MODULE 13 | DEVELOPMENT BUDGETS AND BUILDING NEW SERVICES

Development Budgets, ADP and Project Approval

52

LECTURE

Practical hospital governance in Punjab, Pakistan

Understand the funding and approval route.
Connect public investment with a working service.

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SELF-STUDY PDF

The development budget in hospital management

The Medical Superintendent (MS) must understand which decisions allow a project to proceed and which funds support each stage.

- Distinguish project cost, allocation and release.
- Identify the competent approval and funding route.
- Assess future costs and commitments before spending.
- Prepare a clear development-budget decision brief.

OFFICIAL SOURCE

A principle tied to a named law, standard or official guidance.

WORKING METHOD

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

TEACHING CASE

An invented hospital example, used to practise applying the correct process.

Study output

A scheme summary showing approvals, funding, commitments, service needs and the next decision.

Module 13 | Presentation 1 of 4. Allow 45-60 minutes with exercises. All explanations are on the pages; check the cited sources before live use.

The four parts of development management

This module follows a proposed service through approval, delivery and operation.

Lecture	Main subject	Practical output
52	Development budgets and project approval.	Funding and authority brief.
53	Feasibility studies and PC-I proposals.	A project proposal with checked assumptions.
54	Delivery, progress and changes.	Progress review and change-control record.
55	Completion, commissioning and service opening.	Readiness decision and performance review.

A development project succeeds when the intended service operates safely and achieves useful results.

WORKING METHOD | Illustrative material is identified in the text.

The service behind the investment

A new building or equipment purchase is one part of the proposed service.

The public purpose

- State the patient problem and who will benefit. Use evidence of demand, access, quality or delay to explain the need.
- Compare possible responses. Better use of an existing service, referral arrangements or a smaller change may meet the need.

The complete service

- Identify the site, staff, equipment, utilities, supplies and supporting departments needed to deliver care.
- Estimate how these resources will be funded during the project and after it opens. Name the team that will operate the service.

The project file should explain the intended result for patients as well as the physical work.

WORKING METHOD | Illustrative material is identified in the text.

Development and regular operating budgets

The correct budget treatment follows the approved scheme and applicable financial instructions.

Term	Plain meaning	Hospital example
Development provision	Funding for an approved development scheme and its specified activities.	A scheme to establish or expand a clinical service.
Regular operating provision	Funding for the continuing operation of the institution.	Staff pay, utilities, medicines and routine service costs.
Project-period running costs	Operating items included within an approved project for its stated period.	Approved project staff or initial operating support.
Cost after completion	Resources needed when the project arrangements end.	Permanent staffing, maintenance and replacement of supplies.

Development expenditure can include more than construction. Check the approved component and budget head.

Sources: **D4**: project cost and operation requirements

Four financial figures with different meanings

Keep these figures separate in every review and state the reporting date.

Figure	What it means
Approved project cost	The cost of the scope approved by the competent project forum, subject to its conditions.
Annual allocation	The amount provided for the scheme in a particular financial year.
Release or authorisation	The amount authorised for use under the applicable release and budget-control arrangements.
Recorded expenditure	The amount recorded as spent on the stated accounting basis and reconciled with the relevant accounts.

The remaining approved project cost cannot automatically be spent in the current year.

Sources: **D2**: rules 17.2, 17.6-17.8 | **D4**: development financing

Punjab ADP and the federal PSDP

ADP means Annual Development Programme. PSDP means Public Sector Development Programme.

Route	What to establish
Punjab ADP	The provincial scheme, sponsoring department, project approval, annual allocation and Punjab release conditions.
Federal PSDP	The federal sponsorship, funding share, competent federal forum and federal implementation conditions.
Joint or foreign-assisted scheme	Each party's approved contribution, counterpart funding, agreements and reporting requirements.
Institutional or other funding	The lawful source, restrictions, approving authority and treatment in institutional accounts.

A project located in Punjab does not become a federal PSDP project merely because it uses a Planning Commission form.

Sources: **D1**: provincial ADP formulation | **D4**: federal PSDP and project cycle

A current source file for each scheme

Keep the source edition and the directions that actually apply to the scheme.

1	**Identify the scheme**	Confirm its code, title, sponsoring department, funding source and approved scope.
2	**Check current directions**	Obtain the relevant year's ADP guidance, Finance Department instructions and applicable notifications.
3	**Identify each power**	Record the forum or officer authorised to approve the project, expenditure, works and contract.
4	**Retain the evidence**	Keep the actual approval orders, conditions, budget communications and later amendments together.

A copied manual or an old ceiling table needs a scope and amendment check before operational use.

Sources: **D1**: annual formulation guidance | **D3**: delegation framework

Responsibilities across the project

The actual appointment orders and scheme documents determine who performs each function.

Function	Responsibility to clarify
Sponsor and administrative department	Justify the proposal, obtain decisions and coordinate the government case.
Executing agency and project director	Manage the assigned work, schedule, contracts, progress and authorised project records.
Technical and finance officers	Provide competent designs, estimates, measurements, budget checks and accounting support within their powers.
Hospital operating team	Define clinical needs, prepare staffing and services, and verify readiness to provide care.

The hospital may perform more than one function. Record each responsibility rather than assuming it from a job title.

Sources: **D4**: sponsoring, executing and operating agencies

The project approval forum

Route the case through the forum named in the current applicable delegation.

Context	What the MS needs to know
Provincial proposal	The Provincial Development Working Party (PDWP) or another notified competent forum considers the case within its assigned powers.
Federal proposal	The Central Development Working Party (CDWP) and the Executive Committee of the National Economic Council (ECNEC) have roles under the federal framework.
Joint or special financing	Funding source, foreign assistance and special conditions may affect referral and approval requirements.
Decision received	Read the recorded decision, approved scope and conditions. A recommendation for higher approval is not the final approval.

Current notifications determine forum powers and monetary limits. Similar abbreviations may mean different forums in different systems.

Sources: **D4**: project approval framework

Punjab development forums by name

The federal Manual for Development Projects 2024 lists these Punjab forums. Verify their current notified powers.

Abbreviation	Full name
PDWP	Provincial Development Working Party
DDSC	Departmental Development Sub-Committee
DDWP	Divisional Development Working Party
DDC	District Development Committee

In the federal system, DDWP means Departmental Development Working Party. Confirm the system before expanding an abbreviation.

Sources: **D4**: chapter 7, paragraphs 7.35-7.39

Approvals answer different questions

Confirm which requirements apply and the proper order for the actual scheme.

Decision	Question it answers
Project approval	Is the proposed scope, cost and plan acceptable to the competent project forum?
Administrative approval	Does the competent administrative authority accept the work and its proposed expenditure?
Technical sanction	Has the competent technical authority sanctioned the detailed design and estimate where required?
Budget and release	Do the applicable allocation, authorisation and release conditions cover this expenditure?
Procurement and contract	Has the authorised procuring entity completed the required process and entered a valid contract?

Do not treat a single approval document as evidence of every separate requirement.

Sources: **D2**: rules 16.5(b), 17.2 and 17.6 | **D3**: applicable powers | **D4**: project approval

The Board and the government approval route

An autonomous institution still needs a clear record of the powers that apply to each decision.

Institutional decisions

- Check the institution's governing law, rules, Board powers and valid delegations. Record the decision within the authority actually held.
- Keep Board approval of the service proposal and institutional resources with the scheme file where the governing framework requires it.

Decisions outside the institution

- Identify any project, budget, post-creation, land, works or regulatory decision reserved for an external authority.
- Forward a complete case through the authorised channel. Record conditions that must be met before a commitment or opening can proceed.

The MS should distinguish the power to recommend a project from the power to approve or spend.

WORKING METHOD | Illustrative material is identified in the text.

Planning Commission forms across the project

Use the current form and submission directions accepted for the particular Punjab or federal scheme.

Form	Main purpose
PC-II	A proposal for preparatory studies or investigations, where that route applies.
PC-I	The project proposal: need, scope, costs, resources, implementation and expected results.
PC-III	Implementation planning and progress reporting.
PC-IV and PC-V	PC-IV records completion. PC-V reports performance after completion.

A form records a case or report. Approval depends on the decision of the competent authority.

Sources: **D4**: project cycle and official forms

Punjab guidance for ADP 2026-27

The cited document is annual formulation guidance. Future years and later orders require a fresh check.

Proposal preparation

- The guidance uses the Smart Monitoring of Development Projects system (SMDP) for departmental ADP submissions and includes projections for the following two years.
- Its formulation approach calls for a responsible team, stakeholder consultation, credible data and indicators with baselines.

Priority and feasibility

- Funding priorities include counterpart obligations, selected ongoing projects, schemes nearing completion and stated provincial priorities.
- The guidance also addresses equity and resilience to climate and disaster risks, including the implications for hospitals.

Apply the relevant year's exact priorities and submission calendar. Annual percentages and dates are not permanent rules.

Sources: **D1**: pages 2, 4 and Annex I

The hospital's contribution to an ADP proposal

A department can process a stronger case when the hospital provides complete, consistent information.

01 Need

Patient problem, baseline, expected demand and affected population.

02 Scope

Service, location, key components and exclusions.

03 Readiness

Site, feasibility, designs, approvals and unresolved obstacles.

04 Cost

Total estimate, basis, annual phasing and funding source.

05 Operation

Staffing, running costs and the future operating team.

06 Results

Outputs, service outcomes, indicators and responsibility for reporting.

Identify missing evidence and the decision needed to obtain it. Avoid presenting an assumption as a completed approval.

WORKING METHOD | Illustrative material is identified in the text.

Reading a scheme entry

Use the published entry with the approval and financial records. Reconcile differences.

Field	What to check
Code, title and location	The entry refers to the correct scheme, site and sponsoring department.
Approval status and cost	Approved, proposed or revised status is clear and matches the relevant decision.
Expenditure to date	The cutoff date and accounting basis are stated and reconciled.
Annual allocation and future need	The year's provision supports the intended work and the remaining funding need is visible.

A scheme entry is a starting point for review. Obtain the actual orders and accounting evidence before action.

WORKING METHOD | Illustrative material is identified in the text.

Project balance and future funding need

All figures are invented and stated in PKR million. Assume the approved scope and cost remain unchanged.

Approved cost	500. Cumulative expenditure before the current financial year is 200.
Unspent project balance	500 - 200 = 300 remains against the approved cost at that cutoff date.
Current-year allocation	100 is provided for the current year. It is separate from the total remaining project balance.
Indicative later need	If the full 100 is spent this year, the remaining project funding need is 500 - 200 - 100 = 200.
Meaning	This projected later need is often described as throw-forward. State whether the calculation deducts actual expenditure or a planned allocation.

An unspent approved balance is neither cash in hand nor automatic spending authority.

TEACHING CASE | Illustrative material is identified in the text.

A realistic funding and delivery sequence

Invented four-year illustration: a PKR 800 million scheme. Figures are teaching assumptions.

Year	Main activity	Planned cost, PKR million
1	Preparatory work and initial construction.	120
2	Main construction and supporting utilities.	280
3	Remaining works and equipment installation.	200
4	Final installation, testing and commissioning.	200

120 + 280 + 200 + 200 = 800. Future-year estimates still require the relevant approvals and annual funding.

TEACHING CASE | Illustrative material is identified in the text.

Ongoing schemes and proposed new schemes

Review both with current evidence of need, progress, readiness and affordability.

An ongoing scheme

- Confirm the approved balance, work remaining, existing obligations and realistic completion date. Identify the service benefit that further funding will deliver.
- Explain delay, design changes or unresolved land and utility issues. A long history of expenditure does not remove the need to assess the remaining case.

A new scheme

- Explain why the proposal should enter the programme now, what alternatives were considered and whether it is ready to use the proposed allocation.
- Show the effect on future budgets and other service commitments. Seek the required preparatory or approval decisions before treating the scheme as ready.

Apply the current provincial priorities and competent decisions when recommending the order of funding.

Sources: **D1**: prioritisation and formulation

A complete request for release or authorisation

Suggested case structure. Attach the documents required by the applicable release instructions.

1	**Identify the authority**	State the scheme code, approved scope, relevant sanction, allocation and applicable release conditions.
2	**Show the position**	Give expenditure, available authorisation, unpaid liabilities and earlier releases with reconciled dates.
3	**Explain the need**	Link the amount requested to due obligations and feasible work during the period.
4	**State the decision**	Specify the amount, budget head, timing, responsible officer and consequences if the decision is delayed.

Use the correct Finance Department or institutional route. Federal PSDP release directions do not automatically govern a Punjab ADP scheme.

Sources: **D2**: rules 17.2, 17.7-17.12

Allocation, release and unpaid commitments

Invented example in PKR million. Assume the stated release remains valid and all items share the same permitted scope.

Annual allocation	120. This is the annual provision, not the amount already released.
Release and spending	Release is 70. Recorded expenditure is 55. Unspent released amount = 70 - 55 = 15.
Unpaid commitments	10 is already committed and expected to require payment from this amount.
Indicative uncommitted amount	15 - 10 = 5 remains before any other obligations or restrictions are considered.
Decision	A proposed additional commitment of 12 exceeds that indicative 5 by 7. Verify all authorities and funding before committing.

This calculation supports control. The actual commitment, payment and release rules still determine what may proceed.

TEACHING CASE | Illustrative material is identified in the text.

A commitment record before the bill arrives

A commitment is an obligation the institution has entered into, such as a valid contract or purchase order.

01 Identity

Scheme, contract or order number and supplier or contractor.

02 Authority

Approving officer, sanction and relevant conditions.

03 Amount

Original value, authorised changes and unpaid balance.

04 Timing

Expected delivery, work stages and payment dates.

05 Funding

Budget head, year, release position and any restriction.

06 Evidence

Receipt, measurement, certification and accounting reference.

Record future liabilities early. A bank or release balance can overstate resources available for a new commitment.

Sources: **D2**: rule 17.17(A)

Monthly reconciliation and review

Suggested method to align the project record, hospital accounts and executing agency reports.

1	**Use one cutoff**	State the reporting period, units and accounting basis for all figures.
2	**Compare records**	Reconcile allocation, release, recorded spending, commitments and relevant bank or government accounts.
3	**Explain differences**	Investigate timing, missing entries, duplicate figures and transactions recorded against the wrong scheme.
4	**Update the forecast**	Estimate remaining payments and funding needs. Assign corrective actions with responsible officers and dates.

A payment total does not show the amount or quality of completed work. Lecture 54 links financial and physical progress.

WORKING METHOD | Illustrative material is identified in the text.

A funding gap needs the correct decision

The route depends on the nature of the shortfall and the powers currently delegated.

Problem	Decision to examine
Allocation exists but release is insufficient	Seek the required release or authorisation with the supporting evidence.
One permitted budget head is short	Check whether re-appropriation is allowed, its restrictions and the competent authority.
Annual provision is insufficient	Seek the applicable additional provision or other authorised budget decision.
Scope or total approved cost changes	Assess revised project approval and contract implications as well as the funding requirement.

Money cannot be shifted between schemes or purposes merely because another balance appears unused.

Sources: **D2**: rules 17.12, 17.15 and 17.20 | **D3**: applicable delegation

Financial year-end and unfinished work

Use the Punjab Financial Rules (PFR) and the current government timetable for the applicable year-end work.

Before the year closes

- Estimate genuine payments due, identify savings and follow the required surrender or budget-adjustment process.
- Inform the funding department and executing agency of expected differences. Resolve lawful payment needs through the proper financial route.

Across the year boundary

- PFR rule 17.16 states that an unspent annual appropriation lapses. Continuing work needs the appropriate provision and authority for the following year.
- PFR rule 17.19 prohibits treasury advances simply to prevent lapse. Keep actual liabilities visible and never create a false receipt or completion record.

Check the rules applicable to the actual funding arrangement. Do not assume that every institutional fund has the same year-end treatment.

Sources: **D2**: rules 17.16-17.20

The cost of operating the new service

Plan the continuing cost alongside the development estimate.

Cost group	Questions for the proposal
Staff	Which posts, recruitment, training, rosters and recurring pay will be needed?
Clinical supplies	Which medicines, tests, consumables and support services will each patient require?
Facilities and equipment	Who funds utilities, maintenance, calibration, licences and replacement parts?
Future replacement	When will major equipment or building components need renewal, and how will this be planned?

Approval of a project cost does not by itself settle all post-creation, recruitment or continuing budget decisions.

Sources: **D2**: rule 18.1 | **D4**: operating requirements

A running-cost gap after opening

Invented first full year of operation. All amounts are PKR million, with no inflation assumption.

Estimated annual cost	Staff 36 + supplies 18 + utilities 6 + maintenance 4 = 64.
Confirmed annual funding	52 is supported by the stated approved operating provision.
Funding gap	64 - 52 = 12 for the year.
Unconfirmed income	A hoped-for donation of 15 has no binding confirmation. Keep it separate from confirmed funding.
Required action	Seek an authorised funding decision, reassess the service plan or adjust the opening scope safely. State the effect on patients.

A one-time development grant cannot be assumed to fund an ongoing service indefinitely.

TEACHING CASE | Illustrative material is identified in the text.

Donations, partnerships and external support

Extra funding can help a service only when its conditions and future costs are clear.

Financial and legal questions

- Identify the lawful recipient, permitted use, reporting conditions and approval route. Record counterpart contributions and any currency or timing exposure.
- For a partnership, identify payment obligations, service standards, asset ownership and responsibilities over the full agreement period.

Operating questions

- A donated asset may require building work, staff, consumables or expensive maintenance. Include those costs before accepting the proposed service commitment.
- Confirm what happens when external support ends. Plan the handover of costs, staff responsibilities, records and service continuity.

Use the governing agreement and applicable public-finance, procurement and partnership framework for the actual arrangement.

WORKING METHOD | Illustrative material is identified in the text.

Cost uncertainty and changes to the scheme

The estimate should explain its assumptions and the process for changes.

At the planning stage

- State the estimate date, quantities, rate basis, taxes and relevant price or exchange-rate assumptions. Explain any contingency included in the estimate.
- Test important uncertainties and show the consequences for total cost, annual funding and the intended service.

During implementation

- Compare a proposed change with the approved scope, cost, time and funding. Identify the competent project and contract decisions required.
- A contingency amount does not give an officer unlimited power to add scope or vary a contract. Lecture 54 covers the change-control record.

Obtain the relevant decision before a new commitment where the applicable rules require prior approval.

Sources: **D3**: powers and conditions | **D4**: project costs and revisions

The MS's review before a signature

Check the subject of the signature and the evidence that supports it.

01 Purpose

The decision requested and the service benefit are clear.

02 Authority

The signatory holds the power and meets its conditions.

03 Funding

The budget, release and commitments support the action.

04 Evidence

Qualified officers have supplied the required technical and financial checks.

05 Conditions

Outstanding approvals and operating requirements are visible.

06 Follow-up

The responsible officer, due date and reporting route are stated.

A clinical need can justify a proposal. It does not replace competent engineering certification or financial authority.

WORKING METHOD | Illustrative material is identified in the text.

A useful development review meeting

Use a short decision record instead of a list of activity statements.

Review question	Evidence needed
What is approved?	Scope, cost, conditions, responsible agencies and the current completion date.
What is funded?	Allocation, release, expenditure, commitments and the current-year forecast.
What is blocking progress?	Specific land, design, procurement, staffing, utility or approval issue.
What decision is required?	Named authority, options, proposed action, due date and patient-care consequence.

Record the decision and its owner. At the next review, check evidence of completion and remaining risk.

WORKING METHOD | Illustrative material is identified in the text.

TEACHING CASE

An ADP entry and a request to place an order

All people, events and hospital details in this example are invented.

Situation	A proposed diagnostic service appears in the ADP with an annual allocation. A supplier offers a short price-validity period.
Missing evidence	The team cannot produce the final project approval or the required release. Site readiness and operating posts remain unresolved.
Pressure	The department asks the MS to place the equipment order quickly so the allocation is not lost.
Decision to consider	Which evidence is missing? Which preparatory tasks can be completed lawfully? What must be escalated before any commitment?

The case concerns authority, funding and readiness. Price validity alone cannot resolve those issues.

TEACHING CASE | Illustrative material is identified in the text.

TEACHING CASE

A reasoned response to the proposed order

Use the actual governing instructions in a live case.

1	**Establish the position**	Obtain the scheme entry, approval decision, conditions and the current release position.
2	**Identify unresolved needs**	Confirm the site, utilities, staffing, operating budget and procurement requirements.
3	**Separate preparation**	Complete authorised preparatory work and a decision brief. Do not imply authority for an unsupported order.
4	**Seek the decision**	Escalate the precise approvals and funding needed, with the service consequences and a realistic timetable.

Record the actual status. Do not backdate approvals or describe an unresolved condition as completed.

Sources: **D2**: rules 17.2 and 17.6

Three development-budget decisions

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

1. Project balance

Approved cost is PKR 600 million. Prior expenditure is 250. This year's allocation is 150.

If the allocation is fully spent, what later funding need remains?

2. Available release

Release is 90 million, recorded spending is 60, and unpaid commitments against it total 25.

What is the indicative uncommitted amount?

3. Service opening

A new unit has equipment and rooms. Staff and maintenance costs have no confirmed funding.

What decision and evidence are still needed?

All figures and situations are invented. Explain the limits of each conclusion.

TEACHING CASE | Illustrative material is identified in the text.

Answers and reasons

Use the evidence, the calculation and the cited source.

1. PKR 200 million after the assumed spending

600 - 250 - 150 = 200. The figure assumes unchanged approved scope and cost and full use of the current allocation. Before that spending, the unspent project balance is 350.

2. PKR 5 million before other restrictions

90 - 60 = 30 unspent released amount. Deduct 25 in unpaid commitments to obtain 5. Confirm scope, authority, timing and other liabilities before any new commitment.

3. A funded and authorised operating plan

Identify the necessary posts, staffing arrangements, maintenance support and recurring provision. Obtain the relevant decisions and verify service readiness before opening to patients.

A correct calculation is one part of the decision. Authority, scope, timing and safe service delivery also matter.

Prepare a development-budget brief

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

Scheme summary

State the service need, approved scope, cost, responsible agencies and outstanding conditions.

Funding position

Reconcile allocation, release, expenditure, unpaid commitments and future operating costs.

Decision required

State the decision, competent authority, evidence and due date.

Review with the planning, finance and technical officers. Use Lecture 53 to develop the feasibility and PC-I case.

Use non-confidential information or invented figures for public teaching. Retain current official sources in the working file.

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.

D1

Punjab ADP formulation guidelines 2026-27

Planning and Development Board, dated 10 October 2025. Annual guidance on priorities, medium-term proposals, SMDP submission and formulation responsibilities. Check later directions for the relevant year.

Government of the Punjab | **Official source** | **Current P&D Board site**

D2

Punjab Financial Rules, Volume I

Officially hosted compilation. Rules 16.5, 17.2-17.20 and 18.1 support the cited controls. Read with current amendments, delegation and institution-specific requirements. Old monetary limits are not reproduced.

Punjab Finance Department; official Excise Department copy | **Official source**

D3

Punjab Delegation of Financial Powers Rules 2016

Base rules and schedules. Use the latest applicable amendments and valid institutional delegation to identify the officer, power, ceiling and conditions for a live decision.

Government of the Punjab, Finance Department | **Official source** | **Finance Department**

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Sources and continued use | 2

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

D4

Manual for Development Projects 2024

Federal Planning Commission manual. Project cycle, appraisal, approval and PSDP framework. Federal rules, forms and forum limits require a scope check before use for a Punjab scheme.

Planning Commission, Government of Pakistan | **Official source** | **Official forms and publications**

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