

THROMDE BUDGET MANUAL

Ministry of Works and Human Settlement
Bhutan Second Urban Development Project (BUDP-II)
World Bank IDA Credit Project

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List of Abbreviations

Acronym	Description
BM	Budget Manual
CoA	Chart of Accounts
TDP	Thromde Development Plan
FRR	Financial Rules & Regulations
MoF	Ministry of Finance
MoWHS	Ministry of Works and Human Settlement
LG	Local Government

1. Introduction

The Budget Manual sets out the annual budget process of the Thromdes in Bhutan. This BM is prepared on the basis of the Budget Manual prepared under ‘The Financial Rules and Regulations 2016’ of the Royal Government of Bhutan.

Budget represents the periodic estimates of the receipt and expenditure of the Thromde. The budget estimates are to be prepared by each Department/Division/Section and then is being compiled. After review by the Thromde Tshodge, budget estimates are to be presented to the Ministry of Finance (MoF) and the National Assembly for final approval, especially the Government Grant. The main objective of budgeting process is:

- a. To plan in advance, the revenue and capital expenditure for the upcoming year and maintain control over the expenditure; and
- b. To ensure that no expenditure is incurred without proper budget grant.

Budgets are prepared to determine how well the Thromde has discharged its financial and resource management responsibilities. It helps in comparison of what has been accomplished in relation to fiscal policies and proposed time bound projects of the government.

It is essentially determining for the future period of time what is to be done, what is to be accomplished, the manner in which it is to be done, and the cost of doing it. It requires that the broad objectives of the agency be broken down into detailed work plans for each programme/sub-programme/activity/project and for each unit of the agency. Thus, the budget is a monetary definition of the future plans of the agency. It shall present in detail:

- a. estimated and actual revenues and receipts and expenditure of previous period(s);
- b. proposed appropriations for expenditure for the succeeding period(s); and
- c. proposed sources of revenue and receipts for the period(s);

The principal objective of the budget system is:

- a. To provide a framework for the assessment and allocation of resources, execution, monitoring and evaluation of all Thromde programs/projects/activities under a comprehensive fiscal plan developed, authorized and executed in accordance with laws, rules and regulations, and the principles of sound fiscal management;
- b. To provide for the budgetary status of the Thromde in such detail that persons entrusted by laws, rules and regulations with the responsibility can determine the adequacy of budget actions taken, authorized or proposed, as well as the true financial position of the Thromde; and
- c. To enforce effectively the various means of raising revenues and receipts, and the limitations on the expenditure of Thromde funds.

Several considerations must be weighed while preparing and evaluating budgets:

- a. The budget must balance a number of competing concerns: the challenge of budgeting is to allocate resources among a number of contending interests and constituency demands. Some activities are mandated by the Government law and there is relatively little flexibility to make cuts in these areas;
- b. The budget is an important policy statement to citizens: line items are important, but they must be explained in commentary that relates current expenditures to the levels of Thromde services, explains the need for capital investment, reviews the historical and projected growth in revenues and expenditures, summarizes the legal constraints on Thromde revenues and debt (if any), etc.;
- c. The budget must provide for continuous delivery of Thromde services: it is essential that

the Thomde have sufficient reserves for contingencies so that reductions in revenue do not jeopardize the delivery of important municipal services;

- d. The budget should relate to the comprehensive plan: the operating and capital budgets should relate to the Thomde's comprehensive plans like Thomde Development Plan (TDP) and other community planning documents. The community's priorities for future growth and expansion need to be reflected in expenditures; and
- e. The budget is a management tool: keep in mind that the budget is an effective management tool if performance is measured through specific quantitative goals and objectives.

2. Objectives of BM

The BM is comprehensive resource manual providing information, analysis and tools to assist officials of the Thromdes in Bhutan in planning and preparing annual budgets. The purpose of the manual is to introduce an objective budgeting system and monitoring and implementation of same. The manual also lays down in details the various steps to be followed while preparing the budget. It also discusses the various ways in which the Thromdes can be made accountable with respect to the expenditure incurred. The BM contains forms and formats for submission of budget proposal to the MoF which, can be used uniformly across all Thromdes.

3. Regulatory Framework of Thromdes

The Royal Government of Bhutan operates as a unitary state with 3 tiers of government: Central, Dzongkhags and Thromdes/Gewogs. Dzongkhags and Thromdes/Gewogs are local governments with elected bodies to represent the interests of local communities and fulfill their aspirations and needs. The institutional structure, responsibilities and powers of the local governments have been enshrined in the Local Government Act, 2009 (LG Act). Dzongkhags and Thromdes/Gewogs operate in a manner similar to other budgetary agencies with respect to the public financial management. The Financial Rules & Regulations 2016 which define the budgeting, accounting, internal controls and financial reporting requirements apply equally to the local governments. Thromdes have been granted the status of Autonomous Agencies and follow the same method of preparing budget like other government agencies.

The policy mandates give the Local Governments in Bhutan, the right to prepare their budgets and generate and utilize local revenues. To understand the policy mandates, following acts and regulations of the RGOB have been analyzed:

- a. The Constitution of the Kingdom of Bhutan;
- b. The Local Government Act of Bhutan, 2009 & The Local Government (Amendment) Act of Bhutan, 2014;
- c. The Thromde Rules of the Kingdom of Bhutan, 2011;
- d. The Financial Rules & Regulations, 2016;
- e. The Public Finance Act of Bhutan 2007 & The Public Finance (Amendment) Act of Bhutan 2012;
- f. The Thromde Finance Policy of Bhutan, 2012.

Article 22 of the Constitution of the Kingdom of Bhutan talks about the formation of Local Governments in Bhutan. These Local Governments have been made responsible for the provision of services to local communities in a sustainable manner and at the same time have been entitled with the following rights:

- a. To levy, collect and appropriate taxes, duties, tolls, and fees in accordance with such procedure and subject to limitations as may be provided for by Parliament by law;
- b. Entitled to adequate financial resources from the Government in the form of annual grants;
- c. Have been allocated a proportion of national revenue to ensure self-reliant and self-sustaining units of local self-government; and
- d. Entitled to own assets and incur liabilities by borrowing on their own account subject to such limitations as may be provided for by Parliament by law.

Thus, the Constitution of Bhutan in Article 22 lays down the formation of Local Governments in Bhutan along with their right to generate and utilize local revenues for the provision of services to local communities in a sustainable manner.

The following chapters of the Local Government Act of Bhutan, 2009 are of relevance to the Local Governments in Bhutan:

- a. Chapter 2 mentions about the formation of Local Governments in Bhutan thus covering Dzongkhag Tshogdu, Gewog Tshogde and Thromde Tshogde along with the kinds of Thromde such as Dzongkhag Thromde and Dzongkhag Yenlag Thromde.
- b. Chapter 4 mentions about the powers and functions of the Local Governments. It lays down the general powers of Local Government along with powers and functions (general, regulatory, administrative and financial) of Dzongkhag Tshogdu, Gewog Tshogde and

Thromde Tshogde in particular. Broadly, the various kinds of powers and functions of the Thromde Tshogde cover the following:

- i. Provision of civic and other services which are essential for the general well-being of the residents of a Dzongkhag Thromde;
 - ii. Administer and manage all government land falling within the jurisdiction of Thromde and register in the name of concerned Thromdes in accordance with the Land Act and approved local area plan;
 - iii. Purchase, lease, or otherwise acquire land and property or dispose it off in the interest of the Thromde in accordance with the policies of the Government;
 - iv. Frame and adopt rules and guidelines for enabling the Thromde to carry out its functions;
 - v. Enforce all laws and rules pertaining to the urban sector;
 - vi. Review and approve the annual budget to be met from its resources and review and endorse budget proposals for submission to the Ministry of Finance for Royal Government funding where necessary;
 - vii. Use its budget, grants, local fees, service charges, fines and taxes; and
 - viii. Raise, borrow, spend, and invest money for the support of its functions in accordance with laws, Royal Government's policies and rules and regulations.
- c. Chapter 9 mentions that the Local Governments shall publish their respective five year and annual plans, including annual programmes and budgets which shall be made available to the public.
- d. Chapter 15 mentions about the financial autonomy of the Local Governments. It covers both the sources and uses of fund by the Local Governments:
- i. Local Governments shall be entitled to levy, collect and appropriate taxes, fees, tolls, duties and fines in accordance with such procedure and subject to limitations as may be provided for by law;
 - ii. Local Governments shall be allocated a proportion of the national revenue to ensure self-reliance and sustenance. To this end Local Governments shall receive annual grants from the Royal Government for undertaking plan programmes, activities, and managing and maintaining existing service infrastructures and delivery of services;
 - iii. Local Governments shall, subject to such limitations as may be provided for by law, be entitled to own assets and incur liabilities by borrowing on their own account;
 - iv. Local Governments shall have the power to spend funds generated from their local taxes, fees and fines, and from funds allocated by the Royal Government;
 - v. Local Governments shall manage their revenues, expenses, assets and liabilities prudently and in a manner that promotes the immediate and future interests of the community; and
 - vi. Local Governments shall, when facing extraordinary and emergency situations, seek assistance from the government.
- f. The Thromde Rules of the Kingdom of Bhutan, 2011: The Chapter 8 – Financial Management, under Budget for Class 'A' Thromdes states that:
- i. The Thromde Tshogde shall have the power to approve the annual budget that is to be met from its own revenue. Any budget proposals which are to be met from

- outside of its revenue shall be sent to the Ministry of Finance after endorsement by the Thromde Tshogde; and
- ii. The Executive Secretary shall for each year, in accordance with the Public Finance Act submit to the Thromde Tshogde a draft annual budget of the Thromde.
- g. A draft annual budget shall include:
- i. estimated expenditure including capital expenditure;
 - ii. projections of revenues for the year, including taxation revenues, non-taxation revenues generated from its resources;
 - iii. proposed borrowings, grants and funding;
 - iv. recommendations for levels of taxes, fees and charges for the year; and
 - v. any other items deemed necessary.
- h. As soon as practicable after the submission of the draft annual budget, the Thromde shall give public notice stating that:
- i. copies of the draft annual budget are available for inspection for at least 7 working days after the publication of the notice at the offices of the Thromde;
 - ii. members of the public may make submissions about the proposals, including the date before which submissions must be made; and
 - iii. a person has a right to make a submission to a Thromde on any proposal contained in a draft annual budget.
- i. After the Thromde Tshogde has approved the annual budget that is to be met from its resources, it may also review and endorse the budget proposals for submission to the Ministry of Finance. A public notice of that decision and endorsement shall be made by the Thromde Tshogde.
- j. The Thromde may also re-appropriate budget as may be required, as per financial rules and regulations.

4. Budget Principles, Structure and Definitions

4.1. Budget Principles

Thromdes shall not spend more than what has been authorized, and they shall use funds only for purposes specified in the approved budget. They are prohibited from spending or committing payments in advance of budget sanction. The budget concepts and principles of the Thromde shall be based on programme/projects/activities in terms of expected results encompassing, inter-alia:

- a. The concept of balance, i.e. limiting money spent to resources available;
- b. The concept of budgeting as per programme budget model based on functions/programme/activities/projects. The focus shall be upon the general character and relative importance of the work to be done or upon the service to be rendered, rather than upon the things to be acquired;
- c. Budget control and accountability, defining responsibilities and goals of the various levels of organization in relation to the fiscal limits within which tasks are accomplished. Each organizational level shall be accountable to the next higher level for its work accomplishments and utilization of funds; and
- d. The concepts of frugality and prioritization, indicating that the Thromde shall live within its means and shall prioritize its activities accordingly. Thromdes must, consciously and deliberately, define what it can achieve within its resources and constraints.

4.2. Budget Structure

The structure of the budget shall, unless otherwise specified, be in accordance with the Programme Budget Model, and encompass the following aspects:

- a. That the programme classification of the budget be based on the functional and organizational classification of the Thromde. In general, a “function” is considered as an objective of identifiable service;
- b. That a programme is a collection of Thromde activities that share a common set of objectives. It is described as the highest level of classification of work to be performed by an agency, in carrying out its assigned functions and tasks;
- c. That a programme is further sub-divided into identifiable work/function related sub-programme required for fulfilling the assigned programme; and
- d. That the sub-programme are then divided into discrete activities or projects.

Since the programme budget is result oriented by nature, it includes the concept of performance budgeting according to which the allocation of resources and spending thereof shall be linked to the expected results and actual outcomes. Emphasis shall move from the categories of spending to achieving specific measurable outcomes. Thus the resources shall be allocated primarily on the basis of considerations like “what is sought to be achieved by an activity and how does it contribute to the overall aims and objectives of a programme?” The heads of line agencies shall establish performance indicators in their respective sectors.

4.3. Budget Concept

4.3.1. Classification of Thromde Expenditure and Receipts

Thromde expenditures shall be classified into four categories, namely:

- a. **Revenue Expenditure** – These include appropriations for the purchase of goods and services for current consumption or for benefits expected to terminate within the fiscal year. Examples are personnel emoluments, medical benefits, special allowances, travel, utilities, rental of property, supplies and materials, maintenance of property, maintenance of vehicles, operating expenses, retirement benefits, interest on loans, etc.

- b. **Capital Expenditure** – These include appropriations for the acquisition of goods and services, the benefits of which extend beyond the fiscal year and which add to the assets of the Thromde. Examples are acquisition of land and buildings, land improvements, buildings and structures, plants, equipment and tools, vehicles, etc.
- c. **Lending/Deposits** – These include loans/deposits to individuals and organization.
- d. **Repayment of Deposits** – Repayment of deposits amounts.
- e. **Thromde Receipts**

No.	Type of Revenue	Breakup of Revenue
A	Tax Revenue	Land Tax
		House/Building Tax
		Property underdevelopment Taxes
		Other Property Taxes
B	Non Tax Revenue – Lease & Rental	Rent from Civic Amenities
		Rent from Properties
		Rent from Lease of Properties
		Rent form Lease of Land
C	Non Tax Revenue – Fees	Fees for Grant of permits
		Regularization Fees
		Fees for Certificate or Extract
		Entry fees
		Other fees
D	Non Tax Revenue – Charges	Service & Administrative Charges
		Water Charges
		Sewage Charges
		User Charges
		Mutation Charges
		Development Charges
E	Non-Tax Revenue – Fees and Fines	Fees, Fines and Penalties
	Non-Tax Revenue – Sale & Hire Charges	Sale of Products
		Sale of Forms & Publications
		Sale of Stores & Scrap
		Sale of Others
	Hire Charges for Vehicles, Equipment, Plant & Machineries	
F	Non Tax Revenue – Investment Income	Interests, Dividend, Others
G	Grants	Grants and Subsidies from multilateral and bilateral sources
H	Capital Proceeds	Proceeds from sale of lands and capital assets

4.4. Bottom Up Budgeting

The basis for preparing the budget will be the inputs from various departments/units. Budget preparation shall follow a bottom up approach. The lowest unit shall make the estimates on the basis of Budget Call and then consolidation takes place at the Head Office in consolidated ‘Revenue Income and expenditure Budget and Capital Receipts and Expenditure Budget’. The Thromde further rolls up the consolidated budgets into an abstract form for submission to MoF.

4.5. Definitions

- a. **Accounts** – Accounts means the amounts of receipts and disbursements for the financial year beginning on July first and ending on June 30th following, as finally recorded by the auditor. Until

such final recording by the auditor, these figures shall be referred to as “actual”.

- b. **Appropriation** – It means the amount authorized by the Thromde Tshogde under a major head or a minor head or detailed head for expenditure by a controlling officer.
- c. **Budget** – Budget means the statement of estimated receipts and expenditure of the Thromdes for each financial year to be submitted to the respective Tshogdes.
- d. **Budget Estimates** – Budget Estimates means the detailed estimates of receipts and disbursements for a financial year
- e. **Budget Year** – Budget Year means the financial year commencing on the first of July and ending on the Thirtieth of June, for which the budget is prepared.
- f. **Cost Centre** – It represents a particular project or scheme within the local body.
- g. **Departmental Estimate** – It is an estimate of income and ordinary expenditure of any department or function etc.
- h. **Deposit** – It means a sum placed either by a third party/Urban Local Body (Thromdes) at the disposal of Urban Local Body/third party and capable of being withdrawn either on demand or only after the expiry of the agreed term. The deposit may not bear interest.
- i. **Depreciation** – It means an estimated reduction in the value of fixed assets in the books of accounts due to causes such as wear and tear, action of elements, obsolescence etc.,
- j. **Fiscal Year** – Fiscal Year, which is the Thromdes accounting period, runs from 1st July up to 30th June. The budgets are closed on 30th June.
- k. **Outcome/Performance Budget** – It is a document that provides the basis for measuring the benefits to be derived out of activities and projects of the Thromde estimated in terms of outcomes, outputs and outlays.
- l. **Re-appropriation** – Re-appropriation means transfer of fund allocation from one budget head of account to another budget head of account from the appropriation already made in the budget.
- m. **Recurring Expenditure** – It is an expenditure which involves liability beyond the financial year in which it is originally sanctioned.
- n. **Revised Estimate** – It is an estimate of probable receipts or expenditure for a financial year framed in the course of that year with reference to the transactions already recorded and **anticipations** for the remainder of the year in the light of the orders already issued or contemplated to be issued or any other relevant facts. However, Revised Estimate is not appropriation.
- o. **Supplemental Estimate** – It is an estimate for unforeseen expenditure during the course of the year.

5. Budgeting Practices for Thomdes

Thomdes are to use the best practices, while preparing the budgets. Following are the practices to be adopted by the Thomdes for preparing Thomde Budget:

5.1. Public Participation in the Budget Preparation

The rationale of Thomdes for promoting or responding to community participation is to increase the effectiveness and efficiency of investment in infrastructure and delivery of urban services. In the delivery of services and infrastructure, this is intended to result in interventions that are more sustainable, targeted and appropriate than those delivered through traditional top-down Thomde mechanisms.

The main objectives and rationale for involving communities in the delivery of urban services and infrastructure is:

- a. Provision of services and infrastructure by Thomdes, which is relevant to people's needs and priorities;
- b. Enhance the efficiency of public expenditures by allowing Thomdes to be more responsive to local needs and preferences;
- c. Ensure infrastructure meets the needs of marginalized groups;
- d. Make the services are more accessible to poor and vulnerable groups;
- e. Utilize local knowledge and human resources;
- f. Encourage Thomdes make optimum use of its resources;
- g. Implement demand-based planning and budgeting mechanisms;
- h. Encourage transparency in operations of Thomde and make them more account able;
- i. Motivate city's dwellers to contribute to Thomdes towards cost of some of its services;
- j. Strengthening the financial health of Thomde (by encouraging the people's ownership of services and motivate them to pay holding tax/user charges on timely basis and thereby augment revenue base of Thomdes.);
- k. Improve the maintenance of infrastructure and services and decrease governmental responsibility for maintenance;
- l. Establish cost-sharing arrangements; and
- m. Increase people's 'ownership' of services.

5.2. User Surveys

The Thomdes should obtain user surveys (Domestic and Commercial) for assessment of status of Thomde services and prioritization by them for inputs for consideration while preparing the budgets.

5.3. Build Reserve Funds for Unforeseen Situations

Budget process should include building up of reserve funds for protecting Thomde community from unforeseen situations. Reserves can be set aside in a separate general fund or specific funds. Financial reserves are necessary because:

- a. Reserves can help cities essential services amid economic downturns and revenue short falls,
- b. Reserves provide the financial resources necessary to respond to natural disasters and other emergencies,
- c. Resources provide a measure of financial flexibility and stability which may prevent the need for future increase in taxes or fees.

To determine the appropriate level of financial reserves the following factors impacting the community needs to be considered by the Thomde:

- a. **Economic Uncertainty** – Communities having more diversified local economies may be better positioned to weather downswings in the economy than communities that are dependent on a particular industry or employer.
- b. **Types of Services Provided** – Thomdes providing a broader array of tax-supported services will have a greater need for reserves.
- c. **Revenue Uncertainty** – Stability of the Thomdes Revenue Base.
- d. **Expenditure Uncertainty** – An assessment of the frequency of natural disasters, emergencies and other unforeseen expenses.

5.4. Err on the Low Side of Revenues

Err on the high side of Expenses - Accurately projecting revenues and expenses that are more than a year in the future is challenging. By erring on the low side when estimating revenues and erring on the high side with expenses, Thomde officials can ensure sufficient financial flexibility to meet unforeseen circumstances.

5.5. Maintain a Long-Term Financial Perspective

New programs and services need to be carefully scrutinized to determine the long term impact on the Thomde budget.

6. Budget Cycle

The Budget cycle involves the following major phases to be undertaken by the Thromde management and staff. It should be noted that the steps presented here also requires a continuous involvement of various ministries and departments, however, this manual only outlines the steps which are required to be undertaken by the management of Thromdes.

6.1. Budget Preparation

Activity	Prime Agencies Responsible	Period
Forecasts of Receipts and Expenditures	Macroeconomic Fiscal Framework Coordination Committee (MFCC)	November & March
Endorsement of Resource Envelope	Lhengye Zhungtshog	November – December
Budget Call	Ministry of Finance	December/ January
Preparation and Submission of Budget Proposals	Thromdes	January – February
Budget Discussions	Thromdes and Ministry of Finance	March & April
Budget Report Preparation and Finalization	Ministry of Finance	April – May
Budget Report Submission to Lhengye Zhungtshog	Ministry of Finance	May

6.2. Budget Approval

Activity	Prime Agencies Responsible	Period
Presentation of National Budget Report along with the Appropriation Bills to the National Assembly	Ministry of Finance	June
Presentation of National Budget Report to the National Council	Ministry of Finance	June
Discussion of the National Budget Report	Parliament	June
Approval of the Budget Appropriation Bill	Parliament	June

6.3. Budget Execution

Activity	Prime Agencies Responsible	Period
Budget Notification	Ministry of Finance	July
Implementation of Budgeted Activities	Thromdes	Year Around

6.4. Budget Accountability

Activity	Prime Agencies Responsible	Period
Submission of Quarterly Financial/Physical Progress report to Thromde Tshogde	Thromde	Quarterly
Mid-Year Review of the Budget	Respective Thromde Officers, Thromde Tshogde and Ministry of Finance	February/March
Annual Reporting to the Ministry of Finance/Royal	Respective Thromde Officers and Thromde Tshogde	Year round

Government of Bhutan		
Auditing	Internal Audit Department and Royal Audit Authority	Year round
Monitoring of Financial/Physical Progress	Thromde Tshogdu	Year round

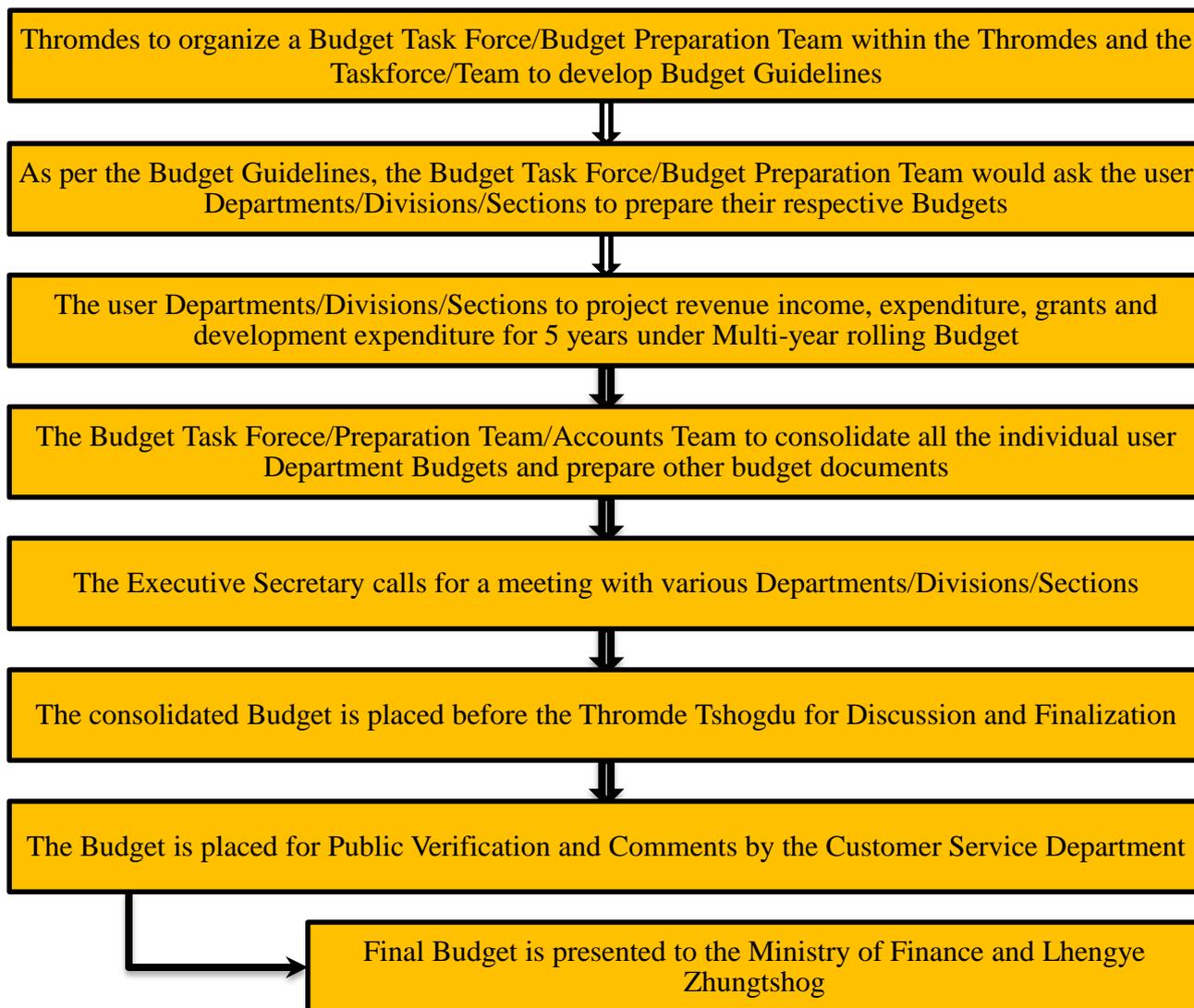
6.5. Interim Revisions

Activity	Prime Agencies Responsible
Technical Adjustments	Thromde Tshogde
Supplementary Budgets	Parliament and Ministry of Finance

7. Budget Preparation and Approval

7.1. Thromde Budget Preparation Process

The budget preparation involves the following major activities to be undertaken by the Thromde management and staff once the Ministry of Finance (MoF) has issued Budget Call based on the Forecast of the Receipt and Expenditure of the Macroeconomic Fiscal Framework Coordination Committee (MFCC) and endorsement of Resource Envelope by the Lhengye Zhungtshog.



7.1.1. Organization of Budget Task Force/Budget Preparation Team

The team would be consisting of senior staff from Departments, Divisions, Sections and offices representing each function, coordinated by the Head of Accounts or the designated Budget Officer of the Thromde and chaired by the Executive Secretary.

7.1.2. Develop Budget Guidelines

The responsibility for preparation and issuance of budget guidelines is with the budget task force or Executive Secretary, who is assisted by the Head of Accounts or designated Budget Officer. The guidelines shall include the following among others:

- The approved/sanctioned manpower for the Department/Section/Division
- Inflation rate for the year
- % increase to be considered for salary/wages and pension

- d. Increase in rates/taxes for different types of tax revenues
- e. Any new levy/charges during the budget year
- f. Guidelines for 5 year rolling budget indicating expenditure projections for pipeline projects, indication of possible donor financing, spill-over projects, etc.
- g. Chart of accounts as per the accounting manual containing account codes, description and definition of each account
- h. Budget Call restrictions for various budget heads for which the cost is to be kept constant which many include Utilities, Rentals, Maintenance of Property, Operating expenditure, Hospitality, etc.
- i. Unit Factor detailing the change in number of units on estimated expenditure which might include change in number of employees, vehicles, roads, bridges, equipment, computers, among others.
- j. Policy Factor for expenses which are directly related to the policy decisions of the Thromdes, these expenses are projected on the basis of expected policy changes in the Thromde. These may include Advertisement, Travel, Hospitality and other operating expenses.
- k. Policy document for the budget year indicating:
 - i. Budget forms
 - ii. Target date of submission
 - iii. 5-year plan
 - iv. City Development Plan

7.1.3. Norms to be Followed in Preparing Budget

Norms to be followed:

- a. Always
 - i. Include all Receipts and Payments in the Budget.
 - ii. Adopt a balanced budget—revenues plus opening carry-over funds minus closing carry over funds must be equal to or greater than expenditure.
 - iii. Be aware that some revenues have restrictions as to how they have to be spent.
 - iv. Classify estimates under appropriate fund, function, field (location) and finance (account head).
 - v. Maintain 5% statutory minimum balance (working balance/cash balance) of the receipt after deducting Government Grants and Endowment funds.
- b. Avoid
 - i. Borrowing money to support revenue expenses.
 - ii. Over-estimating Receipts and under-estimating Payments.
 - iii. Agreeing to continue a service or operate a facility even though there is no revenue to support it and when it cannot be made self-supporting.
 - iv. Spending all the revenues received in a year without setting aside funds for emergencies.
- c. Don't
 - i. Use deductions from pay-bills, work bills and contingent bills to pay other

expenses.

- ii. Spend specific purpose Grants, Loans, Contributions & Funds for other purposes.
- iii. Lend money to community originations or individuals.
- iv. Let bills or taxes owed to the Thromde go unpaid.

7.1.4. Identification of and Agreement of Outputs and Outcomes of Operating Sections/Divisions/Departments

As per the performance indicators and benchmarks the Sections, Divisions, and Departments needs to identify the areas of development. The functions and activities of each of the Sections, Divisions and Departments need to be evaluated and a realistic performance target to be set in terms of cost, timelines, service quality and coverage, etc. The Section/Division/Department Head should undertake a periodic assessment of the actual performance as against the set targets. The deviations should be reported and appropriate actions to be developed to meet the target. The performance targets must be considered while preparing the budget estimates. The total budget for each Section/Division/Department shall be built up from budget developed for each Section/Division/Department against each service identified.

It is important that the Thromdes in consultation with its Sections/Divisions/Departments and sector ministries discuss, debate and draw up high level strategies and programs to meet agreed service delivery commitments. This will facilitate in expenditure prioritization and systematic resource allocation within resource availability.

In addition to the specific guidelines Thromdes shall follow the following guidelines for preparation of budget proposals:

- a. Adequate justifications and explanations must be prepared for all major proposals. In the justification, the emphasis shall be on the activities to be taken up and targets to be met rather than on the objects of expenditure;
- b. Flagship projects, (i.e. projects of national importance) as well as grant-assisted projects with or without counter-part support from the Government and project financed by committed loans shall be given higher priority;
- c. Activities or projects that address specific commitments of the Government under any international, bilateral or domestic forum must be identified prominently;
- d. New externally assisted activities or projects shall be included in the proposals only if they are in an advanced stage of negotiation and are expected to start within a period of three months into the new fiscal year;
- e. Thromdes shall evaluate their capacity for implementation within their institutional infrastructure, other constraints of administration and procurement lead-time while preparing the budget estimates;
- f. Preliminary estimates shall be used as supporting documentation for the write-up on new constructions, special repairs or renovations of existing infrastructure. In the case of activities that are planned to be carried out over a period of more than one year, the write-up shall indicate the full scope, the total financial implication and the planned execution of the work in phases by year;
- g. Sections/Divisions/Departments shall propose to include activities that are likely to run into the next year as spill-over items;
- h. Proposals/estimates for any activity or project the execution of which extends beyond the budget (fiscal) year shall be limited to the amount to be expended within the fiscal year. The amount required in the succeeding fiscal year(s) shall be projected in the annual budget proposals of such years(s). The preparation of forward estimates under the rolling

budget mechanism is expected to facilitate such multi-year budgetary estimations;

- i. Sections/Divisions/Departments shall identify and apply the lowest possible cost and the most effective method in estimating the costs of activities and projects proposed;
- j. Provisions, in the form of counter-part financing for projects financed by external sources, shall be incorporated in the budget proposals;
- k. The activities or projects shall be within the overall Government mandate of their functions and shall be within the scope of the relevant 5-Year Plan; and
- l. The budget proposals in circulation shall contain information on the previous year's expenditures and the current year's revised budget estimates (if any).

7.1.5. Preparation of Revenue Estimates

Preparation of Revenue Estimates is one of the most important in the budget process. Thromde officials depend on revenue estimates to give them an accurate picture of the revenues available in the upcoming fiscal years, which has considerable impact on the Thromde services. Revenue estimates consist of two factors:

- a. The estimated fund balance to be carried forward into the next fiscal year; and
- b. The forecast for revenue collections for the next fiscal year.

7.1.6. Estimating Budget-Year Revenue under Multi-Year Rolling Budget Format

The Thromdes generate revenues under various revenue heads. Each of the revenue heads could be linked to a specific Section/Division/Department. Hence while estimation, each revenue head is linked to specific Section/Division/Department which generate that user charges. The following assumptions shall be made:

- a. The Section/Division/Department providing the service actually collects the user charges and is the identified revenue generating unit; and
- b. The revenues that the Section/Division/Department generates off-sets the cost of providing the services.

The Revenue estimates are prepared by:

- a. Comparing revenue collections to date with prior years; and
- b. Identifying the major potential variances from current-year estimates.

The amount that will be available for funds allocation influences the request and approval process, estimating the amount of revenue available for the budget year is the first step of budget preparation. In order to make reliable estimates of revenue receipts for the Budget year, Budget officials must understand the history of the principal revenues of the Thromde. The most commonly used technique for estimating revenues is trend analysis, which shows the historical collection pattern for each revenue sources to predict revenues for the upcoming fiscal year. To be truly effective, trend analysis must include information for the past several years on the particular revenue to be projected. The changes from year to year are calculated to identify a trend, which is easily represented in graph form. The best variable to measure is change in the revenue base for each of the previous several years. The average rate of change in the revenue base is multiplied by the current-year revenue base to obtain an estimate for the budget year and projections were made for the next four years. This will facilitate in evaluating the expenditures being planned versus the revenues that the Thromde is capable of generating and accordingly assess the need for RGoB grants/subsidies to meet the fiscal gap.

Four types of techniques may be used to project revenue: informed judgement or deterministic techniques, time series techniques and econometric models. Budget office should however combine several methodologies, depending upon the type of revenue source.

Among other methodologies used, informed judgement, or a professional guess is essential to prepare defensible estimates. Professional judgement comes with experience and careful observation. Revenue forecasters should also watch carefully the changes in any law that affect Thromde revenue sources – for example, tax limitations, authorization of new tax sources, redefinition of tax base, changes in the remittance schedule or payment terms of tax liabilities etc. or changes in the formula for calculation of Government transfers.

The second family of revenue projections techniques – deterministic, or formula based – relies on simple mathematical formula. Many local revenues are projected on the basis of such formulas. To calculate the property tax, which is generally the most important source of revenue for the Thromdes, forecasters multiply the property tax rate by the assessed value of all taxable property (the tax base). This estimate gives the idea of maximum potential tax amount receivable and is not necessarily perfect. It is to be adjusted for collection rate predicted for the budget year and needs to be adjusted for variations in assessment values.

The third family of forecasting techniques, time series analysis, is based on trends from prior years' data. For some revenue sources, especially those, that are not particularly elastic with respect to economic growth (i.e. yield does not change much in response to expansion or contraction of the economy), trend analysis provides useful and accurate estimate. For example, because growth in fines, fees, and professional taxes is usually steady from year to year and depends roughly on population size, a simple trend analysis may provide reliable estimates. For revenue sources, which have more volatile yield but that still, grow at a reasonably constant rate, a common approach is to project the yield for the coming year by averaging the yields for several recent years. For highly volatile revenue sources, time series models do not provide accurate forecast because past history may not be representative of what will happen in future year.

The budget and revenue section should make the forecast for each and every source of tax as well as non-tax revenue through informed judgment after considering information in respect of following:

- a. Inflation rate for the current year and projections for the next year;
- b. GDP growth % for the current year and projections for the next year;
- c. Compounded Annual Growth Rate (CAGR) based upon the last three years' actuals, if available;
- d. All proposed and likely changes in legislation impacting increase or decrease in revenue;
- e. Any planned and new developments like improvement in procedures for tax administration and/or tax collection mechanic like cadastral mapping, which shall improve levy and collection of property taxes;
- f. Planned development and sales of land;
- g. Planned change in tax rates and user fees or charges in the next year; and
- h. Any other factors which may impact/influence the increase or decrease in revenue during the next year.

The outer year projections for each and every source of revenue (taxes well as non-tax) should be then summarized and totaled for the next four years in absolute terms and also in dictating percentage change for each individual item of revenue as well as for the total taxes, total non-taxes and grand total compared to Revised Budget for the current year. Since local economic development and the consequent employment generation is greatly influenced by incidence of local taxes, it is advisable that the resource projections, vetted by Thromde are discussed and finalized with the local business community, preferably in a local chamber of commerce meeting, chaired by Thrompon.

7.1.7. Issues in Revenue Projections

Revenue projections are essential for preparing a credible budget proposal. Although underestimation

of revenues by the budget office provides a safety margin and is better than over estimation, it should be used cautiously as it is not cost free or policy neutral. One problem with routine underestimates of revenue yields is that they may lead to unnecessary reductions in departmental staffing or capital purchase. Also, low estimates may ultimately create a pool of unallocated revenue.

The best strategy is accuracy. Estimates should be within 5% of actual receipts. Estimates may not be that accurate every year with each revenue source, but this is a realistic goal and an appropriate performance indicator for budget forecasts. Assumptions made by the departments, divisions and sections should be documented by them on the input forms. This is recommended that all assumptions are clearly indicated at the bottom of those forms, so that the reviewer takes them into account, while reviewing the projections. While projecting revenue, the management should be erred the same on the lower side so that they do not fall short of revenue receipts.

7.1.8. Government Grant/Budgetary Support

The Thromde budget is also supported by the Government Grant/subsidy which may be in the nature of recurring grant or non-recurring grant. The Budget Task Force along with the Thromde management should project anticipated grant which would be available on the basis of past trends and new developments as per the discussions with the Ministry of Finance. This would give a clear understanding on the future resource requirements and deal with contingency plans of the Thromde.

7.1.9. Calculation of Fund Balance

Fund Balance is excess/shortage of fund at the end of the financial year that is carried forward into the next financial year. Fund balance is calculated by projecting the total revenues, revenue and capital expenditure including government grant/subsidy that will occur in the budget year and four rolling years. It is being calculated by adding the prior year's fund balance of the current-year estimate of revenues and subtracting the current-year estimate of expenditures. The Budget Task Force and other Thromde management should ensure that they maintain certain reserve funds to deal with future contingencies.

7.1.10. Revenue Expenditure

Revenue expenditures may be divided into personal services and operating expenditures. For estimating personal cost, details identifying the position of each individual, Section/Division/Department name, pay grade, monthly salary and benefits, hours (part-time employees) and details of breakdown of time and salary by activity among others should be plotted. Aggregate amount for five years should be provided for salaries, benefits, and others.

Operating expenditures are typically broken down by program to include objects of expenditure necessary to carry out the work activities. At a minimum, these should include: office supplies, postage, utilities, printing and copying, contractual expenditures, and vehicles/equipment maintenance. The detail of revenue expenditure heads is given in the Chart of Accounts (CoA). If the services and activities of a department/division remain unchanged from prior year, then calculation of operating expenditures may be as easy as increasing the base budget (the operating expenditures of the prior year) by an inflation factor. However, any changes in services or activities will require a re-evaluation of operating expenditures for a department/division.

All establishment and other expenses incurred in the conduct and administration of the functions, which a Thromde is required to carry on for keeping its office running, shall constitute the recurrent expenditure. Such expenses towards salaries, wages, allowances, rent, telephone charges, insurance, advertising, printing, stationaries, utilities, etc. Further, all expenses incurred by way of repairs, replacements and renewals or existing assets, which do not in any way add to their value but simply serve to maintain them in proper order are chargeable to revenue head. Thus, the cost of repairs of buildings, road, drains, culvert, market, park, playground, waterworks, sewers etc. shall also be treated as revenue expenditure. Department or division officials are responsible for preparing and submitting budget requests for their department/division for the upcoming fiscal year. The

formulation of these requests is guided by the fiscal policies approved by the Thrompon and Thromde Tshogdu. Department/Division heads should realize that the budgetary process is one of competition for scarce resources; therefore, budgets with effective explanations of program spending are far more likely to be approved than those providing little or no justification for expenditures.

7.1.11. Outer Year Projections:

The Medium term Expenditure framework is a tool through which the government can credibly commit the targeted path of fiscal aggregates over a medium term based on realistic initial fiscal position. For this it is imperative that along with the current year budget, the Thromde also project the revenue and expenditures for the next four fiscal years. The Fiscal assumptions are made while projecting which are as follows:

- a. **Budget Call Restriction** – Budget call restrictions are in place for different budget heads.
- b. **Inflation Factor** – Budget heads having direct relationship with inflation have been pegged to changes as per projected inflation rates. These heads correspond to Travel, Utilities, Rentals, Maintenance of Property, Operating Expenditure and Hospitality.
- c. **Policy Factor** – A number of account heads are directly related to policy decisions of the Thromde. These are projected on expected policy changes in the Thromde.
- d. **Unit Factor** – Change in unit numbers also has bearing one expected revenue/expenditure of various heads. Revenue Expenditures can also be budgeted considering the unit factor bearing the expected expenditure under various heads among other tools.

The same is described as follows:

Head	Unit Factor
Utilities	Percentage change in number of employees
Office Supplies	Percentage change in number of employees
Uniforms, Extension Kits, etc.	Percentage change in number of employees
Maintenance of Property - Buildings	Percentage change in number of Buildings
Maintenance of Property – Vehicles	Percentage change in number of Vehicles
Maintenance of Property – Roads	Percentage change in number of Roads
Maintenance of Property – Bridges	Percentage change in number of Bridges
Maintenance of Property – Equipment	Percentage change in number of Equipment
Maintenance of Property – Computers	Percentage change in number of Computers
Maintenance of Property – Others	Percentage change in number of Others
Maintenance of Property–Water Supply, sewerage, playfield	Percentage change in number of Water Supply, sewerage, playfield

Outer Year Projections for the next four years can be done on the basis of the following:

Head	Unit Factor
Salary (Pay and Allowance)	Average Salary * No. of employees
Other Personal Emoluments	Rate of increase of Salary* previous year expenditure
All sub-head of utilities	Previous year* (1+ inflation) * (1+% change in number of employees)
Maintenance of Property – Buildings	Previous year* (1+inflation) * (1+% change in number of buildings)
Maintenance of Property – Vehicles	Previous year * (1+inflation)*(1+% change in number of vehicles)
Maintenance of Property – Roads	Previous year * (1+inflation) * (1+% change in number of roads)
Maintenance of Property – Bridges	Previous year*(1+inflation)*(1+% change in

	number of bridges)
Maintenance of Property – Equipment	Previous year * (1+inflation) * (1+%change in number of equipment)
Maintenance of Property – Computers	Previous year * (1+inflation) * (1+%change in number of computers)
Maintenance of Property – Others	Previous year * (1+inflation)
Maintenance of Property – Water Supply, sewerage, playfield	Previous year * (1+inflation) * (1+% change in number of play field etc.)
Travel and all sub-heads	Previous Year*(1+inflation)*(1+increase in number of trips)
Hospitality	Previous Year*(1+inflation)*(1+policy value)
Operating Expenditure	Previous Year*(1+inflation) * (1+policy value)
Rental of Properties	Previous Year * (1+inflation)
Subscription and all sub-heads	Rate of increase of Salary * previous year expenditure

Outer year projections to be done by the Thromde staff to estimate or forecast revenue and expenditure estimates for the next four financial years on the basis of the present trends of macro and microeconomic variables. Revenue Estimates are being projected for next four financial years against each and every tax and non-tax revenue sources on the basis of the variables which is linked to the respective source.

Head	Unit Factor
Property Tax	Expected Properties to be covered under the Thromde Limits for <i>n</i> years * Expected Recovery for that Year based on past trends * Other variable factors impacting the property tax collections * Rate in <i>n</i> years. (Refer Budget Form 2.1 for reference)
Property Transfer Tax	Expected number of Properties to be transferred in <i>n</i> years * Other variable factors impacting the property tax collections * Rate in <i>n</i> years.
Fees & User Charges – Water Supply & Others	Expected water connections under the Thromde Limits for <i>n</i> years * Expected Recovery for that Year based on past trends * Other variable factors impacting the Water billing * Rate in <i>n</i> years. (Refer Budget Form 2.2 for reference)
Rental – Lease Rental & Others	Expected period for lease period for all the properties managed by the Thromde in <i>n</i> years based on past trends * Other variable factors impacting the lease rent collection * lease rent in <i>n</i> years (Refer Budget Form 2.4 for reference)
Parking	Expected number of parking space available in <i>n</i> years under Thromde * Expected rate to be realized by Thromde per parking space per area based on past trends * other variables impacting revenue from parking. (Refer Budget Form 2.5 for reference)
Building Plan Process Fee	Expected number of property application to be

	sanctioned under the Thromde Limits in n years * Expected Recovery for that year based on past trends * Other variable factors impacting the process fee collection * Rate in n years. (Refer Budget Form 2.5 for reference)
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7.1.12. Capital (Developmental) Expenditure

Capital Expenditures are amount spent on items having a useful life of more than one year and costs more than a specified amount. All items not meeting these criteria should be classified as revenue expenditures. Capital items include vehicles, computers, office furniture, equipment, and real estate property. Capital expenditure request should include among others the following information:

- a. a justification for the request;
- b. a description of the individual request;
- c. the quantity of items requested;
- d. the estimated cost of the item;
- e. an indication of whether the item is new or a replacement; and
- f. if a replacement, why replacement is necessary and hoe the replaced item will be disposed.

Any new programs and services need to be carefully scrutinized to determine the long term impact on the Thromde budget.

The repayment of loans, investments of long-term nature out of reserve fund and general fund, loans and advances to staff, refund of deposits to contractor/suppliers, expenditure incurred in the acquisition/purchase/construction of Fixed Assets such as land, buildings, infrastructure assets like roads and pavements, bridges, culverts and flyovers, sewerage and drainage, water ways, water supply and reservoirs, vehicles, plants and machinery, equipment, furniture, fixture, fittings and electric appliances, livestock, intangible assets, advance payments, shall constitute capital expenditure and assets.

If necessary new head under appropriate heading may be opened after making corresponding changes in the Chart of Accounts (CoA) wherever required and following the procedure with regard to change in the Chart of Accounts (CoA).

If any Capital Expenditure in a year is met out of own revenue income of that year, in that case an equivalent amount would have to be transferred to capital Expenditure from Revenue Receipts for which appropriate budget heads have been provided in the format.

7.1.13. Preparation of Budget Documents

The budget document should include:

- a. A statement from the Thrompon describing the major assumptions underlying the budget, any issues that the Thromde Tshogdu should address, and any significant changes from the prior year’s budget (such as new services or capital expenditures);
- b. A statement of the impact of long-range planning on the budgeting process, specifically addressing strategic planning and capital improvement planning;
- c. A summary of total revenues by source;
- d. A summary of expenditures by department, noting major changes and issues;
- e. A summary of the capital improvement budget, including a list of major upcoming capital projects and the impact of capital spending on the operating budget;
- f. Departmental goals, objectives and performance measures;

- g. Proposed revenues and expenditures for the upcoming fiscal year, budgeted revenues and expenditures for the current fiscal year and actual revenues and expenditures from the prior fiscal year; and Detailed commentary accompanying departmental/divisional budgets, justifying expenditures and providing historical context to revenues and expenditures.
- h. The details of all outstanding liabilities, if any, not provided for settlement in the Budget Estimate, shall also be shown in a separate schedule along with the Budget Estimate.
- i. Statement of Achievement – Details of achievements realized in the current year and budget year should be included in the final budget document.

7.1.14. Collation and Review of Budget Estimates by Budget Task Force/Budget Preparation Team

The Budget Task Force/Accounts Officer/Budget Officer shall collate all the budget estimates received from various departments/divisions/sections. After due examination of content and mathematical accuracy, it obtains corrections and clarifications from department/division/section heads. Then the budget shall be presented for review to Executive Secretary and Thrompon, who will make necessary suggestions and amendments to make the revenue and expenditures appropriate. The Budget document is being broadly balanced and is put for further consideration.

Review of Revenue Receipts and Expenditures is being done based on the following:

Revenue Receipts:

- a. Compliance with budget guidelines
- b. In line with given assumptions
- c. Whether in line with the revenue trends through last three year's actuals
- d. Percent of maximum potential income on "Status Quo" basis
- e. Proposed change in tax laws
- f. Proposed changes in tariffs/ user charges
- g. Budget to Actual Comparison for previous year

Expenditures:

- a. Compliance with budget guideline
- b. Meeting specified expenditure norms
- c. Consistency with past year's actuals
- d. Reasonableness of proposed cost of outputs as against past year's actual and other benchmarks
- e. Various ratios and performance indicators, as per Budget guidelines

7.1.15. Budget Codes

The budget estimates shall be prepared against each code as described in the Accounting Manual. The Accounts Officer/ Budget Task Force Team should make sure that the estimates based on the details available is being mapped to the current Accounting Code of the Thromde.

7.2. Budget Discussion and Approval

7.2.1. Internal Meetings

Once all the budget proposals have been received and forecasts of revenue and receipts are available, the Executive Secretary shall call meetings with all departments/ divisions/ sections to discuss the budget. The concerned Head of the departments/ divisions/ sections shall be assisted by the budget,

accounts and other support staff.

Budget discussions shall be at activity level. The projects and the total number of activities are being discussed, and the activities with the highest priorities are being recommended first followed by others.

The presentation would include:

- a. A general overview of the budget,
- b. A brief discussion of the assumptions underlying the budget,
- c. A discussion of the fiscal policies that guided formulation of the budget,
- d. A summary of revenue estimates and proposed expenditures,
- e. The fiscal impact to Thromde services, and
- f. Any other major issues.

Department/Division/Section heads may be required to make a formal presentation of their budget requests; however, this may be more efficiently done in the budget workshop(s).

7.2.2. Budget Presentation to Thromde Tshogde

Following the internal meeting, the Executive Secretary shall place the consolidated Budget to the Thromde Tshogde for review and approval. Thromde Tshogde shall approve the annual budget that is to be met from its own revenue. Any budget proposals which are to be met from outside of Thromde revenue shall be reviewed and endorsed by the Tshogde to be put up to the Ministry of Finance and Lhengye Zhungtshog. During the Budget presentation to the Thromde Tshogde, Department heads may be required to make a formal presentation of their budget and offer support for the budget request or for specific items in the request, citing prior accomplishments, the heaviness of the workload, or problems with current equipment or priority stated by the citizens. The presentation is focused on making vivid case for an expenditure or expansion.

7.2.3. Open for Public Verification & Comments

Social accountability from the perspective of public finance management involves participation of citizens and civil society organizations in planning, preparation of budget, budget review and analysis, expenditure tracking and performance monitoring. Social accountability mechanism facilitates downward accountability and ensures transparent service delivery through citizen empowerment. Thromdes must ensure greater citizen participation in their planning and budgeting exercise. This will also lend credibility to the budgeting exercise. As an initial step, Thromdes should publish their approved budgets on their website.

This provides citizens the opportunity to testify concerning the proposed revenues and expenditures. The Thromde Tshogde should ensure that the public notice for review of draft budget is being circulated at least 7 working days before the same is submitted to the Ministry of Finance (MoF) after incorporating all the comments from the public. Also, Thromde Tshogde should ensure that all the public comments are being adequately answered and if required incorporated into the budget.

7.2.4. Budget Submission to Ministry of Finance

The Thromde Tshogde reviewed and endorsed Budget proposal to be met from the outside of the Thromde revenues shall be submitted and presented to the Ministry of Finance for approval. As a part of the national budget finalization and approval process, the Thromde will have to take part in the Budget discussion with the Ministry of Finance prior submission to the Lhengye Zhungtshog. The finalized Budget of Thromdes along with the National Budget Report will be submitted to the Parliament for the final approval by the Ministry of Finance.

8. Budget Execution

8.1. Budget Notification

Once the Budget has been approved by the Parliament and Ministry of Finance having issued a Budget Notification on the approved Budget details, Thromde Tshogde can incorporate the Government Grant into the Thromde budget and release the Final Approved Budget for the Thromde for the fiscal year.

8.2. Implementation of Budgeted Activities

The Thromde management should make sure that the respective departments/divisions/sections under the Thromde implements the budgeted activities as planned. Thromdes cannot implement activities for which there is no provision in the budget. Incurring of unbudgeted expenditures and diversions of funds towards unauthorized activities shall constitute a budget offence, for which the Head of the Thromde and Finance Division shall be liable and accountable.

Thromde must seek approval of the Thromde Tshogde and Ministry of Finance (if funded outside of Thromde revenues) before taking up any work which involves cost escalations, deviations from the original plan or change in the scope of work, where the amount involved exceeds the delegated powers.

9. Budget Accountability

The Budget accountability phase shall involve the following activities:

9.1. Submission of Quarterly Financial/ Physical Progress Report to Thromde Tshogde

Thromdes shall be required to prepare and submit quarterly accounts on receipt, utilization and deposition of funds. The Thromdes should also submit its financial and physical progress reports to Thromde Tshogde as reporting about their performance is important part of accountability. The report shall give an overview of the progress and a forecast of the likely position in the next periods. The reports would describe the status of programs and its current state. The report would capture both physical and financial plans as well as the periodic progress of the programs undertaken.

9.2. Mid-Year Review

The respective Thromdes Officers, Thromde Account/ Budget Team, Thromde Tshogde and Ministry of Finance to hold mid-year review to check if the budget is on-track. The mid-year Review shall result in:

- a. Revised budgets for Capital and Revenue Expenditures
- b. Revision of Rolling Budget for the subsequent year

The Mid-year review shall be computed on the basis of estimated expenditures for the entire budgeted year as accumulative of the actual expenditures of the first six months and expected expenditures for the next six months. Based on this, assessment is made on how the expenditures were planned/ budgeted at the beginning of the year (while preparing the budget for the budget year) and how the expenditures are expected to before the same year, estimated during the mid-year review. This would help in correcting any deviations found during the course of the year itself.

While undertaking the mid-year review each line item is treated separately while fixing the formula and mathematical average on the basis of data available is being derived relevant considering other details.

9.3. Monitoring of Financial/ Physical Progress

The Thromde Tshogde and Ministry of Finance shall be responsible for monitoring the performance of Thromdes during the Fiscal Year. The Thromde Tshogde and Ministry of Finance shall monitor the efficiency and effectiveness of utilization and disposition of funds in achieving the output and goals as determined in the budget proposal. The purpose of this exercises is to check if the physical progress of capital expenditures is in consistent with the budget plan and whether the activities carried out are consistent with the approved budget. Monitoring will be based on the quarterly reports received from the Thromdes.

9.4. Audit

Periodic audit of accounts and operations by the RAA shall be an important part of the accountability process.

10. Interim Revision

Generally, Thromdes cannot spend more than what the Thromde Tshogde and what the Parliament has appropriated, and they are expected to use funds only for purpose specified in the budget. However, during the fiscal year, need for revisions may occur due to changing circumstances. Such revisions shall be submitted for approval to the Thromde Tshogde and Ministry of Finance, and carried out as per the Thromde Finance Policy, 2012 and the Public Finance Act of Bhutan, 2007. The revisions undertaken shall be incorporated in the Revised Estimates, which shall be presented to the sub sequent Parliament for ratification along-with the new budget.

10.1. Re-Appropriations

Re-appropriation refers to the transfer of funds from one budget head to another budget head. Funds can be transferred from one budget line item to another budget line item provided the revised total does not exceed the approved budget. However, all cases of re-appropriations shall be approved by the Thrompon before incurring any expenditure against there – appropriated provisions. Cases of ex-post facto sanctions shall not be accepted. The restrictions on internal re-appropriation shall be under the restrictions laid down in the FRR 2016 of the Royal Government of Bhutan (RGoB). No following re-appropriations shall be made:

- a. From capital to current;
- b. From personal emoluments or provident funds;
- c. To new object codes.

Rules set out in the Internal Control manual of the Thromdes should also be followed while re-appropriating the budgets. Also refer form 1.6 for reference.

10.2. Transfer of Funds – Deposit Works

- a. The approved budgets of Agencies contain specific funds for work that will not be carried out by the Agency itself but by another Agency. Construction of roads and power lines are some of the most frequent cases.
- b. The Agencies should indicate how much work or time they need from other Agencies, with the corresponding budgets and funds. As soon as the project phase in which the work is needed is reached, the principal Agency transfers the funds according to the rules laid down in the Chapter on Suspense – Deposit Works in the FAM. As soon as the budget is transferred, the supplying Agency can start the work.

For all types of Interim Revisions made by the Thromde management, the user department should make a note and forward it to the Budget department or Accounts and Finance department who along with the requisite form (form attached) and supporting document forward the same to the Executive Secretary. The Executive Secretary after duly considering the modification would forward the same to the Thromde Tshogde and the Ministry of Finance for approval.

11. Budget Implementation and Monitoring

The financial control measure of the Thromdes shall fall into the following three categories as presented in the table.

Financial Control Systems	Key Participants	Methods of Financial Control
Budget Implementation	Budget Office	<ul style="list-style-type: none"> a. Estimate revenue and make appropriations b. Controls appropriations and allotment c. Approves transfers d. Provide position controls e. Recommends budget amendments f. Monitors budget reserves g. Closes accounts at year end.
Accounting	Finance and Accounts Office	<ul style="list-style-type: none"> a. Enters approved budget into accounting system b. Maintain accounting records c. Reconciles accounting records with budget
Financial Reporting	Chief Accounts Office	<ul style="list-style-type: none"> a. Prepares interim financial report b. Maintain internal controls c. Prepares additional financial reports d. Works with external auditor

Budget implementation begins when the budget office interprets the new budget and ends after the end of the fiscal year, when the financial report for that year is closed. During the implementation phase, the Accounts department records financial transaction, make sure that the numbers are accurate, and aggregates the details into reports that match the budget and can be used to point out where the problems are occurring. Keeping a running tally of how much money is unobligated and available to be spent helps provide financial control. An accounting system with sufficient financial controls can make it impossible to overspend the budget. The Chief Accountant Office, working closely with the budget office, is charged with the task of preparing an annual financial report that discloses the results of operations and the financial position for the preceding financial year. One purpose of the report is to ensure that funds were spent in compliance with the budget and the law. A second purpose is to ensure that revenues did indeed cover the expenditures—that the budget was balanced at the end of the fiscal year. Deviation from the law or from the balance is reported to the Thromde Tshogde.

These three systems of financial controls—budget implementation, accounting and financial reporting—complement each other. Budget controls, for example, prevent overspending by allowing departments to make purchases after budget office scrutiny and approval. The accounting system provides the information necessary for mid-course corrections if any, for example, revenue is lower than anticipated or the spending rate is faster than planned. In keeping with the objectives, the

following control requirements are to be built into the budgeting system:

- a. No expenditure can be incurred unless backed by budget;
- b. Any expenditure prior to being incurred must be identified to its budget head for allocation of money;
- c. Any expenditure prior to being incurred should be backed by appropriate sanctions (administrative/ technical sanctions as the case may be) in accordance with the procedures laid down in the Financial Rules and Regulations (FRR 2016) of the RGoB.

11.1. Budget Accountability and Reporting

11.1.1. Commitment of Expenditure

No expenditure shall be committed by issue of sanction order/work order without there being sufficient budget provision for such expenditure. If sufficient budget provision is not there, then the Thromde shall not issue the sanction order/ work order. In case expenditure is required the Executive Secretary shall seek additional grants and re-appropriation and only after sufficient budget provision has been made, shall the Thromde issue the sanction order or work order.

The Accounts / Budget department at the end of one month following each quarter shall prepare a Quarterly Budget Variance Report and submit it to Executive Secretary and Thrompon for their review.

11.1.2. Budget Variance Report

Budget Variance Report (BVR) shall be prepared at the following levels:

- a. At an overall Thromde level;
- b. At each of the Budgeting centres.

The BVR as a basis of control can provide information on:

- a. Positive variance shall be analyzed for reasons. For instance, actual tax collection is more than the projections. The reason for the same can be analyzed and replicated.
- b. Negative variance, shall be analyzed for reasons and cost control measures identified. For instance, the increase in the maintenance expenses or finance charges could indicate lack of planning or implementation follow-up. The BVR should be prepared on a quarterly basis. Review mechanisms for disposing of the unfavourable variances would add value to the management of Thromdes. Thromdes should also review the budget in terms of variance of budget and actual amount, actual output versus budgeted output, etc.

12. Forms and Annexures

TITLE	FORM NUMBER
Forms Related to Reporting	
Abstract of Budget Proposed	1.1
Approved Budget Summary by Object Classification	1.2
Physical and financial plan and progress report for capital expenditure	1.3
Budget revision detail report	1.4
Additional Activities Proposed	1.5
Request for Re-appropriation	1.6
Schedule for Budget Appropriations	1.7
Deposit Works Budget	1.8
Budget Variance Statement	1.9
Statement of Receivables	1.10
Statement of Payables	1.11
Budget Reconciliation Summary Statement	1.12
Receipts and Payments Statement	1.13
Summary of Budget Estimates	1.14
Forms for Budget Estimation	
Estimation sheet for Property Tax	2.1
Estimation sheet for Water Charges	2.2
Estimation sheet for user fees	2.3
Estimation sheet for rental income	2.4
Estimation sheet of other income	2.5
Statement of Other Income	2.6

Name of the Thromde

Address of the Thromde

Abstract of Budget Proposed (Nu. in million)

No.	Sub Program	Title	(For n to n+5 fiscal years)				Previous Year Budgeted	Previous Year Actual	Total
			Current Expenditure	Capital Expenditure	Lending Expenditure	Repayment Expenditure			
		Total by SPC							
Name						Date			
Position						Signature			

Note: The details for financial years impacting the plan should be detailed in the budget proposal.

Name of the Thromde

Address of the Thromde

Approved Budget Summary by Object Classification Fiscal Year (Nu. in million)

Code	Object Classification	Actual Expenditure (I)	Revised Budget (II)	Approved Budget (III)	Difference in Amount (IV) = (III-II)	Difference in % (V) = (III-II)/II*100	Previous Year Budgeted	Previous Year Actual

Note: The details for financial years impacting the plan should be detailed in the budget proposal.

Name of the Thromde

Address of the Thromde

Physical and Financial Plan and Progress Report for Capital Expenditure as of

Fiscal Year:

AU	FIC	PC/SPC/ACT	Name	Previous Budget	Approved Budget	Progress	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	March	April	May	June
						Financial	Plan											
							Progress											
						Physical	Plan											
							Progress											
						Financial	Plan											
							Progress											
						Physical	Plan											
							Progress											

Note: A statement of Progress/achievement report to be annexed along with the monthly combined progress report.

Name of the Thromde

Address of the Thromde

Budget Revision Detail Report Fiscal Year.....

For the Period..... to..... Month

(Nu. in million)

AU	PC	SP	AC	FI	OBC	Date	Order No.	REV. Type	Appropriations			
									Capital	Capital	Lending	Repayment

Name of the Thromde

Address of the Thromde

Administrative Unit:

Program:

Additional Activities Proposed in Fiscal Year

	Name	Code
Sub-Programme		
Activity		

Note: The details for financial years impacting the plan should be detailed in the budget proposal.

Part-I General (Relevance to the % Year Plan, Mandated Responsibilities, Financing Arrangements)

Part-II Background (For multi-year projects)

- a. Total estimated cost
- b. Over-all scope and physical targets
- c. Plan of execution (planned investments and physical targets)
- d. Investments and physical targets achieved and expected to be achieved in current Fiscal year.

Part-III Proposed for F.Y.....

- a. Amount Proposed Current Capital
- b. Physical targets to be achieved
- c. Justifications, Importance, Other comments

Name of the Thromde

Address of the Thromde

Request for Re-appropriation, Fiscal Year (Nu. in million)

RE-APPROPRIATION FROM									RE-APPROPRIATION TO								
AU	PUC	SPC	AC/SAC	FIC	OBC	FIN. Type	Approved Budget	Amount	AU	PUC	SPC	AC/SAC	FIC	OBC	FIN. Type	Approved Budget	Amount

Note: The details for financial years impacting the plan should be detailed in the budget proposal.

Explanation/ Justification for Re-appropriation:

Name of the Thromde

Address of the Thromde

Schedule of Budget Appropriations, Fiscal Year (Nu. in million)

Priority	SPC	AC/SAC	FIC	OBC	Title	Physical Target	Appropriations					FIN. Type	Comments
							Current	Capital	Lending	Repayment	Total		

Note: The details for financial years impacting the plan should be detailed in the budget proposal.

Name of the Thromde

Address of the Thromde

Deposit Works Budget Fiscal Year

SPC	AC	SAC	Description	Entrusted Agency Name	Physical Units	Budget	Period in Mm

Note: The details for financial years impacting the plan should be detailed in the budget proposal.

Name of the Thromde

Address of the Thromde

Budget Variance Statement for Quarter Ended

Budget Code	Budget Head	Original Budget Allocation	Allocation for the Quarter	Expenditure During the Quarter	Expenditure up to the Quarter (Year to Date)	Variance	Variance %	Reasons for Variation

Name of the Thromde

Address of the Thromde

Statement of Receivables for the Month of

Code No.	Head Of Account/ Item	Receivables at the Start of the Month	Demand Raised	Actual Receipts During the Month	Receivables at the End of the Month
1	2	3	4	5	6

Name of the Thromde

Address of the Thromde

Statement of Payables for the Month of

Code No.	Head Of Account/ Item	Payables At The Start Of The Month	Bills Raised	Actual Payments During The Month	Payables At The End Of The Month
1	2	3	4	5	6

Name of the Thromde

Address of the Thromde

Budget Reconciliation Summary Statement as on (Nu. in million)

Particulars	Current	Capital	Lending	Repayment	Total
APPROVED					
<u>ADD:</u>					
Sub-Total					
<u>LESS:</u>					
Sub-Total					
Current Budget					

Name of the Thromde

Address of the Thromde

Receipts and Payments Statement for the Month of

Sl. No.	Group/Broad Head of Account	Previous Year Annual Receipt	Previous Year Annual Payment	Receipts		Payments		Cumulative Balance (-) Cr, (+) Dr
				For the Month (Nu.)	Annual Progressive (Nu.)	For the Month (Nu.)	Annual Progressive (Nu.)	

Name of the Thromde

Address of the Thromde

Summary of Budget Estimates

Sl. No.	Major Account Head	Code	Revised Estimates for Previous Year	Actual for Previous Year	Budget Estimates for Current Year	Revised Budget Estimates for Current Year	Budget Estimates for Next Four Years (Projected)			
							N+1	N+2	N+3	N+4

Name of the Thromde

Address of the Thromde

Estimation Sheet for Property Tax

Division/Section	No. of Properties as of	Demand For Current Year	Amount Outstanding		Expected Growth in Property Tax		Total Demand for Budgeted Year (Amount)	Expected Collection in Next Year		
			Current Year	Earlier Year	Number of Properties	Amount		Current Year	Earlier Year	Total
A. Residential Properties										
1										
2										
Total										
B. Commercial Properties										
1										
2										
Total										
C. Other Properties										
1										
2										
Total										

Name of the Thromde

Address of the Thromde

Estimation Sheet for Water Charges

Division/Section	No. of Properties as of	Demand For Current Year	Amount Outstanding		Expected Growth (No. and Rate)		Expected Collection in Next Year		
			Current Year	Earlier Year	Number of Connections	Amount	Current Year	Earlier Year	Total
A. Residential Properties									
1									
2									
Total									
B. Commercial Properties									
1									
2									
Total									
C. Industrial									
1									
2									
Total									

Name of the Thromde

Address of the Thromde

Estimation Sheet for User Fees

Division / Section	No. of Licenses	Demand For Current Year	Amount Outstanding		Expected Growth (No. and Rates)		Total Demand for Budgeted Year (Amount)	Expected Collection in Next Year		
			Current Year	Earlier Year	Number of Units	Amount		Current Year	Earlier Year	Total
1										
2										
3										
4										
5										
6										
7										
8										
9										
10										
11										
Total										

Name of the Thromde

Address of the Thromde

Estimation Sheet for Rental Income

Division / Section	No. of Units	Demand For Current Year	Amount Outstanding		Expected Growth		Total Demand (Amount)	Expected Collection in Next Year		
			Current Year	Earlier Year	Rate / No.	Amount		Current Year	Earlier Year	Total
1										
2										
3										
4										
5										
6										
7										
8										
9										
10										
11										
Total										

Name of the Thromde

Address of the Thromde

Estimation Sheet of Other Incomes (Function-wise)

Account Name/Account Code	Function Name/Function Code	Receipt In Previous Year	Expected Increase or Decrease (Nu or %)	Reason For Change	Expected Receipt

Name of the Thromde

Address of the Thromde

Statement of Other Incomes

Other Incomes	Collections In The Previous Three Years			Arrears as on 1 st July Current Year	Probable Collection in.....		
	20XX	20X1	20X2		Arrears	Current	Total

Annexure I: Chart of Accounts (CoA)

Account Head – Revenue Income

Major Heads				Minor Heads		Detailed Heads	
Primary Code	Description	Secondary Code	Description	Code	Description	Code	Description
1	Revenue Income	10	Property Taxes	10	Land Taxes	00	Consolidated Land Taxes
						01	Land Tax – Residential
						02	Land Tax – Semi Commercial
						03	Land Tax – Commercial
						04	Land Taxes – Others
				20	Urban Building Taxes	00	Consolidated Urban Building Taxes
						01	Urban Building Taxes – Residential
						02	Urban Building Taxes – Shops & Restaurants
						03	Urban Building Taxes – Hotels
						04	Urban Building Taxes – Industrial
						05	Urban Building Taxes -Others
				30	Property Underdevelopment Tax	00	Consolidated Underdevelopment Tax
						01	Underdevelopment Tax – Residential
						02	Underdevelopment Tax – Semi Commercial
						03	Underdevelopment Tax – Commercial
						04	Underdevelopment Tax – Others
				90	Property Taxes Remission & Refund	00	Consolidated Property Taxes Remission & Refund
						01	Land Taxes
						11	Urban Building Taxes
						21	Urban Property Development Taxes
1	Revenue Income	20	Rental Income from Municipal Properties	10	Rent from Civic Amenities	00	Consolidated Rent from Civic Amenities
						01	Rent – Markets
						02	Rent – Shopping

							Complexes
						03	Rent – Community Halls
						04	Rent – Stadium and Sports facilities
						05	Rents – Others (Specify 05 onwards)
				20	Rent from Office Buildings & Guest Houses	00	Consolidated Rent from Office Buildings & Guest Houses
						01	Rent – Office Buildings
						02	Rent – Guest Houses
						03	Rent – Staff Quarters
						04	Rent – Others
				30	Rent from lease of Lands	00	Consolidated Rent from Lease of lands
						01	Rent from lease of Land – Commercial
						02	Rent from lease of Land – Semi Commercial
						03	Rent from lease of Land – Semi Commercial
						04	Rent from lease of Land – Others
				40	Rent form lease of other Properties	00	Consolidated Rent form Lease of other Properties
						01	Lease of Buildings
						02	Lease of Parking lots
						03	Lease of Equipment and Machineries
						04	Lease of Vehicles
						05	Lease of properties & Assets – Others
				90	Rent Remission and Refund	00	Consolidated Rent Remission and Refund
						01	Rent form Civic Amenities
						11	Rent from Office Buildings & Guest House
						21	Rent from lease of Land
						31	Rent from Lease of Properties & Assets
1	Revenue	30	Fees & User		Water Charges	00	Consolidated Water

	Income		Charges	01			Charges
						01	Un-metered Water Supply –Domestic
						02	Un-metered Water Supply– Commercial
						03	Un-metered Water Supply – Non-commercial Institutions
						04	Un-metered Water Supply – Industrial
						05	Metered Water Supply – Domestic
						06	Metered Water Supply – Commercial
						07	Metered Water Supply – Non-Commercial Institutions
						08	Metered Water Supply – Industrial
						09	Bulk Supply – Industries
						10	Bulk Supply – Non-commercial Institutions
						11	Bulk Supply – Others
						12	Stand post Supplies
						13	Rent Water Meter – Domestic
						14	Rent Water Meter – Commercial
						15	Rent Water Meter – Industrial
						16	Rent Water Meter – Non –Commercial Institutions
						17	Water Connection Charges – Temporary
						18	Water Connection Charges – Permanent
						19	Water Charges – Others
				10	Sewerage Charges	00	Consolidated Sewerage Charges
						01	Sewerage Charges – Residential
						02	Sewerage Charges – Commercial
						03	Sewerage Charges – Non-commercial
						04	Sewerage connection Charges – Temporary
						05	Sewerage connection Charges

							– Permanent
						06	Sewerage cleaning fees
						07	Sewerage Charges – Others
				20	Fees for Grant of Permit	00	Consolidated Fees for grant of Permit
						01	Building permits
						02	Planning permit
						03	Advertising fees
						04	Fees for grant of permit – Others
				25	Development Charges	00	Consolidated Development Charges
						01	Development charges – construction approval
						02	Development Charges – Occupancy Certificate
						03	Betterment Charges
						04	Demolition Charges
						05	Development Charges – Others
				30	Regularization Fees	00	Consolidated Regularization Fees
						01	Excess Land Regularization
						02	Building Regularization
						03	Regularization fees – Others
				35	User Charges	00	Consolidated user charges
						01	Garbage collection charges
						02	Liters & debris collection charges
						03	Septic tank cleaning
						04	Pay & Use toilets
						05	Parking fees
						06	Vacuum Tanker
						07	Water Line & Chamber shifting
						08	Drain connection fees
						09	Charges for supply of water by tankers
						10	Mining Royalty
						11	Road Cutting Charges
						12	User Charges – Others

				45	Mutation Charges	00	Consolidated Mutation Charges
						01	Property Transfer fee
						02	Property sub-Division
						03	Land Registration
						04	Mutation Charges – Others
				50	Service/ Administrative Charges	00	Consolidated Service/ Administrative Charges
						01	Land Demarcation
						02	Site Plan Survey
						03	Building Plan Survey
						04	Construction Assessment
						05	Charges as a percentage on deposit work
						06	Recovery charges for damages of Roads
						07	Service/Administrative Charges – Others
				60	Fees for Certificate or Extract	00	Consolidated Fees for Certificate or Extract
						01	Fees from copies of plan
						02	Birth and Death Registration Fees
						03	Lagtharm Fee
						04	Fees for Certificate or Extract – Others
				65	Penalties and Fines	00	Consolidated Penalties and Fines
						01	Property Taxes
						02	Fees & Charges
						03	Rental
						04	Penalty imposed by Courts
						05	Environmental Fines
						06	Penalties & Fines – Others
				70	Entry Fees	00	Consolidated Entry Fees
						01	Sports Facilities
						02	Park facilities
						03	Other Thromde Amenities
				75	Other Fees	00	Consolidated Other

							Fees
						01	Education fees
						02	Warrant fees
						03	Notice fees
						04	Sports fees
						05	Cattle pounding fees
						06	Application fees
						07	Miscellaneous fees
						08	Fees –Others
				90	Fees & Charges Remission and Refund	00	Consolidated Fees Remission and Refund
						01	Water Charges
						21	Sewerage Charges
						31	Development Charges
						41	User Charges
						61	Other Fees & Charges
1	Revenue Income	40	Sale & Hire Charges	10	Sale of Products	00	Consolidated Sale of Products
						01	Sale of garbage & rubbish
						02	Sale of trees
						03	Sale of fruits
						04	Sale of grass
						05	Sale of nursery plants
						06	Sale of flowers
						07	Rubbish Bins
						08	Demarcation Pegs
						09	Sale of Products – Others
				20	Sale of Forms & Publications	00	Consolidated Sale of Forms & Publications
						01	Sale of Tender papers
						02	Sale of Forms
						03	Sale of Publications & Others
				30	Sale of Stores & Scrap	00	Consolidated Sale of Stores & scrap
						01	Obsolete Stores
						02	Obsolete Assets
				40	Sale of Others	00	Consolidated Sale of Others
						01	Sale of old news papers
						02	Sale of Others
				50	Hire Charges for Vehicles	00	Consolidated Hire Charges for Vehicles
						01	Hire Charges for

							Vehicles (<i>Specify heads</i>)
				60	Hire Charges on Equipment, Plants & Machineries	00	Consolidated Hire Charges on Equipment, Plant & Machineries
						01	Hire charges on & Equipment, Plant & Machineries (<i>Specify Heads</i>)
				70	Hire Charges on Other Assets	00	Consolidated Hire charges on other Assets
						01	Hire Charges (<i>Specify Heads</i>)
1	Revenue Income	50	Revenue Grants, Contribution and Subsidies	10	Revenue Grants	00	Consolidated Revenue Grants
						01	From Royal Government Bhutan
						11	From Other Organizations & Agencies
						21	Revenues Grants – From Others
				20	Re-imbursment of expenses	00	Consolidated Re-Imbursement of expenses
						01	From Royal Government Bhutan
						11	From Other Organizations
						21	Re-imbursment of expenses – From Others
				30	Contribution Towards schemes	00	Consolidated Contribution towards schemes
						01	From Royal Government Bhutan
						11	From Other Organizations
						21	Contributions towards schemes – Others
1	Revenue Income	60	Income from Investments	10	Interest	00	Consolidated Interest
						01	Bank Fixed deposits
						11	Government Securities
						21	Corporate Bonds
						31	Interest – Other Investments

				20	Dividend	00	Consolidated Dividend
						01	Share Investments
				30	Income from projects taken upon commercial basis	00	Consolidated Income from projects taken upon commercial basis
						01	Profit from Commercial undertakings
				40	Profit on Sale of Investments	00	Consolidated Profit on Sale of Investments
						01	Share Investments
						11	Bond Investments
						21	Investments – Others
				90	Others	00	Consolidated Other Income from Investments
						01	Gain from Exchange Fluctuations
1	Revenue Income	70	Interest Earned	10	Interest from Bank Accounts	00	Consolidated Interest from Bank Accounts
						01	Interest from Bank Accounts
				20	Interest on Loans and advances to Employees	00	Consolidated Interest on Loans and advances to Employees
						01	Interest on Loans to Employees
						11	Interest from Advances to Employees
				30	Other Interest	00	Consolidated Other Interest
						01	Interest from other receivables
						02	Interest on Hire Purchase
1	Revenue Income	80	Other Income	10	Deposits Forfeited	00	Consolidated Deposits Forfeited
						01	Income – Deposited Forfeited
				11	Lapsed Deposits	00	Consolidated Lapsed Deposits
						01	Contractors & Suppliers
						02	Rent
						03	Lapsed Deposits -

							Others
				20	Insurance Claim Recovery	00	Consolidated Insurance Recovery
						01	Income – Insurance Recovery
				30	Profit on Disposal of Fixed Assets	00	Consolidated Profit on Disposal of Fixed Assets
						01	Income – Disposal of Fixed Assets
				40	Recovery from Employees	00	Consolidated Recovery from Employees
						01	Recovery from Employees
				50	Unclaimed Refund Payable/ Liabilities Written Back	00	Consolidated Unclaimed Refund Payable/Liabilities Written Back
						01	Lapsed/Stale Cheque
						02	Others
				60	Excess Provisions Written Back	00	Consolidated Excess Provisions Written Back
						01	Rates & Taxes
						11	Utilities
						21	Advertisement and Publicity
						31	Rent
						41	Repair & Maintenance
						51	Others
				80	Miscellaneous Income	00	Consolidated Miscellaneous Income
						01	Miscellaneous Income
1	Revenue Income	85	Prior Period	00	Income	00	Consolidated Prior Period Income
				10	Rates & Taxes	01	Property & other Taxes
				20	Other-Revenues	01	Fees and Charges
				30	Recovery of Revenues Written off	01	All types of Income
				40	Other Income	01	Other Income
1	Revenue Income	90	Transfer into Activity Fund	10	General Activity	00	Transfer into General Activity Fund
				20	Public	00	Transfer into Public

					Convenience		Convenience
				30	Conservancy & Sanitary Provisions	00	Transfer into Conservancy & Sanitary Provisions
				40	Water Supply	00	Transfer Into Water Supply
				50	Public Health, Safety and Diseases Activity Control	00	Transfer into Public Health, Safety and Diseases Activity Control
				60	Town Planning & Environment	00	Transfer into Town Planning & Environment
				70	Urban Poor's Settlements (Slums) and social Welfare	00	Transfer into Urban Poor settlements (Slums) and social Welfare
1	Revenue Income	91	Transfer into Thromde Fund	10	Development Zone	00	Consolidated Transfer into Thromde Fund
1	Revenue Income	92	Transfer into Employee Fund	10	Pension Fund	00	Transfer into Pension Fund
				20	Gratuity Leave & Salary Fund	00	Transfer into Gratuity & Leave Salary Fund
				30	Provident Fund	00	Transfer into Provident Fund

Account Head – Revenue Expenditure

Major Heads				Minor Heads		Detailed Heads	
Primary Code	Description	Secondary Code	Description	Code	Description	Code	Description
2	Revenue Expenditure	10	Establishment Expenses	10	Salaries, Wages and Bonus	00	Consolidated Salaries, Wages and Bonus
						01	Salaries & Allowances – Officers
						11	Salaries & Allowances – Staff
						21	Wages
						31	Bonus & Others
				20	Benefits and Allowances	00	Consolidated Benefits and Allowances
						01	Remuneration & Fees –Thrompon
						02	Remuneration & Fees-Thromde Tshogde
						03	Housing Allowances
						11	Overtime
						21	Leave Travel Concession
						31	Medical Allowance
						41	Uniform Allowance
						51	Compensation to Staff
						61	Staff welfare expenses
						71	Staff training expenses
						81	Leave Encashment
						91	Other personal emoluments
				30	Pension & Provident Fund	00	Consolidated Pension & Provident Fund
						01	Employers Provident Fund Contribution
				40	Other Terminal & Retirement Benefits	00	Consolidated Other Terminal & Retirement Benefits
						01	Death cum Retirement Benefit
						02	Retirement Gratuity
						03	Terminal & Retirement Benefits – Others
2	Revenue Expenditure	20	Administrative Expenses	10	Rent, Rates and Taxes	00	Consolidated Rent, Rates and Taxes
						01	Rental -Office building

						02	Rental – Vehicles
						03	Rental – Furniture, & equipment
						04	Rental – Land
						05	Rental –Others
						11	Taxes, Duties, Royalties and others
				20	Office Utilities	00	Consolidated Office Utilities
						01	Electricity charges
*						02	Water & Sewerages
						03	Fuel wood
						04	Security expenses
						05	Office Utilities – Others
				30	Communication Expenses	00	Consolidated Communication Expenses
						01	Telephone, Tele Fax, Mobiles expenses
						02	Telegram, Wireless, Transmission & Postage
						03	Web, Internet & Email
						04	Communication Expenses – Others
				35	Books & Periodicals	00	Consolidated Books & Periodicals
						01	Books, Magazines, Journals, & others
						02	News papers
						03	Others
				40	Printing, Office Supplies and Stationery	00	Consolidated Printing, Office supplies and Stationery
						01	Printing expenses
						02	Office Supplies & Stationery
						03	Computer stationery and consumables
						04	Others
				45	Travelling & Conveyance	00	Consolidated Travelling & Conveyance
						01	Travelling and Conveyance-Thrompon
						02	Travelling and Conveyance – Thromde Tshogde
						03	Travelling and Conveyance – Officers

						04	Travelling and Conveyance- Staff
						05	Travelling and Conveyance – Others
						11	Fuel, Petrol and Diesel-own vehicles
						21	Hire & Conveyance expenses
				50	Insurance	00	Consolidated Insurance Expenses
						01	Office Buildings
						02	Vehicles & Machineries
						03	Insurance – Others
				55	Audit Fees	00	Consolidated Audit Fees
						01	Local Fund Examiner
						02	Government Audit
						11	External Agencies - Internal Audit
				60	Legal Expenses	00	Consolidated Legal Expenses
						01	Legal Fees
						02	Cost recoveries of tax revenue
						03	Cost of suits/ compromises
						04	Legal Expenses – Others
				70	Professional and Other Fees	00	Consolidated Professional and Other Fees
						01	Technical Support fees
						11	Consultancy fees
						21	Professional and Other Fees – Others
				75	Advertisement and Publicity	00	Consolidated Advertisement and Publicity
						01	Advertisement expenses
						11	Publicity Expenses
						21	Exhibition expenses
						31	Cultural Events
						41	Workshop and Seminars
						51	Advertisement & Publicity – Others
				80	Memberships & Subscriptions	00	Consolidated Membership & subscriptions
						01	Professional Societies

						02	Journals, Online Materials & Databases
						03	Memberships & Subscriptions – Others
				90	Other Administrative Expenses	00	Consolidated Other Administrative Expenses
						01	Expenses for Meetings
						02	Guest entertainment expenses
						03	Survey/ Census
						11	Other Administrative Expenses – Others
						21	Miscellaneous expenses
2	Revenue Expenditure	30	Operations & Maintenance	10	Power & Fuel	00	Consolidated Power & Fuel
						01	Water Works
						02	Street lighting
						10	Bulk Purchase of Power
						21	Power & Fuel – Others
				15	Bulk Purchases	00	Consolidated Bulk Purchases
						01	Raw Water
						02	Bulk Purchases - Others
				20	Consumption of Stores - Supplies & Materials	00	Consolidated Consumption of Stores – supplies & Materials
						01	Seeds & Seedlings
						02	Fertilizers, Chemicals, Manures, Inoculants
						03	Medicines & laboratory consumables
						04	Animal feeds
						05	Uniforms, Extension kits, Linens
						06	Others
				25	Hire Charges	00	Consolidated Hire Charges
						01	Hire of Machineries
						02	Hire of Vehicles
						03	Hire charges – Others
				30	Repair &	00	Consolidated

					Maintenance – Roads & Bridges		Repairs & Maintenance – Roads & Bridges
						01	Concrete Roads
						02	Metaled Roads (Bitumen)
						03	Other Roads
						04	Bridges & Flyovers
						05	Culverts
						06	Others
				35	Repair & Maintenance – Water Ways	00	Consolidated Repairs & Maintenance – Water Ways
						01	Tanks
						02	Reservoirs
						03	Pipe lines & Pressure pumps
						04	Waterways Structure
						05	Hydrants
						06	Waterways – Others
				40	Repairs & Maintenance - Public Lighting	00	Consolidated Repairs & Maintenance – Public Lightings
						01	Transformers
						02	Lamp posts
						03	Public Lighting Structures
						04	Public lighting – others
				45	Repairs & Maintenance -Civic Amenities	00	Consolidated Repairs & Maintenance - Civic Amenities
						01	Parks, Nurseries & Gardens
						02	Lakes & Ponds
						03	Playgrounds & Stadium
						04	Sports Facilities & Swimming Pool
						05	Parking Lots
						11	Markets & Complexes
						21	Public Toilets
						31	Foot paths
						41	Civic Amenities – Others
				50	Repairs & Maintenance - Buildings	00	Consolidated Repairs & Maintenance - Buildings
						01	Office Buildings
						02	Community Building
						03	Market Building

						04	Staff Quarters
						05	Crematorium
						06	Buildings – Others
				55	Repairs & Maintenance - Vehicles	00	Consolidated Repairs & Maintenance - Vehicles
						01	Buses & Trucks
						02	Motor Vehicles – Light Vehicles
						03	Tankers
						04	Cranes
						05	Dumpers Placer
						06	Earth Movers
						07	Tractors
						08	Compactors
						09	Two Wheelers
						10	Vehicles - Others
				60	Repairs & Maintenance – Plant & Machineries	00	Consolidated Repairs & Maintenance – Plant & Machineries
						01	Crushing Machine
						02	Drilling Machine
						03	Spray Machine
						04	Incinerator
						05	Generator
						06	Plant & Machineries – Others
				65	Repairs & Maintenance - Office & Other Equipment	00	Consolidated Repairs & Maintenance - Office & Other Equipment
						01	Computers & Accessories
						02	Telephones & Faxes
						03	Printers & Photo-copiers
						04	Air Conditioners, Heaters & Refrigerators
						05	Others
				70	Repairs & Maintenance - Furniture, Fixtures, Fittings & Electrical Appliances	00	Consolidated Repairs & Maintenance - Furniture, Fixtures, Fittings & Electrical Appliances
						01	Chairs & Tables
						02	Cupboards & AmiraH's
						03	Electrical Fittings & Appliances
						04	Others

				80	Repairs & Maintenance – Sewerage & Drains	00	Consolidated Repairs & Maintenance – Sewerage & Drains
						01	Underground Drains
						02	Open Drains
						03	Sewerage & Drains – Others
				85	Repairs & Maintenance -Others	00	Consolidated Repairs & Maintenance - Others
						01	Repairs & Maintenance -Others
				90	Other operating & Maintenance expenses	00	Consolidated Other operating & Maintenance expenses
						01	Water Purification charges
						02	Testing & Inspection charges
						03	Garbage & Clearance expenses
						04	Cleaning by private agencies (outsourced)
						05	Others
2	Revenue Expenditure	40	Interest & Finance Charges	10	Interest on Loans from Royal Government Bhutan	00	Consolidated Interest on Loans from Royal Government of Bhutan
						01	Interest on RGoB Loan
				20	Interest on Loans from Government Bodies & Associations	00	Consolidated Interest on Loans from Government Bodies & Associations
						01	Interest on Government Bodies & Associations
				30	Interest on Loans from International Organizations & Agencies	00	Consolidated Interest on Loans from International Organizations & Agencies
						01	Interest on International Agencies Loan
				40	Interest on Loans from	00	Consolidated interest on Loans

					Banks & Other Financial Institutions		from Banks & Other Financial Institutions
						01	Interest on Loans from Banks & Other Financial Institutions
				50	Interest on Bonds & Debentures	00	Consolidated Interest on Bonds & Debentures
						01	Interest on Bonds
				60	Other Term Loans	00	Consolidated Other Interest
						01	Interest on Other Terms loans
				70	Bank Charges	00	Consolidated Bank Charges
						01	Bank Charges
				80	Other Finance Expenses	00	Consolidated Other Finance Expenses
						01	Discount on Early /Prompt Payments
						02	Others
2	Revenue Expenditure	50	Programme Expenses	10	Election Expenses	00	Consolidated Election Expenses
						01	Election expenses
				20	Own Programme	00	Consolidated Own Programme
				30	Share in programme of others	00	Consolidated Share in programme of others
2	Revenue Expenditure	60	Revenue Grants, Contribution and Subsidies	10	Expenses on Grants	00	Consolidated Expenses on Grants
				20	Expenses on Contributions	00	Consolidated Expenses on Contributions
				30	Expenses on Subsidies	00	Consolidated Expenses on Subsidies
2	Revenue Expenditure	70	Provisions and Write off	10	Provisions for Doubtful receivables	00	Consolidated Provisions for Doubtful receivables
						02	Water Supply
						03	Other Fees & User Charges
						04	Rent
				20	Provision for	00	Consolidated

					other Assets		Provision for other Assets
						01	Store items
						02	Fixed assets
						03	Investments
						04	Others
				30	Revenues written off	00	Consolidated Revenues written off
						01	Property & Other taxes
						02	Water Supply
						03	Other Fees & User Charges
						04	Other Incomes
				40	Assets written off	00	Consolidated Assets written off
						01	Fixed assets
						11	Stores
				50	Miscellaneous Expense written off	00	Consolidated Miscellaneous Expense written off
						01	Debentures & Bond issue expenses
						02	Others
2	Revenue Expenditure	71	Miscellaneous Expenses	10	Loss on disposal of Assets	00	Consolidated Loss on disposal of Assets
						01	Loss on Disposal of Assets (<i>Specify Heads</i>)
				20	Loss on disposal of Investments	00	Consolidated Loss on disposal of Investments
				30	Other Miscellaneous Expenses	00	Consolidated Other Miscellaneous Expenses
						01	Loss in exchange fluctuation
2	Revenue Expenditure	72	Depreciation	10	Buildings	00	Consolidated Depreciation on Buildings
				20	Roads & Bridges	00	Consolidated Depreciation on Road & Bridges
				30	Sewerage and Drainage	00	Consolidated Depreciation on Sewerage and Drainage
				40	Water Ways	00	Consolidated Depreciation on

							Water Ways
				45	Public Lighting System	00	Consolidated Depreciation on Public Lighting System
				50	Plant & machinery	00	Consolidated Depreciation on Plant & machinery
				60	Vehicles	00	Consolidated Depreciation on Vehicles
				70	Office & Other Equipment	00	Consolidated Depreciation on Office & Other Equipment
				80	Furniture, Fixtures, Fittings and Electrical Appliances	00	Consolidated Depreciation on Furniture, Fixtures, Fittings and Electrical Appliances
				90	Other Fixed Assets (<i>please specify</i>)	00	Consolidated Depreciation on Other Fixed Assets
2	Revenue Expenditure	85	Prior Period	10	Expenses	00	Consolidated Prior Period Expenses
				20	Refund of Taxes	00	Consolidated Refund of Taxes
						01	Property & Other taxes
				30	Refund of Others - Revenues	00	Consolidated Refund of Others – Revenues
						01	Water Supply
						02	Rent
						03	Others
				80	Other Expenses	00	Consolidated Other Expenses
2	Revenue Expenditure	90	Transfer to Activity Funds	10	Genera Activity	00	Transfer to Genera Activity Fund
				20	Public Convenience	00	Transfer to Public Convenience
				30	Conservancy and Sanitary Provisions	00	Transfer to Conservancy and Sanitary Provisions

				40	Water Supply	00	Transfer to Water Supply
				50	Public Health, Safety, and Diseases Control Activity	00	Transfer to Public Health, Safety, and Diseases Control Activity
				60	Town Planning and Environment	00	Transfer to Town Planning and Environment
				70	Urban Poor Settlements (Slums) and Social Welfare	00	Transfer to Urban Poor Settlements (Slums) and Social Welfare
2	Revenue Expenditure	91	Transfer to Thomde Fund	10	Zone Development	00	Consolidate transfer to Thomde Fund
2	Revenue Expenditure	92	Transfer to Employee Fund	10	Gratuity & Leave Salary Fund	00	Transfer to Gratuity & Leave Salary Fund
				20	Provident Fund	00	Transfer to Provident Fund

Account Head – Capital Receipt and Liability

Major Heads				Minor Heads		Detailed Heads	
Primary Code	Description	Secondary Code	Description	Code	Description	Code	Description
3	Capital Receipts & Liabilities	10	Thromde (General) Fund	10	Thromde Fund	00	Consolidated Thromde Fund
				90	Excess of Income over Expenditure	00	Consolidated Excess of Income over Expenditure
						01	Opening Balance
						02	Transfer from Income & Expenditure Account
3	Capital Receipts & Liabilities	20	Earmarked Funds	10	Special Funds (<i>Specify each Fund type</i>)	00	Consolidated Special Funds (<i>Specify each Fund name</i>)
				50	Sinking Funds (<i>Specify each Fund Type</i>)	00	Consolidated Sinking Funds (<i>Specify each Fund Name</i>)
				70	Trustor Agency Funds (<i>Specify each Fund Type</i>)	00	Consolidated Trustor Agency Funds (<i>Specify each Fund Name</i>)
3	Capital Receipts & Liabilities	30	Reserve Funds	10	Capital Contribution	00	Consolidated Capital Contribution
				11	Capita Reserve	00	Consolidated Capital Reserve
				20	Borrowing Redemption reserve	00	Consolidated Borrowing Redemption reserve
				30	Special Funds (<i>Utilized</i>)	00	Consolidated Special Funds (<i>Utilized</i>)
				40	Statutory Reserve	00	Consolidated Statutory Reserve
				50	General Reserve	00	Consolidated General Reserve
				60	Revaluation Reserve	00	Consolidated Revaluation Reserve
				70	Asset replacement reserve	00	Consolidated Replacement Reserve

				80	Welfare Reserve	00	Consolidated Welfare Reserve
3	Capital Receipts & Liabilities	40	Grants, Contribution for specific purposes	10	Royal Government of Bhutan	00	Consolidated Grants from Royal Government of Bhutan
						01	<i>Specify Heads</i>
				20	Grants from other Organizations & Agencies	00	Consolidated Grants from other Organizations & Agencies
						01	<i>Specify Heads</i>
				30	Financial Institutions	00	Consolidated Grants from Financial Institutions
						01	<i>Specify Heads</i>
				40	Welfare Bodies	00	Consolidated Grants from Welfare Bodies
						01	<i>Specify Heads</i>
				50	International Organizations & Agencies	00	Consolidated Grants from International Organizations & Agencies
						01	<i>Specify Heads</i>
				60	Others	00	Consolidated Grants from Others
						01	<i>Specify Heads</i>
3	Capital Receipts & Liabilities	50	Secured Loans	10	Loans from Royal Government of Bhutan	00	Consolidated Loans from RGoB
						01	<i>Specify Heads</i>
				20	Loans from other Organizations & Agencies	00	Consolidated Loans from other organizations & Agencies
						01	<i>Specify Heads</i>
				30	Loans from International Organizations & Agencies	00	Consolidated Loans from International Organizations & Agencies
						01	<i>Specify Heads</i>
				40	Loans from Banks & Other Financial Institutions	00	Consolidated Loans from Banks & Other Financial Institutions
						01	<i>Specify Heads</i>
				50	Other Term Loans	00	Consolidated Other Term Loans

						01	<i>Specify Heads</i>
				60	Bonds & Debentures	00	Consolidated Bonds & Debentures Issued
						01	<i>Specify Heads</i>
				70	Other Loans	00	Consolidated Other Loans
						01	<i>Specify Heads</i>
3	Capital Receipts & Liabilities	60	Unsecured Loans	10	Loans from Royal Government of Bhutan	00	Consolidate Loan from RGoB
						01	<i>Specify Heads</i>
				20	Loans from Other Organizations & Associations	00	Consolidated Loans from Other Organizations & Associations
						01	<i>Specify Heads</i>
				30	Loans from International Organizations & Agencies	00	Consolidated Loans from International Organizations & Agencies
						01	<i>Specify Heads</i>
				40	Loans from Banks & Other Financial Institutions	00	Consolidated Loans from Banks & Other Financial Institutions
						01	<i>Specify Heads</i>
				50	Other Term Loans	00	Consolidated Term Loans
						01	<i>Specify Heads</i>
				60	Bonds & Debentures	00	Consolidated Bonds & Debentures Issued
						01	<i>Specify Heads</i>
				70	Other Loans	00	Consolidated Other Loans
						01	<i>Specify Heads</i>
3	Capital Receipts & Liabilities	70	Deposits Received	10	From Contractors/ Suppliers	00	Consolidated Deposits received from Contractor/ Supplier
						01	Earnest Money Deposit
						11	Security Deposit
						21	Tender Money Deposit
				20	Deposits-Revenues (Unearned)	00	Consolidated Deposits-Revenues

						01	Water Charges Deposits
						02	Rental Deposits
						03	Deposits – Other fees & Charges
				30	From Staff	00	Consolidated deposits from Staff
						01	<i>Specify Heads</i>
				80	From Others	00	Consolidated deposits from Others
						01	<i>Specify Heads</i>
3	Capital Receipts & Liabilities	75	Deposit works	10	Civil works	00	Consolidated deposit works (civil)
						01	<i>Specify Heads</i>
				20	Electrical works	00	Consolidated deposit works (electrical)
						01	<i>Specify Heads</i>
				80	Others	00	Consolidated deposit works (Others)
						01	<i>Specify Heads</i>
3	Capital Receipts & Liabilities	80	Other Liabilities	10	Creditors (Payables)	00	Consolidated Creditors
						01	Suppliers
						11	Contractors
						21	Expenses Payable
						31	Payables against special funds
						32	Payables against specific grants
						33	Payables against deposit works
						41	Payables against Scheme Expenses
						51	Payables – Others
				20	Employee liabilities (Payables)	00	Consolidated Employee liabilities
						01	Salaries, Wages and Bonus
						02	Benefits and Allowances
						03	Employer Provident Fund Contribution Payable
						04	Other Terminal & Retirement Benefits
				30	Interest Accrued	00	Consolidated

					and due (Secured Loans)		Interest on Secured Loans
						01	Loans from RGoB
						11	Loans from Other Organizations & Association
						12	Loans from International Organizations & Agencies
						13	Loans from Banks & Other Financial Institutions
						14	Other Term Loans
						15	Bonds & Debentures
						16	Other Loans
				31	Interest Accrued and due (Unsecured Loans)	00	Consolidated Interest on Secured Loans
						01	Loans from RGoB
						11	Loans from Other Organizations & Association
						12	Loans from International Organizations & Agencies
						13	Loans from Banks & Other Financial Institutions
						14	Other Term Loans
						15	Bonds & Debentures
						16	Other Loans
				40	Recoveries payable	00	Consolidated Recoveries payable
						01	Employees Provident Fund Payable
						02	Insurance Premium Deductions
						11	Service Tax Deductions
						12	Profession Tax Deduction
						21	TDS-Employees
						22	TDS-Contractors
						23	TDS – Special Contribution
						24	TDS-Special Funds
						25	TDS- Scheme Expenses
						31	Works Contract Tax -Special Fund
						32	Deduction for Works Contract

							Tax
						33	Trade Tax Deduction
						34	Deduction for other Organization/ Societies
						35	Other Deductions
				50	Government Dues payable	00	Consolidated Government dues payable
						01	<i>Specify Heads</i>
				60	Refunds payable	00	Consolidated Refund payable
						01	Property & Other Taxes
						02	Water supply related refunds payable
						03	Rent –Refunds Payable
						04	Refunds of excess receipt against sale of attached properties
						05	Refunds of other income
						06	Refunds of Contribution liability
						07	Deposit Civil Works
				70	Advance Collection of Revenues	00	Consolidated Advance Collection of Revenues
						01	Land Tax
						02	Building Tax
						03	Other Property Taxes
						04	Rental Income
						05	Rent from Lease
						06	Water Charges
						07	Sewerage Charges
						08	Fees & User Charges
						09	Hire Charges
						10	Revenue – Others
				80	Others, Miscellaneous	00	Consolidated Other Liabilities
						01	Stale Cheques
						02	Compensation Payable
						03	Hire Purchase Payable
						04	Liabilities – Others
				90	Sale Proceeds	00	Consolidated Sale Proceeds

						01	Assets
						02	Investments
						03	Stores
						04	Attached properties
							<i>Note: These accounts will have zero balance at the year-end.</i>
3	Capital Receipts & Liabilities	90	Provisions	10	Provisions or Expenses	00	Consolidated Provision for Expenses
				20	Provision for Interest	00	Consolidated Interest Accrued but no Due
				30	Provision for Other Assets	00	Consolidated Provision for other Assets
						01	Stores
						02	Investments
						03	Others

Account Head – Capital Expenditure and Assets

Major Heads				Minor Heads		Detailed Heads	
Primary Code	Description	Secondary Code	Description	Code	Description	Code	Description
4	Capital Expenditure & Assets	10	Fixed Assets	10	Land	00	Consolidated Land
						01	Land
						02	Grounds
						03	Parks & Gardens
						04	Stadiums
				20	Buildings	00	Consolidated Building
						01	Office Buildings
						02	Community Building
						03	Market Building
						04	Shopping Complexes
						05	Staff Quarters
						06	Crematorium
						07	Building – Others
				30	Roads & Bridges	00	Consolidated Roads & Bridges
						01	Concrete Roads
						02	Metaled Roads (Bitumen)
						03	Other Roads
						04	Culverts
						05	Bridges & Flyovers
				31	Sewerage & Drains and Drainage	00	Consolidated Sewerage & Drainage
						01	Underground Drains
						02	Open Drains
						03	Others
				32	Waterways	00	Consolidated Waterways
						01	Water Reservoirs
						02	Tanks
						03	Pipeline & Pressure Pumps
						04	Waterways Structures
						05	Water Meters
						06	Water ways – Others
				33	Public Lighting	00	Consolidated Public Lighting
						01	Lampposts
						02	Transformer
						03	Others
				40	Plant & Machinery	00	Consolidated Plant & Machinery

						01	Crushing Machine
						02	Drilling Machine
						03	Spray Machine
						04	Incinerator
						05	Generator
						06	Plant & Machineries – Others
				50	Vehicles	00	Consolidated Vehicles
						01	Buses & Trucks
						02	Motor Vehicles – Light Vehicles
						03	Tankers
						04	Cranes
						05	Dumpers Placer
						06	Earth Movers
						07	Tractors
						08	Compactors
						09	Two Wheelers
						10	Vehicles - Others
				60	Office & Other Equipment	00	Consolidated Office & Other Equipment
						01	Computers & Accessories
						02	Telephones & Faxes
						03	Printers & Photo-copiers
						04	Air Conditioners, Heaters & Refrigerators
						05	Others
				70	Furniture, Fixtures, Fittings and Electrical Appliances	00	Consolidated Furniture, Fixtures, Fittings & Electrical Appliances
						01	Chairs & Tables
						02	Cupboards & Amirah's
						03	Electrical Fittings & Appliances
						04	Others
				80	Other Fixed Assets	00	Consolidated Other Fixed Assets
						01	Specify Heads
				90	Assets under Disposal	00	Consolidated Assets under disposal
4	Capital Expenditure & Assets	11	Accumulated Depreciation	10	Buildings	00	Consolidated Accumulated Depreciation on Buildings
						01	Office Buildings
						02	Community Building
						03	Market Building

						04	Shopping Complexes
						05	Staff Quarters
						06	Crematorium
						07	Building – Others
				20	Roads & Bridges	00	Consolidated Accumulated Depreciation on Roads & Bridges
						01	Concrete Roads
						02	Metaled Roads (Bitumen)
						03	Other Roads
						04	Culverts
						05	Bridges & Flyovers
				30	Sewerage and Drainage	00	Consolidated Accumulated Depreciation on Sewerage and Drainage
						01	Underground Drains
						02	Open Drains
						03	Others
				40	Waterways	00	Consolidated Accumulated Depreciation on Waterways
						01	Water Reservoirs
						02	Tanks
						03	Pipeline & Pressure Pumps
						04	Water ways Structures
						05	Water Meters
						06	Water ways – Others
				50	Public Lighting	00	Consolidated Accumulated Depreciation on Public Lighting System
						01	Lampposts
						02	Transformer
						03	Others
				60	Plant & Machinery	00	Consolidated Accumulated Depreciation on Plant & machinery
						01	Crushing Machine
						02	Drilling Machine
						03	Spray Machine
						04	Incinerator
						05	Generator
						06	Plant & Machineries –

							Others
				70	Vehicles	00	Consolidated Accumulated Depreciation on Vehicles
						01	Buses & Trucks
						02	Motor Vehicles – Light Vehicles
						03	Tankers
						04	Cranes
						05	Dumpers Placer
						06	Earth Movers
						07	Tractors
						08	Compactors
						09	Two Wheelers
				80	Office & Other Equipment	00	Consolidated Accumulated Depreciation on Office & Other Equipment
						01	Computers & Accessories
						02	Telephones & Faxes
						03	Printers & Photo-copiers
						04	Air Conditioners, Heaters & Refrigerators
						05	Others
				85	Furniture, Fixtures, Fittings and Electrical Appliances	00	Consolidated Accumulated Depreciation on Furniture, Fixtures, Fittings and Electrical Appliances
						01	Chairs & Tables
						02	Cupboards & Amrah's
						03	Electrical Fittings & Appliances
						04	Others
				90	Other Fixed Assets	00	Consolidated Accumulated Depreciation on Other Fixed Assets
4	Capital Expenditure & Assets	12	Capital Work-in-progress	10	Assets out of Specific Grants	00	Consolidated Assets out of Specific Grants
						01	Buildings
						11	Roads & Bridges
						21	Sewerage and Drainage
						31	Waterways
						41	Public Lighting
						51	Plant & Machinery

						61	Vehicles
						71	Office & Other Equipment
						81	Furniture, Fixtures, Fittings and Electrical Appliances
						91	Other Fixed Assets
				20	Assets out of Special funds	00	Consolidated Assets out of Special funds
						01	Buildings
						11	Roads & Bridges
						21	Sewerage and Drainage
						31	Waterways
						41	Public Lighting
						51	Plant & Machinery
						61	Vehicles
						71	Office & Other Equipment
						81	Furniture, Fixtures, Fittings and Electrical Appliances
						91	Other Fixed Assets
				30	Assets out of Specific Schemes	00	Consolidated Assets out of Specific Schemes
						01	Buildings
						11	Roads & Bridges
						21	Sewerage and Drainage
						31	Waterways
						41	Public Lighting
						51	Plant & Machinery
						61	Vehicles
						71	Office & Other Equipment
						81	Furniture, Fixtures, Fittings and Electrical Appliances
						91	Other Fixed Assets
				40	Assets out of Own Resources	00	Consolidated Assets out of Own Resources
						01	Buildings
						11	Roads & Bridges
						21	Sewerage and Drainage
						31	Waterways
						41	Public Lighting
						51	Plant & Machinery
						61	Vehicles
						71	Office & Other Equipment
						81	Furniture, Fixtures, Fittings and

							Electrical Appliances
						91	Other Fixed Assets
4	Capital Expenditure & Assets	20	Investments – General Fund	10	Government Securities	00	Consolidated Investments in Government Securities
				20	Debentures and Bonds	00	Consolidated Investments in Debentures and Bonds
				30	Preference Shares	00	Consolidated Investments in Preference Shares
				40	Equity Shares	00	Consolidated Investments in Equity Shares
				50	Units of Mutual Funds	00	Consolidated investments in Unit of Mutual Funds
				60	Other Investments	00	Consolidated Investments in Other Investments
				70	Accumulated Provision	00	Consolidated Accumulated Provision
4	Capital Expenditure & Assets	21	Investments – Other Funds	10	Government Securities	00	Consolidated Investments in Government Securities
				20	Debentures and Bonds	00	Consolidated Investments in Debentures and Bonds
				30	Preference Shares	00	Consolidated Investments in Preference Shares
				40	Equity Shares	00	Consolidated Investments in Equity Shares
				50	Units of Mutual Funds	00	Consolidated investments in Units of Mutual Funds
				60	Other Investments	00	Consolidated Investments in Other Investments
				90	Accumulated Provision	00	Consolidated Accumulated Provision
4	Capital Expenditure & Assets	30	Stock-in-hand	10	Stores	00	Consolidated Stores
					<i>At the year-end opening stock and purchase will have Nil balance. Consumption head is a credit</i>	01	Opening Stock

					<i>head. This will be credited with corresponding debit to the use/utilization of stores on creation of assets or used in repairs and maintenance.</i>		
						01-10	Open Heads for major stores
						11	Purchases
						11-20	Open Heads for major stores
						21	Consumption
						21-30	Open Heads for major stores
						31	Closing Stock
						31-40	Open Heads for major stores
				20	Loose Tools (same as Stores)	00	Consolidated Loose tools
						01	Opening Stock
						11	Purchases
						21	Consumption
						31	Closing Stock
				50	Others (same as Stores)	00	Consolidated other stores
						01	Opening Stock
						11	Purchases
						21	Consumption
						31	Closing Stock
4	Capital Expenditure & Assets	31	Debtors (Receivables)	10	Receivables for Property Taxes	00	Consolidated Receivables for Property Taxes
						01	Property Tax Receivable-Current Year
						02	Property Tax Receivable-Year1
						03	Property Tax Receivable-Year2
						04	Property Tax Receivable-Year3
						07	Property Tax Receivable-Others
				20	Receivable for Other Taxes	00	Consolidated Receivable for other Taxes
						01	Other Tax Receivable -Current Year
						02	Other Tax Receivable -Year1
						03	Other Tax

							Receivable -Year2
						04	Other Tax Receivable -Year3
						05	Other Tax Receivable -Others
				30	Receivable for Fees & User Charges	00	Consolidated Receivable for fees & user charges
						01	Water charges Receivable-Current Year
						02	Water Charges Receivable-Year1
						03	Water Charges Receivable-Year2
						04	Water Charges Receivable-Year3
						05	Water Charges Receivable-Others
						11	User Charges Receivable-Current Year
						12	User Charges Receivable-Year1
						13	User Charges Receivable-Year2
						14	User Charges Receivable-Year3
						15	User Charges Receivable-Others
						21	Other Fees Receivable-Current Year
						22	Other Fees Receivable-Current Year 1
						23	Other Fees Receivable-Current Year 2
						24	Other Fees Receivable-Current Year 3
				40	Receivable from other sources	00	Consolidated Receivable from other sources
						01	Rent Receivable - Current Year
						02	Rent Receivable – Year 1
						03	Rent Receivable – Year 2
						04	Rent Receivable – Year 3
						05	Rent Receivable – Others
						11	Lease Rentals

						21	Interest Earned
						31	Interest Accrued but not due-Thromde Fund
						32	Interest Accrued but not due-Specific Contribution
						33	Interest Accrued but not due-Special Funds
						34	Interest Accrued but not due-Grant Investment
						35	Interest Accrued and Due-Thromde Fund
						36	Interest Accrued and Due – Specific Contribution
						37	Interest Accrued and Due-Special Fund
						38	Interest Accrued and due-Grant Investment
						41	Interest from Employees
				50	Receivable from Government	00	Consolidated Receivable from Government
						01	Grants
						11	Others
4	Capital Expenditure & Assets	32	Accumulated Provisions against Debtors (Receivables)	10	Provision for outstanding Property Taxes	00	Consolidated Provision for outstanding Property Taxes
				20	Receivable for Other Taxes	00	Consolidated Provision for outstanding Other Taxes
				30	Receivable for Fees & User Charges	00	Consolidated Provision for outstanding Fees and Other Charges
				40	Receivable from other sources	00	Consolidated Provision for outstanding Receivable from Other Sources
4	Capital Expenditure & Assets	40	Pre-paid Expenses	10	Establishment	00	Consolidated prepaid - Establishment
				20	Administration	00	Consolidated prepaid - Administration

				30	Operations & Maintenance	00	Consolidated prepaid - Operations & Maintenance
4	Capital Expenditure & Assets	50	Cash and Bank balance	10	Cash	00	Consolidated Cash (all places)
						01	Cash in hand (head office)
						02	Cash in hand (Zone Offices)
				20	Balance with Bank	00	Consolidated Bank Balances
						01	<i>Specify Name of the Bank</i>
				30	Balance with Bank-Special Fund	00	Consolidated Bank Balances-Special Fund
4	Capital Expenditure & Assets	60	Loans, Advances and Deposits	10	Loans and advances to employees	00	Consolidated Loans & Advances to Employees
						01	Loan to Employees
						02	Advances to Employees
				20	Loans to Others	00	Consolidated Loans to Others
				30	Advance to Suppliers and contractors	00	Consolidated Advance to Suppliers and contractors
						01	Public Works/Assets
						11	Stores/Materials supply
						21	Material Advances to Contractors
						31	Specific Grants
						41	Special Funds
						61	Others
				50	Advance to others	00	Consolidated Advances to others
						01	Permanent Advances
						11	Advance against Grants
						21	Advance against Schemes
						31	Others
				60	Deposits with External Agencies (Advances)	00	Consolidated Deposits with External Agencies
						11	Electricity Deposits

						21	Telephone Deposits
						51	Other Deposits
				80	Other current assets	00	Consolidated Other Current assets
						01	Interest Receivable on Loans & Advances
						11	Hire Purchase Installments
						21	Scheme Expenses
						91	Others
4	Capital Expenditure & Assets	61	Accumulated Provisions against Loans Advances and Deposits	10	Loans to Others	00	Consolidated Accumulated Provisions on Loans to Others
				20	Advances	00	Consolidated Accumulated Provisions on Advances
				30	Deposits	00	Consolidated Accumulated Provisions on Deposits
4	Capital Expenditure & Assets	70	Other Assets	10	Deposit Works – Expenditure <i>Note: The accounts will show a nil balance at the year-end.</i>	00	Consolidated Deposit Works – Expenditure
						01	Civil
						02	Electrical
						03	Others
4	Capital Expenditure & Assets	80	Miscellaneous Expenditure to be written off	10	Loan Issue Expenses	00	Consolidated Loan Issue Expenses
				20	Discount on Issue of Loans	00	Consolidated Discount on Issue of loans
				30	Others	00	Consolidated Other expenses written off
4	Capital Expenditure & Assets	90	Grant	10	Capital Grant	00	Capital Grant to Individuals/Not for Profit Organization

Annexure II: Illustrative List of Functions and Functionary Codes

Function				Functionary Detailed Heads	
Group Code	Description	Function Code	Description	Code	Description of Code (Illustrative List) (To Add/Amend)
00	General Administration	01	Thromde Authorities	01	Thrompon's Office
		02	Administration Function	01	Executive Secretary Office
				02	Chief Thromde Engineer
				03	Chief Health Officer
				04	Chief Vigilance Officer
		03	Finance, Accounts and Audit	01	Budget & Financial Management Section
				02	Thromde Internal Audit
		04	Personnel	01	Salary Section
				02	Capacity Building and Training
		05	E-Governance	01	Hardware and Network management Section
				02	Call Centers
				03	GIS Mapping Section
		06	Central Stores	01	Material handling Section
				02	Materials Quality Section
		07	Central Workshops	01	Manufacturing Section
				02	Materials Handling Section
		10	Estate	01	Surveys, Valuation, and maintenance of Properties Section
				02	Maps and Plan Section
10	Planning Regulations	11	City and Town Planning	01	Urban Architecture Section
				02	Urban Planning Section
				03	City Infrastructure Development Section
		12	Building Regulation	01	Building and Plan Section
				02	Monitoring and Vigilance
		13	Economic and Physical Planning	01	Economic and Physical Planning
		14	Encroachment removal	01	Encroachment Monitoring Section
20	Public Works	21	Road and Pavements	01	Road and Pavements
		22	Bridges and Flyovers	01	Bridges and Flyovers
		23	Public Lighting	01	Street Lights Section
		24	Storm Water drains	01	Storm Water Drains

		25	Traffic Signals	01	Construction and maintenance section
				02	Inspection Section
40	Sanitation and Solid Waste Management	00	Consolidated	00	Sanitation and Solid Waste Management Department
		41	Solid Waste Management	01	Removal & Collection of Solid Waste
				02	Landfill Sites Management
				03	Street Watering & Cleaning
		42	Public Convenience	01	Pay and Use toilets
		44	Cattle Impounding	01	Cattle Impounding
40	Civic Amenities – Water Supply	00	Consolidated	00	Civic Amenities Department
		41	Water Supply	01	Water Treatment Plant Section
				02	Water Distribution Section
				04	Water Distribution Tankers Section
50	Civic Amenities – Public Convenience	00	Consolidated	00	Civic Amenities – Public Convenience Department
		52	Sewerage	01	Maintenance of House Sewer Connection Section
				02	Surface Drain Maintenance Section
				03	Underground Drain maintenance Section
		53	Fire Services	01	Fire Tenders maintenance section
		54	Heritage, art and Culture	01	Maintenance of Section
				02	Maintenance of Section
				03	Maintenance of Libraries Section
		55	Community Centers	01	Maintenance of Community Halls
		56	Amusement & Museums	01	Maintenance of Amusement Centers Section
				02	Maintenance of Fair Grounds Section
				03	Maintenance of Museum Section
		57	Car Parking	01	Day Parking Monitoring Section
		58	Thromde Markets	01	Maintenance of Thromde Market Section
60	Urban Forestry	00	Consolidated	00	Urban Forestry Department
		61	Parks and Gardens	01	Maintenance of Parks/Garden/Traffic Section
				02	Maintenance of Nurseries/Horticulture Section
		62	Play Grounds	01	Maintenance of Open Space Section
		63	Lake and Ponds	01	Maintenance of Water Bodies Section

		64	Environment Conservation	01	Pollution Control Section
				02	Energy Control/Audit Section
70	Urban Poverty Alleviation & Social Welfare	00	Consolidated	00	Urban Poverty Alleviation & Social Welfare Section
		71	Social Welfare	01	Community Engineering Section
				02	Community Awareness Section
				03	Maintenance of Citizen Service Centre Section
		72	Urban Poverty Alleviation	01	Urban Poverty Alleviation
80	Other Functions	00	Consolidated	00	Miscellaneous Department
		81	Electricity	00	
		82	Transportation	01	Maintenance of Transport Vehicle Section
90	Revenues	03	Revenue Function	01	Property Tax Section
				02	Water Charges Section
				03	User Fees & Charges Section
				04	Other Fees, Taxes and Charges Section