time.
2. You must be able to account for all the Rs that you spend, which means that you must complete all the necessary documents (vouchers, checks, registers etc.) at the time you purchase materials or contract for services.
3. If you collect any additional donations for your PTC, properly completed and signed receipts must also be filled out.
4. Your accounts and records are subject to Third Party audit so make sure that all of your paperwork is correct.
5. Good luck!

Final review exercise instructions

Background information:

1. Your school is **GGMS Manzura** in District Alpunam, Circle Usmaniabad.
2. Your group consists of five members of a PTC. You should nominate one member to be the Chairperson of your PTC and one person to be the Secretary (the Head Teacher or Principal of the school). The other three people in your group will be parent members of the PTC.
3. Your school has 60 students and eight teachers. As with most schools in your District, your school needs everything! You need teaching and learning materials desperately as well as registers and supplies for your school records. You have only one blackboard in the entire school. You have desks and chairs for 35 students and 15 chairs and desks need to be repaired.
4. Your school was damaged during the earthquake but the engineers have determined that it is structurally sound. All of the classrooms have at least some cracks in the walls that need to be repaired and when it rains the roof leaks in all the classrooms.
5. Your boundary wall was almost completely destroyed during the earthquake. It urgently needs to be rebuilt in order to ensure that parents will continue to send their girls to school.
6. Perhaps as many as 20% of the children in your school are from poor families who cannot afford to buy school uniforms or supplies for their children.

Instructions:

1. You have **20 minutes** to decide how you will spend your Rs. 200,000 allocation (or a portion of your Rs. 200,000) and to purchase as many items as you can. If you decide to repair anything at your school or to undertake any construction activities for your school, you must also make arrangements with local tradespeople or construction companies during this time.
2. You must be able to account for all the Rs that you spend, which means that you must complete all the necessary documents (vouchers, checks, registers etc.) at the time you purchase materials or contract for services.
3. If you collect any additional donations for your PTC, properly completed and signed receipts must also be filled out.
4. Your accounts and records are subject to Third Party audit so make sure that all of your paperwork is correct.
5. Good luck!

Final review exercise instructions

Background information:

1. Your school is **GMS Alpura** in District Alpunam, Circle Usmaniabad.
2. Your group consists of five members of a PTC. You should nominate one member to be the Chairperson of your PTC and one person to be the Secretary (the Head Teacher or Principal of the school). The other three people in your group will be parent members of the PTC.
3. Your schools has 62 students and eight teachers. As with most schools in your District, your school needs everything! You need teaching and learning materials desperately as well as registers and supplies for your school records. Only two classrooms have blackboards and they are very badly maintained. You only have desks and chairs for 40 students and 20 of the chairs need to be repaired.
4. Your school was damaged during the earthquake but the engineers have determined that it is structurally sound. All of the classrooms have at least some cracks in the walls that need to be repaired and when it rains the roof leaks in all the classrooms.
5. Perhaps as many as 20% of the children in your school are from poor families who cannot afford to buy school uniforms or supplies for their children.

Instructions:

1. You have **20 minutes** to decide how you will spend your Rs. 200,000 allocation (or a portion of your Rs. 200,000) and to purchase as many items as you can. If you decide to repair anything at your school or to undertake any construction activities for your school, you must also make arrangements with local tradespeople or construction companies during this time.
2. You must be able to account for all the Rs that you spend, which means that you must complete all the necessary documents (vouchers, checks, registers etc.) at the time you purchase materials or contract for services.
3. If you collect any additional donations for your PTC, properly completed and signed receipts must also be filled out.
4. Your accounts and records are subject to Third Party audit so make sure that all of your paperwork is correct.
5. Good luck!

Final review exercise instructions

Background information and instructions: vendor/shopkeeper

You are a local merchant who sells all kinds of supplies – stationery, teaching learning materials, blackboards – anything that a school needs. If you do not have something in your shop, you can make arrangements to obtain it immediately.

As a local shopkeeper you have a very important role in this exercise. You must be creative and play the role of a shopkeeper as well as you can. You may bargain to get the best price that you can (after all you are a shopkeeper and you want to make a profit) but do your best to sell as much as you can during the next 20 minutes.

Here are a few suggested prices for some of your items but you may be creative and charge whatever amount you like. Also, if an item is not listed here, you may still sell the item for whatever price you are able to negotiate.

<i>Some of the items for sale</i>	<i>Rs.</i>
▪ Box of chalk	50
▪ Duster	30
▪ School mats	1,000
▪ Blackboards	1,000
▪ Wooden chair	300
▪ Wooden desk (for students)	400
▪ Teacher table	1,000
▪ Stock register	150
▪ Attendance register	150
▪ Paper (one ream)	450
▪ Box of 10 pens	50
▪ Ink for typewriters	50

Important: You have been given a cash book that you must fill out. For everything that you sell, make sure that you write down the school name, what you sold and the price that you sold it for. Make sure that you also send all the checks that you receive to the bank.

At the end of the exercise, you should compute how much money you have made. Your goal is to make more money than the other vendors. Good luck!

Final review exercise instructions

Background information and instructions: Local construction company

You are the owner of a local construction company. Your company is able to construct new classrooms, install water pumps/systems as well as repair or maintain existing buildings. You hire the best local laborers to do the work. You generally charge Rs. 300 per laborer per day. In addition you must charge for the supplies that are needed for repair and construction work.

As a local businessperson you have a very important role in this exercise. You must be creative and play the role of the owner of a construction company as well as you can. You may bargain to get the best price that you can (after all you are in business to make a profit) but do your best to sell as many of your services as possible during the next 20 minutes.

Here are a few suggested prices for some of your services but the list is not complete. Be creative and sell whatever is needed for the project at hand for whatever price you can charge.

<i>Suggested prices for some construction materials</i>	<i>Rs.</i>
▪ Cement (50 kg bag)	250
▪ Sand (trolley load)	2,000
▪ Crushed gravel (trolley load)	2,000

Important: You have been given a cash book that you must fill out. For everything that you sell, make sure that you write down the school name, what you sold and the price that you sold it for. Make sure that you also send all the checks that you receive to the bank.

At the end of the exercise, you should compute how much money you have made. Your goal is to make more money than the other local construction companies. Good luck!

Final review exercise instructions

Background information and instructions: Tradesman

You are a local tradesman. You are able to make minor repairs to school buildings and you can repair furniture as well. You generally charge Rs. 25 per hour. In addition you must charge for the supplies that are needed for repair work.

As a local tradesman you have a very important role in this exercise. You must be creative and play the role of a tradesman as well as you can. You may bargain to get the best price that you can (after all you need to make money to support your family and Eid is coming so you could use some extra money) but do your best to sell as many of your services as possible during the next 20 minutes.

Important: You have been given a cash book that you must fill out. For any services that you sell, make sure that you write down the school name, what you sold and the price that you sold it for. Make sure that you also send all the checks that you receive to the bank.

At the end of the exercise, you should compute how much money you have made. Your goal is to make more money than the other local tradesmen. Good luck!

Checks for checkbooks

School name: _____	Check number	1001
Circle Usmaniabad		
	Date	_____
Pay to the order of: _____		
Amount _____	Rs.	_____
Signatures _____		

School name: _____	Check number	1002
Circle Usmaniabad		
	Date	_____
Pay to the order of: _____		
Amount _____	Rs.	_____
Signatures _____		

School name: _____	Check number	1003
Circle Usmaniabad		
	Date	_____
Pay to the order of: _____		
Amount _____	Rs.	_____
Signatures _____		

School name: _____	Check number	1004
Circle Usmaniabad		
	Date	_____
Pay to the order of: _____		
Amount _____	Rs.	_____
Signatures _____		

School name:	_____	Check number	1005
Circle Usmaniabad			
		Date	_____
Pay to the order of:	_____		
Amount	_____	Rs.	_____
Signatures	_____		

School name:	_____	Check number	1006
Circle Usmaniabad			
		Date	_____
Pay to the order of:	_____		
Amount	_____	Rs.	_____
Signatures	_____		

School name:	_____	Check number	1007
Circle Usmaniabad			
		Date	_____
Pay to the order of:	_____		
Amount	_____	Rs.	_____
Signatures	_____		

School name:	_____	Check number	1008
Circle Usmaniabad			
		Date	_____
Pay to the order of:	_____		
Amount	_____	Rs.	_____
Signatures	_____		

School name: _____	Check number	1009
Circle Usmaniabad		
	Date	_____
Pay to the order of: _____		
Amount _____	Rs.	_____
Signatures _____		

School name: _____	Check number	1010
Circle Usmaniabad		
	Date	_____
Pay to the order of: _____		
Amount _____	Rs.	_____
Signatures _____		

School name: _____	Check number	1011
Circle Usmaniabad		
	Date	_____
Pay to the order of: _____		
Amount _____	Rs.	_____
Signatures _____		

School name: _____	Check number	1012
Circle Usmaniabad		
	Date	_____
Pay to the order of: _____		
Amount _____	Rs.	_____
Signatures _____		

School name: _____	Check number	1013
Circle Usmaniabad		
	Date	_____
Pay to the order of: _____		
Amount _____	Rs.	_____
Signatures _____		

School name: _____	Check number	1014
Circle Usmaniabad		
	Date	_____
Pay to the order of: _____		
Amount _____	Rs.	_____
Signatures _____		

School name: _____	Check number	1015
Circle Usmaniabad		
	Date	_____
Pay to the order of: _____		
Amount _____	Rs.	_____
Signatures _____		

School name: _____	Check number	1016
Circle Usmaniabad		
	Date	_____
Pay to the order of: _____		
Amount _____	Rs.	_____
Signatures _____		

School name:	_____	Check number	1017
Circle Usmaniabad			
		Date	_____
Pay to the order of:	_____		
Amount	_____	Rs.	_____
Signatures	_____		

School name:	_____	Check number	1018
Circle Usmaniabad			
		Date	_____
Pay to the order of:	_____		
Amount	_____	Rs.	_____
Signatures	_____		

School name:	_____	Check number	1019
Circle Usmaniabad			
		Date	_____
Pay to the order of:	_____		
Amount	_____	Rs.	_____
Signatures	_____		

School name:	_____	Check number	1020
Circle Usmaniabad			
		Date	_____
Pay to the order of:	_____		
Amount	_____	Rs.	_____
Signatures	_____		

Date _____		Voucher # _____
Sr. #	Description	Amount
Total		
Signature receiver _____		
Signature Secretary _____		

Date _____		Voucher # _____
Sr. #	Description	Amount
Total		
Signature receiver _____		
Signature Secretary _____		

Date _____		Voucher # _____
Sr. #	Description	Amount
Total		
Signature receiver _____		
Signature Secretary _____		

Date _____		Voucher # _____
Sr. #	Description	Amount
Total		
Signature receiver _____		
Signature Secretary _____		

Date _____	Receipt # _____
Description _____	

Amount _____	
Signature Secretary _____	

Date _____	Receipt # _____
Description _____	

Amount _____	
Signature Secretary _____	

Date _____	Receipt # _____
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Signature Secretary _____	

Date _____	Receipt # _____
Description _____	

Amount _____	
Signature Secretary _____	