MODULE 3 | BUDGETS, ACCOUNTS AND PAYMENTS

Spending Powers and Financial Sanctions

09

LECTURE

Practical hospital governance in Punjab, Pakistan

Identify the power before making a commitment.
Make every approval clear and traceable.

AUTHOR

Dr Qurban Hussain Khan

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SELF-STUDY PDF

Know who may approve the proposed action

For the Medical Superintendent (MS): make timely spending decisions within the powers that actually apply to the hospital.

- Find the exact source of a spending power.
- Separate budget, procurement and sanction checks.
- Prepare a clear approval file and sanction order.
- Handle missing powers, urgency and earlier errors.

OFFICIAL SOURCE

A principle tied to a named law, rule or official manual.

WORKING METHOD

A practical control or teaching format to adapt to the authorised system.

TEACHING CASE

An invented hospital example. Amounts are for learning, not spending authority.

Study output

An authority register and one complete, properly routed sanction case.

Module 3 | Presentation 2 of 5. Allow 45-60 minutes with exercises. All explanations are on the pages; check the cited sources before live use.

Begin with the action that needs approval

The words "please approve" are incomplete unless the file states what the officer is being asked to authorise.

Action	Plain meaning	Evidence to identify
Sanction expenditure	Approve spending or a commitment under a lawful power.	The applicable rule and authorised officer.
Approve procurement	Approve a step in selecting a supplier or contractor.	The procurement delegation and required process.
Sign a contract	Bind the institution to agreed obligations.	Authority to sign those terms on its behalf.
Approve payment	Approve a claim that has become properly payable.	Sanction, receipt or other entitlement, and bill checks.

One authorised officer may perform more than one role. Verify each role; do not infer it from seniority or a signature alone.

Sources: **F4**: secs. 4.2.1-4.2.7 | **F8**: r. 11

Read the legal framework and the local orders together

A local practice is useful evidence of how work is done. It is not a substitute for lawful authority.

Governing law	Identify the law covering the institution and its money.
Financial rules	Identify the applicable provincial or valid institutional rules.
Delegation	Find the power, officer, limit and attached conditions.
Current orders	Check amendments, appointments, restrictions and effective dates.
Case record	Show how those provisions apply to this specific decision.

Section 48 preserves existing rules until changed. Section 50 gives the PFM Act priority to the extent of a conflict. PFM = public financial management.

Sources: **F1**: ss. 48, 50 | **F3**: rr. 3, 6 | **F6**: ss. 8, 13, 19

Check four things before creating an obligation

A commitment is an obligation to make a future payment, such as an authorised order or contract.

1 | Lawful purpose

Is this expenditure allowed for this service and fund?

Identify any restriction on the money.

2 | Available funds

Is provision available under the correct head and year?

Check release terms and existing obligations.

3 | Competent authority

May this officer approve this action and amount?

Read the actual delegation and conditions.

4 | Correct process

Have the required procurement and other checks been met?

Record evidence before the relevant decision.

Funds and sanction are separate requirements. A budget balance does not establish the power to spend it.

Sources: **F2**: rr. 2.10, 17.6 | **F1**: s. 33 | **F8**: r. 11

Use the Delegation Rules as a lookup process

Where the Punjab Delegation of Financial Powers Rules 2016 apply, read the rule and the schedules as one instrument.

1	**Identify the officer**	Use the First Schedule or a valid notification to establish the category.
2	**Find the action**	Locate the matching power in the Second Schedule, including any special departmental entry.
3	**Read the whole entry**	Read the named authority, extent of power, notes and conditions together.
4	**Check changes**	Attach relevant amendments and any valid institutional delegation or restriction.

Rule 3 connects the power, the authorised officer and its extent. Do not start with a remembered rupee limit.

Sources: **F3**: r. 3; First and Second Schedules

An entry must answer more than "how much?"

Make a short extract of the actual provision used in the case. Keep its source and date visible.

Part of the entry	What to record	Common mistake
Nature of power	The exact action covered.	Using a purchase power for a write-off.
Officer / category	The officer to whom that power is given.	Assuming every MS has the same category.
Extent	Amount and basis: per case, period or other stated unit.	Looking only at one invoice or instalment.
Conditions / notes	Required approvals, restrictions and amendments.	Copying the amount but omitting its conditions.

A file extract should identify the schedule, part, entry, applicable officer category and amendment history.

Sources: **F3**: rr. 3, 6; Second Schedule

Do not assign a spending category from the MS title alone

An office title and an officer's financial powers are related questions, but they are not interchangeable.

What the cited framework shows

- The First Schedule contains specific offices and categories; it also names certain hospital MS posts.
- It places heads of special institutions and autonomous bodies in Category I until the body frames its own financial delegation rules under the relevant law.

What to establish locally

- Identify the institution's legal status and who is legally its head. The MS and the head of the institution may be different offices.
- Match the appointment and applicable delegation to the proposed action. Resolve uncertainty before relying on the power.

Under section 8 of the 2003 institutions Act, the MS exercises prescribed powers and functions. Apply that Act only where it governs the institution.

Sources: **F3**: First Schedule, Part I | **F6**: s. 8

Trace a Board delegation to its legal source

Where the 2003 institutions Act applies, section 13 permits the Board of Management to delegate its powers, duties or functions.

Read the actual delegation

- Identify the lawful decision, person or committee, action, financial limit, conditions and effective period.
- Check whether the decision is a continuing delegation or approval of one particular case.

Check its boundaries

- Confirm the Board itself holds the relevant power and has acted through the required procedure.
- Read the Act, applicable rules and regulations together. Section 19 requires Board regulations to be consistent with the Act and rules.

A Board minute is not a general exemption from financial or procurement requirements. Keep the approved decision with the case.

Sources: **F6**: ss. 13-15, 19 | **F8**: r. 11

Separate approval, checking and signing roles

Identify the authorised person for each function, even when several functions sit in the same office.

Role	What it does	What it does not establish alone
Sanctioning authority	Decides within a valid spending power.	That every later bill is payable.
DDO	Performs authorised drawing and disbursement duties.	A general power to approve every expense.
Finance / accounts staff	Check funds, records and claims within their assigned duties.	A power to replace the competent decision-maker.
Authorised signatory	Signs an order or payment in the authorised capacity.	A personal power to approve the underlying transaction.

DDO = Drawing and Disbursing Officer. An officer authorised to sign for an authority must not be confused with the authority that made the decision.

Sources: **F4**: secs. 2.2, 4.2 | **F2**: r. 18.11

"Full powers" still operate within conditions

A wide delegation concerns the stated power. Use this check to establish what it permits in the actual case.

01 Purpose

Is the expense within the stated activity and power?

02 Funds

Is lawful provision available and usable for this purpose?

03 Conditions

Are the entry's notes and Government restrictions met?

04 Period

Is the authority effective for the proposed period?

05 Process

Have procurement and other required steps been met?

06 Propriety

Is the decision prudent and free from personal advantage?

Rule 6 makes delegated powers subject to conditions and instructions. Punjab Financial Rules (PFR) rule 2.10 requires prudent use of public money.

Sources: **F3**: r. 6 | **F2**: r. 2.10

Use the correct approval level without needless referral

A clear delegation allows routine decisions to be made at the level intended by the rules.

When the power is available

- Rule 4 gives a higher authority in the same department the powers delegated to a subordinate authority. Rule 5 preserves the subordinate's powers.
- A practical approach is to decide complete cases within a verified power, while observing any required consultation or restriction.

When the power is missing

- Rule 8 places powers not delegated under these Rules with the Finance Department.
- Distinguish a power held at a higher listed level from a power not delegated at all. Use the applicable institutional and departmental route.

Send a precise question: which action needs approval, why the present officer cannot approve it, and what decision is required?

Sources: **F3**: rr. 4-6, 8

Check the authority when charge arrangements change

Working method for additional charge, acting arrangements, leave cover and handover. Read the appointment and delegation together.

01 Appointment

Which office and duties does the written order cover?

02 Power

Which provision links the spending power to that office or person?

03 Dates

When does the charge start and end? Is a later order available?

04 Scope

Are any decisions reserved, restricted or subject to consultation?

05 Signatures

Are the required accounts and bank authorisations in place?

06 Handover

Are pending cases, limits and live commitments recorded?

A staffing arrangement should trigger an authority check. Do not assume it transfers every financial power or removes existing restrictions.

WORKING METHOD | Illustrative material is identified in the text.

Assess the real proposal before applying a limit

The approval test concerns the action covered by the delegation, not merely the size of the next payment.

Financial-power check

- Identify the relevant basis in the delegation: the case, scheme, transaction, period or other specified unit.
- Show connected costs and later obligations. PFR rule 2.10(a)(5) says not to sanction spending likely to require later expenditure beyond your powers.

Procurement check

- Punjab Procurement Rule 9 restricts splitting or regrouping planned procurement, subject to its stated qualifications.
- Do not divide a single requirement simply to avoid an approval level or procurement procedure. Record any lawful basis for separate packages.

An advance, instalment or separate invoice is not automatically a separate spending proposal.

Sources: **F2**: r. 2.10(a)(5) | **F3**: rr. 3, 6 | **F8**: r. 9

Show the whole cost of a recurring proposal

Teaching example only: a proposed three-year support arrangement. All amounts and terms here are invented.

Annual service	PKR 0.9 million for each of three years.
One-time setup	PKR 0.3 million, additional to the annual service cost.
Stated total	(0.9 x 3) + 0.3 = PKR 3.0 million over the stated term.
Authority check	Identify how the applicable delegation measures the proposal and who may approve the complete obligation.
Funding check	Show each year's cost, required appropriations, payment terms and any extra exposure, such as price adjustments.

The first invoice is not the whole obligation. A multi-year sanction does not remove the need for funds under the applicable annual arrangements.

TEACHING CASE | Illustrative material is identified in the text.

Understand administrative, financial and technical approval

These terms answer different questions. The applicable rules determine whether decisions can be combined in one valid order.

Term	Plain meaning	Practical check
Administrative approval	Formal acceptance of a departmental proposal.	What work or service, scope and cost have been accepted?
Financial sanction	Authority to incur the expenditure under the applicable power.	Does the approval actually cover this spending decision?
Technical sanction	Approval of a properly detailed construction or repair estimate by the competent authority.	Does this work require a technical sanction and has it been issued?

Under the note to PFR rule 1.3, Government approval of non-works new expenditure also serves as financial sanction once the necessary funds are voted.

Sources: **F2**: rr. 1.3, 1.38, 18.7

Use the power that matches the type of decision

A write-off concerns the irrecoverable value of a loss; disposal concerns what happens to an asset. Check the power for each decision.

Hospital decision	Question for the authority check	Evidence to attach
Post or allowance	Is there lawful establishment or pay authority?	Sanctioned post, entitlement and relevant orders.
Building repair	Which works approvals and technical checks apply?	Scope, estimate and required sanctions.
Disposal or write-off	Is the decision about disposal, a loss, or both?	Separate applicable powers and supporting record.
Fee reduction / refund	May this officer alter or return the receipt?	Charging basis, eligibility and revenue authority.

An available purchase power should not be used as a substitute for a different financial power.

Sources: **F3**: Second Schedule, applicable entry | **F2**: rr. 18.1, 18.4; ch. IV

Resolve an uncertain approval route in writing

Working method for an MS, institutional finance team, Board office and Administrative Department.

1	**Name the uncertainty**	State the exact action and the missing, unclear or conflicting provision.
2	**Assemble the evidence**	Attach the appointment, governing provision, delegation, relevant amendments and financial facts.
3	**Seek a defined decision**	Use the prescribed route to the office that can clarify, approve or lawfully delegate the power.
4	**Protect the service**	Give the patient-service deadline and identify a lawful temporary option while the decision is obtained.

Ask for an actionable written answer. A general endorsement such as "process as per rules" does not answer a missing-authority question.

WORKING METHOD | Illustrative material is identified in the text.

Build a sanction file around six questions

Working file structure. Use any prescribed form and add only the evidence needed for a clear decision.

01 Need

What is required, for whom, and by when?

02 Authority

Who may approve it, under which exact provision?

03 Amount

What is the full cost and how was it calculated?

04 Funds

Which fund, year, head, provision and release support it?

05 Process

What procurement, technical and other approvals apply?

06 Decision

What exact approval, conditions and next action are requested?

The file should let a second officer reproduce the calculation and trace the approval route.

WORKING METHOD | Illustrative material is identified in the text.

Write a short authority-verification note

Reusable working format. Replace the field descriptions with evidence from the live case.

Action and value	Describe the proposed obligation, total amount and time period.
Legal power	Give the instrument, rule or schedule entry, officer/category and relevant amendment.
Limit and conditions	Record the applicable ceiling or extent, its calculation basis, and how each condition is met.
Funds and process	Identify the fund, year and head; record the budget/release check and remaining procedural requirements.
Conclusion	Name the competent authority and state whether the file is ready, needs a specified document, or must be referred.

Identify who prepared and checked the note and when. Keep the source extract with it.

WORKING METHOD | Illustrative material is identified in the text.

Make the sanction order specific enough to act on

Working checklist for the contents of an order. It does not replace a prescribed sanction format.

Authority	State whose decision is conveyed and cite the enabling provision and approval reference.
Decision	Identify the approved purpose, scope, amount and period. State what the amount includes.
Funding	State the financial year, fund and account head, with the applicable appropriation and release references.
Conditions	Set out any limits, required prior steps and reporting or payment conditions.
Authentication	Use the date, order number and authorised signature. Send it through the required accounts and administrative route.

A sanction approves a defined decision. Receipt, claim verification and payment controls still apply.

Sources: **F2**: rr. 17.8-17.12, 18.6, 18.11 | **F4**: sec. 4.2

Use clear wording about the funding position

The decision-maker needs to know whether funds exist, are conditional, or must still be obtained.

Weak wording	Why it is incomplete	What to state instead
"Budget available"	No amount, head, year or usable balance is shown.	Identify the provision and release, with the evidence date.
"Subject to budget provision"	PFR rule 17.11 identifies this wording as ambiguous.	State the actual appropriation position and precise condition.
"Funds will be arranged"	The proposed source and approval are missing.	Identify the proposed lawful route and the decision still required.

Where advance sanction is lawfully permitted, use the applicable rule's precise funding condition. Do not treat it as permission to spend before that condition is met.

Sources: **F2**: rr. 17.6, 17.8-17.12

Keep approval, communication and execution traceable

A well-written sanction is useful only if the people acting on it can identify the approved version.

1	**Record the decision**	Keep the signed or authenticated approval with its supporting case and conditions.
2	**Issue the order**	Convey the approved decision through the required route; use an authorised signature.
3	**Link the transaction**	Put the sanction reference on the related order, contract and payment record where required.
4	**Track the balance**	Record commitments, payments, amendments and expiry against the approval.

This is a working control sequence. Use the authorised paper or digital system and the applicable accounting procedure.

Sources: **F2**: rr. 18.6, 18.11 | **F4**: sec. 4.2

Treat urgency as a reason for prompt, documented action

Protect patients while identifying the lawful procurement route and the officer who may approve the expenditure.

Establish the facts

- Record the failure, patient-service risk, time available, available stock or backup and realistic alternatives.
- An urgent request is not automatically an emergency under procurement law. Match the facts to the applicable provision.

Establish the authority

- For the emergency route in rule 59(c)(v), the procuring agency must specify the forum authorised to declare an emergency.
- Confirm spending authority and funds as well as the procurement method. Record the reason, decision and minimum necessary scope promptly.

PPRA means Punjab Procurement Regulatory Authority here. An emergency procurement route does not itself grant unlimited spending power.

Sources: **F8**: rr. 2(1)(q), 11, 59(c)(v) | **F3**: r. 6

Respond accurately when approval was missing

Record what actually happened. An unpaid commitment and a payment already made need different handling.

An order was placed or goods arrived

- Record the instruction, delivery, price, receipt and any contractual obligation. Keep the chronology intact.
- Refer the authority defect for a specific lawful decision. Obtain finance or legal review where needed; do not assume either automatic payment or automatic cancellation.

Payment was already made

- Rule 7 does not allow the delegated Schedule powers to regularise retrospectively a payment made without sanction or under an incompetent sanction.
- Report the facts through the proper route, record the payment accurately and seek the lawful remedy and any required responsibility review.

Do not backdate a sanction or hide a transaction. "Ex-post facto" means after the event; the precise restriction in rule 7 concerns payments already made.

Sources: **F3**: r. 7 | **F2**: r. 2.10(b)(4)

Turn an informal instruction into a clear decision request

Working method when an urgent oral message, a forwarded message or a brief note leaves the authority unclear.

1	**Confirm the request**	Record what is wanted, by when, by whom, and its service consequence.
2	**Check the power**	Identify whether the instruction is from the competent authority and meets the required form.
3	**Explain the gap**	State the missing power, funding evidence or approval precisely; avoid a vague refusal.
4	**Offer the next step**	Prepare the proper case, identify the lawful route and request a decision by a stated time.

A message can help establish the facts. Its legal effect depends on the authority, content and applicable procedure.

WORKING METHOD | Illustrative material is identified in the text.

Recheck approval when the proposed transaction changes

An earlier sanction supports the decision actually approved. It is not an open-ended authority for later changes.

Change	What to check before acting	Record to retain
Higher cost or extra work	Does the revised total and scope remain within the sanction and power?	Approved variation or revised sanction, where required.
Longer period / renewal	Does authority cover the extension and later costs?	Term, renewal decision and funding evidence.
Different head or fund	Is the proposed change lawfully approved?	Applicable budget or fund authorisation.
Officer or year changes	Is the decision still valid and is the new officer authorised to act?	Handover, current authority and funding position.

Different changes need different approvals. Identify the precise requirement instead of adding a general "approved" stamp.

Sources: **F2**: rr. 17.3-17.4; 18.14-18.15 | **F3**: r. 6

A healthy budget balance does not cure a power gap

Teaching case: Hospital C needs one repair costing PKR 1.2 million. All figures, including the assumed spending limit, are invented.

Teaching assumption	Assume a valid local delegation caps this officer's approval for the whole repair at PKR 1.0 million.
Available funds	Assume PKR 3.0 million is usable for this purpose after known commitments. Other required checks must still be completed.
Authority result	The repair exceeds the assumed power by PKR 0.2 million: 1.2 - 1.0 = 0.2.
Incorrect response	Two approvals of PKR 0.6 million for the same repair do not remove the gap in this teaching case.
Correct response	Present the full repair and service risk to the competent higher authority through the applicable route before committing it.

The PKR 1.0 million figure is a teaching assumption only. Replace it with the actual, verified power in a live case.

TEACHING CASE | Illustrative material is identified in the text.

Three authority questions

Write your answer and the reason before turning to the next page.

01 | Recommendation

A procurement committee recommends an offer. The file does not show who may sanction the expenditure.

Does the recommendation establish spending authority?

02 | Bank signature

An officer can sign the hospital's bank instructions. No document grants that officer the relevant sanctioning power.

May the officer approve the purchase on that basis?

03 | Payment made

A payment was made under an incompetent sanction. A subordinate officer is asked to regularise it using the 2016 Schedule powers.

What does rule 7 prevent?

Identify the missing authority or control. Explain the next lawful step; do not merely answer yes or no.

Answers and reasons

Use the evidence, the calculation and the actual source of authority.

01 | The spending power still needs to be identified.

Check whether the committee itself holds the required delegated power. A recommendation alone does not prove it. Obtain the competent decision through the correct route.

02 | Bank signing authority alone is insufficient.

Verify the separate authority to sanction the purchase. Prepare the case for the officer who actually holds that power.

03 | Do not use those delegated powers to regularise the payment.

Rule 7 prevents that retrospective use of the Schedule powers. Preserve the record, report the defect and seek the lawful remedial route.

The practical discipline is to connect every decision to a valid power and a complete factual record.

Sources: **F3**: rr. 3, 6-7 | **F4**: sec. 4.2 | **F8**: r. 11

Use a final check before the sanction leaves your office

Working checklist for the approving authority and the staff preparing the order.

☐ Correct action

The decision and its complete cost are clear.

☐ Valid power

The officer, provision, extent and conditions are evidenced.

☐ Usable funds

The fund, head, year and funding position are stated.

☐ Required process

Procurement and other prerequisites are documented.

☐ Clear order

The amount, scope, period and conditions match the approval.

☐ Traceable record

The signature, references, circulation and tracking are complete.

A check should end in a clear decision: ready to issue, return for a named correction, or refer to a named authority.

WORKING METHOD | Illustrative material is identified in the text.

Build an authority register for your own hospital

Use a non-confidential real case or the invented examples in this lecture.

1 | Five decisions

Choose common cases: supplies, repairs, staff claims, contracts and disposal.

2 | Power record

Record each source, officer, limit, conditions, effective dates and verification date.

3 | One live case

Prepare a non-confidential authority note and draft sanction using the actual route.

Review question: can another officer prove who may approve each action without relying on your memory?

Next planned lecture: Spending Control and Cash Planning. It will connect available funds, outstanding obligations and payment timing.

WORKING METHOD | Illustrative material is identified in the text.

Sources and continued use | 1

Select a source title or its official-source link to open the document.

F1

Punjab Public Financial Management Act 2022

Act XXXVII of 2022. Cited sections cover budgeting, re-appropriation, receipts, payments and controls. Use the Act with later amendments and current Finance Department instructions.

Government of Punjab | Punjab Laws | **Official source**

F3

Punjab Delegation of Financial Powers Rules 2016

2016 base text: rules 3-8 and the First and Second Schedules. Read with later notifications and any valid institutional delegation. No current monetary-ceiling table is reproduced.

Government of Punjab | Finance Department | **Official source** | **Later official compilation**

F6

Punjab Medical and Health Institutions Act 2003

Act IX of 2003. Sections 8, 13-15 and 19 concern the MS, delegation, institutional funds and regulations. Apply only to institutions governed by this Act.

Government of Punjab | Health Department | **Official source**

Educational material by Dr Qurban Hussain Khan. Source editions are stated; verify later amendments and applicable institutional orders before live use.

Sources and continued use | 2

Select a source title or its official-source link to open the document.

F2

Punjab Financial Rules, Volume I

Officially hosted compilation. Relevant rule numbers appear on the slides. Older amounts, forms and office descriptions must be checked against current amendments and applicable orders.

Punjab Finance Department | Copy hosted by Excise Department | **Official source**

F8

Punjab Procurement Rules 2014

Official compilation amended through 30 April 2025. Cited provisions concern approval, splitting and emergency procurement. Apply later amendments and current procurement instructions.

Punjab Procurement Regulatory Authority | **Official source** | **Notifications**

F4

Accounting Policies and Procedures Manual (APPM)

Government of Pakistan manual, issued 13 February 1999; official academy copy. Apply its stated scope, subsequent changes and the authorised provincial or institutional accounting system.

Auditor-General of Pakistan | Pakistan Audit and Accounts Academy | **Official source** | **CGA manuals**

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