



Budget Analysis and Proposals for Sheikhupura

FY 2015-16

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Preface / Acknowledgement

The budget and expenditure analysis of primary health sector especially BHUs set out in this document have been prepared under the Sub National Governance Programme for the District Government Sheikhpura.

The key elements of this document are

Overall district current budget and expenditure were studied for the past four years 2011/12 to 2014/15 and Actual Expenditures up-to march 2015. The district budget and expenditure were studied in total and separately for salary and non-salary components. The district health departments were studied in detail. Budgetary allocation made and actual expenditures incurred for district health departments. Share of health budget were analyzed.

District health budget and expenditure were analyzed in detail with specific focus on non-salary component. Primary health sector were studied in detail. The budgetary allocation and actual expenditure for BHUs and RHCs were analyzed in detail especially non-salary component. Finally the per-patient cost was calculated and disease pattern were reviewed at BHUs.

I hope that this document would be of value in terms of describing the linkage between budgetary allocations and the public services delivered.

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Executive Summary

Sheikhpura district budget and expenditure analysis is an immense step in establishing a credible database on public health spending and providing some key analysis and covers only recurrent budget for primary and preventive health care facilities funded by Government of Punjab. The public health sector budget and expenditure figures obtained from the PIFRA system (civil accounts). The analysis did not cover the qualitative impact and aspect of expenditure.

The budget analysis exercise primarily focuses on the health sector budgetary allocations and actual expenditures incurred over a period of four financial years i.e. FY 2011/12 to FY 2014/15 and actual expenditures for 2014/15 (up to march 31, 2015) covering last four financial years. It then proceeds to review the health sector non-development budget in detail and highlights the significant trends in budgetary allocations and actual expenditures. In reviewing the district health sector budget, the study examines budgeting trends for both the primary and secondary health care facilities in the district. For this study, the budgetary documents, Outpatient data and disease patterns collected from the district government, which served as a primary source of information. In undertaking this analysis, the focus of study remained on primary health care. As an in-depth analysis of health sector is current budget, (salary and non-salary component) was carried out. It has been generally observed that there is significant variance in the budgeted amounts and actual expenditures incurred by health department, Sheikhpura. This clearly highlights the gaps in financial management practices observed at the district level. Another important aspect of the district budget is that a large chunk of budgetary allocations made to cater to employee's related expenses (salary component). The non-salary component is quite low for both the primary and secondary health care facilities in the district. Despite this, it is ironic that even the non-salary component is not fully utilized by the district. This non-salary component, which includes budget for procurement of medicines and repair and maintenance of equipment, is critical for effective service delivery at the grass root level. Thus, there is a great scope for introducing practices as if evidence based budgeting and execution of budget with a plan at the district level. The study finally concludes with some key findings based upon which certain recommendations are being prepared for incorporation in the district health budget for FY 2015/16. The ultimate aim of this entire exercise is to prepare the district health managers for undertaking evidence based budgeting in order to address the needs of citizens and to improve service delivery.

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List of Abbreviations

ADP	Annual Development Program
AE	Actual Expenditure
BE	Budget Estimates
DO	District Officer
DDO	Deputy District Officer
DO (H)	District Officer (Health)
DCO	District Coordination Officer
EDO	Executive District Officer
GIS	Geographic Information System
M&R	Maintenance and Repair
PHC	Primary Healthcare
SNG	Sub-National Governance
YoY	Year-on-Year

District Budget Sheikhpura

1. Analysis of Budget Trends

In order to identify gaps and inefficiencies in budgetary allocations, a budget analysis exercise has been carried out by PFM Adviser (North) SNG, Punjab, mainly focusing on primary health sector's budget allocations and actual expenditures as reported in civil accounts of the province, incurred by District Government Sheikhpura during last three years i.e. 2011-12, 2012-13 and 2013-14. The analysis is based on budget estimates, civil accounts of the respective years, and Needs Assessment conducted by Sub-National Programme. The budget estimates and relevant data etc were obtained from the District Government, Sheikhpura and civil accounts from District Accounts Officers and Finance Department. An in-depth analysis of health sector, with special focus on primary healthcare (BHUs) has been carried out to develop need based budgetary proposals for FY 2015-16 and its sharing with the district government for its inclusion in next year's budget estimates.

2. Analysis of District Current Budget and Expenditure

The current budget estimates of district Sheikhpura were pitched at Rs.4.393 billion during FY 2011-12, which increased to Rs.7.085 billion in FY 2014-15. The current actual expenditure were recorded to the tune of Rs.4.178 billion in FY 2011-12 which also increased to Rs.5.772 billion in FY 2013-14. The utilization of budget with ascending trend remained till 2013-14 i.e. 95% 98% and 104% respectively, as depicted in table-1.

Table 1: District Sheikhpura - Current Budget, actual Expenditure and utilization

(Rs. in billion)

Year	District Budget		%age Utilization
	BE	Actual	
2010-11	3.999	3.525	88%
2011-12	4.393	4.178	95%
2012-13	5.436	5.348	98%

2013-14	5.572	5.772	104%
2014-15	7.085	4.425	62% (up to March, 2015)

3. Analysis of District Salary and Non-Salary Budget and Expenditure

As depicted in the Table-2 & 3 infra, the salary component in district actual expenditure was 87% during FY 2010-11, which increased to 92% during FY 2012-13, however, it registered declining effect during FY 2013-14. Contrary to rising trend in salary component, the non-salary component reflects declining trend i.e. 13% to 8% from FY 2010-11 to 2012-13, which, however, showed slight increase i.e. 11% during FY 2013-14. The average utilization of salary component was 94% during the period as compared to non-salary budget utilization which remained as 76% and was much more volatile. This trend reflects that the district government allocated more funds in budget estimates but the expenditure was allowed to incur in control regime, thus affecting the service delivery.

Table 2: District Sheikhpura - Current Budget (Salary, Non-salary shares and Utilization)
(Rs. in billion)

Year	Salary		Non-salary		Share in Expenditure		Utilization	
	BE	Actual	BE	Actual	Salary	Non-salary	Salary	Non-salary
2010-11	3.190	3.075	0.809	0.449	87%	13%	96%	56%
2011-12	3.791	3.770	0.602	0.408	90%	10%	99%	68%
2012-13	4.957	4.940	0.479	0.408	92%	8%	100%	85%
2013-14	4.976	5.153	0.596	0.619	89%	11%	104%	104%
2014-15*	6.273	4.028	0.813	0.397	91%	9%	64%	49%

*The expenditure reported up to March, 2015

Table 3: District Current Budget- Salary, Non-salary in percentage

Year	(Rs. in billion)						
	Salary as %age of district budget		Non-salary as %age of district budget		Total District Budget		%age utilization
	BE	Actual	BE	Actual	BE	Actual	
2010-11	80%	87%	20%	13%	3.999	3.525	88%

2011-12	86%	90%	14%	10%	4.393	4.178	95%
2012-13	91%	92%	9%	8%	5.436	5.348	98%
2013-14	89%	89%	11%	11%	5.572	5.772	104%

4. Analysis of District Health Budget

4.1 Share of District Health budget vis-à-vis District Budget and Expenditure

The share of health sector allocations in overall district budget and expenditure has been shown in Table-4. It revealed that the share of health sector budget and expenditure in district budget and expenditure remained 19% for both budget and expenditure during the four year period. However, the share of primary healthcare budget / expenditure against total health budget / expenditure fluctuated between 19 to 32% / 23 to 32% respectively during the period, as shown in Table 5.

Table 4: District Sheikhpura - Share of Health Budget / Expenditure in District Budget / Expenditure (Rs. in billion)

Year	District Budget		Health Budget		Health budget as %age of district budget	
	BE	Actual	BE	Actual	BE	Actual
2010-11	3.999	3.525	0.747	0.618	19%	18%
2011-12	4.393	4.178	0.849	0.812	19%	19%
2012-13	5.436	5.348	1.099	0.963	20%	18%
2013-14	5.572	5.772	1.079	1.072	19%	19%

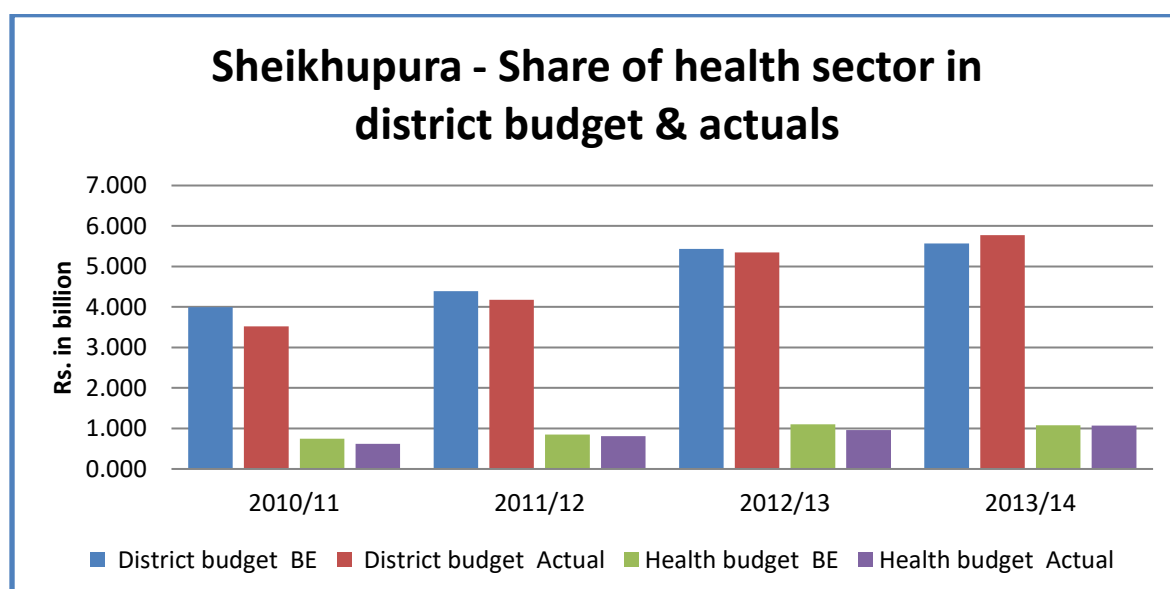
Table 5: District Sheikhpura - Share of Primary Healthcare Budget / Expenditure vis-à-vis District Health Budget / Expenditure

Rs. In Billion

Year	District Health Budget		Primary Healthcare Budget		Primary Healthcare budget / actual as %age of total health budget	
	BE	Actual	BE	Actual	BE	Actual
2010-11	0.747	0.618	0.143	0.142	19%	23%

2011-12	0.849	0.812	0.183	0.183	22%	23%
2012-13	1.099	0.963	0.343	0.228	31%	24%
2013-14	1.079	1.072	0.345	0.342	32%	32%

Figure 1: Sheikhpura-Share of Health Sector Budget in District Budget



4.2 District Health Department and Budgetary Allocations

The health sector at the district level mainly constitutes primary healthcare (RHCs & BHUs) and secondary health service (DHQ and THQ hospitals). Table-6 below shows the budget estimates and actual expenditure for primary and secondary health facilities over a period of four financial years. The share of primary healthcare in total health expenditure, as depicted in table-6 infra, remained between 35 to 39% during the period. Similarly, the share of secondary health in total health expenditure ranges from 46% to 37%. The allocation for primary healthcare registered declination in share with allocated budget as well as in expenditure during FY 2013-14. The rest of the budget is allocated for administration / other health facilities and special initiatives etc.

Table 6: District Sheikhpura– Primary Healthcare budget and Utilization

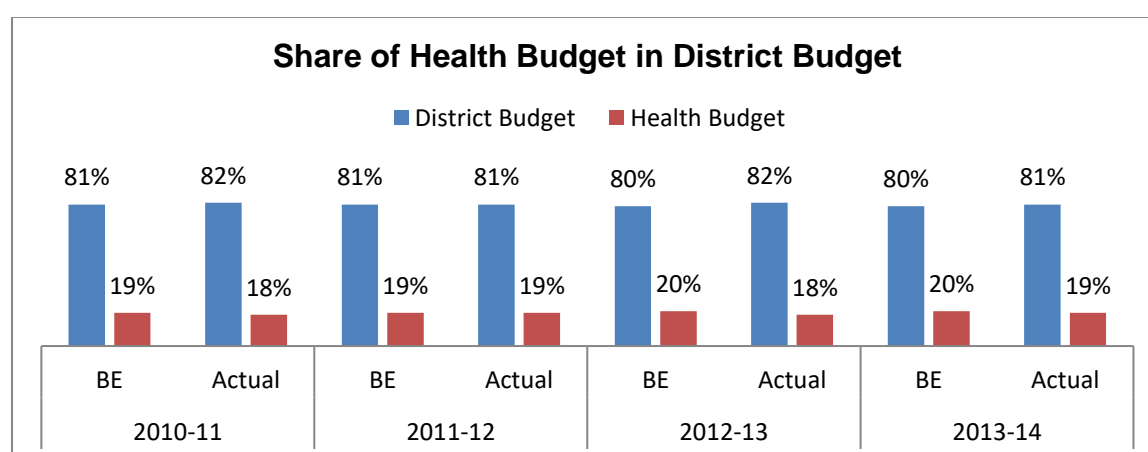
(Rs. in billion)

Years	2010-11		2011-12		2012-13		2013-14	
	BE	AE	BE	AE	BE	AE	BE	AE
Primary Healthcare (RHC, BHU)	0.220	0.216	0.295	0.292	0.503	0.374	0.345	0.342
Budget Utilization (%)	-	98%	-	99%	-	74%	-	99%
Secondary Health	0.374	0.255	0.402	0.375	0.428	0.417	0.409	0.399
Utilization (%)	-	68%	-	93%	-	97%	-	98%
Total Health Current Budget	0.747	0.618	0.849	0.812	1.099	0.963	1.079	1.072
Primary Healthcare as %age of total health current budget	29%	35%	35%	36%	46%	39%	32%	32%
Secondary Health as %age of total current budget	50%	41%	47%	46%	39%	43%	38%	37%

4.3 Health spending in District total Current Budget and Expenditure

The share of health budget and expenditure in overall district budget and expenditures (table-4) has also been shown in graph-2. It shows that the share of health in total expenditure at district level remained between 18-19% during the four years period.

Figure 2: Percentage Share of Health Sector in District Budget and Expenditure



4.4 Health: Current Budget and Expenditure Analysis

Current Budget of Health sector was pitched at Rs.0.747, Rs.0.849, Rs.1.099 and Rs.1.079 billion during 2010-11, 2011-12, 2012-13 and 2013-14, respectively. The year over year (Y-o-Y) increase in budget was 14%, 29% and (2)% during 2011-12, 2012-13 and 2013-14 respectively. The Y-o-Y increase in actual expenditure was 31%, 19%, 11%

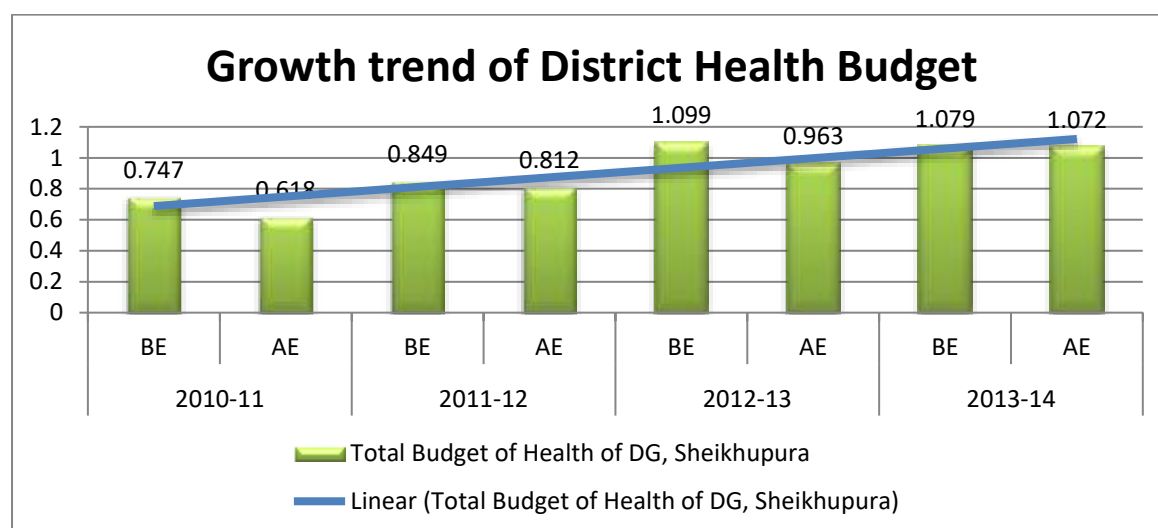
during 2011-12, 2012-13 and 2013-14, respectively (table-7). During execution, the utilization remained with the allocated budget estimates during the period under examination, however, the actual expenditure registered fluctuations during the period instead remaining constant which were 83%, 96%, 88% and 99%, respectively.

Table 7: District Sheikhpura - Health Budget Year over Year increase

(Rs.in billion)

Category	2010-11		2011-12		2012-13		2013-14	
	BE	AE	BE	AE	BE	AE	BE	AE
Total Budget of Health of DG, Sheikhpura	0.747	0.618	0.849	0.812	1.099	0.963	1.079	1.072
YoY increase	-	-	14%	31%	29%	19%	(2)%	11%
%age utilization	-	83%	-	96%	-	88%	-	99%
Average four years utilization %age	-	-	-	-	-	-	44.4%	73.5%

Figure 3: Health Sector Budget and Actual Expenditure



4.5 Health Budget- Salary and Non-salary budget and expenditure analysis

The data available in table-8 reveals that the non-salary component of district health budget estimates was 35%, 42%, 47% and 54% of the non-salary component of total district budget, and it was 23%, 53%, 51% and 48% of actual non-salary expenditure of

district budget during 2010-11, 2011-12, 2012-13 and 2013-14, respectively. Whereas, non-salary component of health budget remained 41%, 29%, 21% and 30% of health budget estimates of the district, whereas, the actual expenditure reflects non-salary component as 19%, 27%, 22% and 26% during the period. This trend reflects that the health sector is the major recipient of non-salary budget allocation as compared to other sectors. Similarly, when non-salary component of health budget is compared with the non-salary component of district budget estimates and actual expenditure (table-9), it revealed that it remained as 20%, 14%, 9% and 11% of total district budget and share in actual expenditure was 13%, 10%, 8% and 11% during 2010-11, 2011-12, 2012-13 and 2013-14, respectively.

The allocation of non-salary allocations compared to its utilization, despite of the fact that health is major recipient of non-salary budget, yet the utilization indicates the application of control mode, hence affecting the service delivery.

The salary & non-salary shares comparison against budget allocations and expenditure has also been shown in figure 4.

Table 8: District Budget Sheikhpura – Health Sector Salary, Non-Salary

(Rs. In billion)

Component	2010-11		2011-12		2012-13		2013-14	
	BE	Actual	BE	Actual	BE	Actual	BE	Actual
Non-Salary	0.284	0.102	0.250	0.216	0.226	0.209	0.324	0.297
Salary	0.413	0.422	0.598	0.595	0.873	0.754	0.756	0.775
Total	0.697	0.524	0.848	0.811	1.099	0.963	1.080	1.072
Non-salary as %age of Health BE/AE	41%	19%	29%	27%	21%	22%	30%	26%
Non-salary as %age of total district non-salary	35%	23%	42%	53%	47%	51%	54%	48%

Table 9: District Budget Sheikhpura-Salary & Non-Salary Allocation

(Rs. in billion)

Component	2010-11		2011-12		2012-13		2013-14	
	BE	Actual	BE	Actual	BE	Actual	BE	Actual
Non-Salary	0.809	0.449	0.602	0.408	0.479	0.408	0.596	0.619
Salary	3.190	3.075	3.791	3.770	4.957	4.940	4.976	5.153
Total	3.999	3.524	4.393	4.178	5.436	5,348	5.572	5.772
Non-salary as %age of total	20%	13%	14%	10%	9%	8%	11%	11%

BE/AE								
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The allocation of non-salary component vis-à-vis actual expenditure has been examined (table-10) which confirms the low priority of District Government Sheikhpura for BHUs. The examination of budgetary allocation of DDO of BHUs revealed that the funds for medicine were not allocated against this DDO code. Further examination of budgetary allocations of other code i.e. EDO (Health), DO (Health) (allocation for DOH office) etc exposed that the funds for purchase of medicine were allocated under budget for DOH (office budget). After procurement of medicine the payments might have been paid from that allocation. The District Government should allocate funds against DDO code of BHUs for transparency and ownership by the stakeholders. The allocation for medicine and actual expenditure for the period under analysis has been indicated in table -10. Though the district government has been allocation funds for purchase of medicine yet the actual expenditure / utilization remained as low as 45% in FY 2010-11 and 73% during 2012-13. This level of expenditure reflects the low priority given to BHUs by the District Government, Sheikhpura and low level of expenditure cannot contribute towards service delivery in primary healthcare sector, especially BHUs.

Table 10: Primary Healthcare (BHUs) - Non-Salary Budget & Expenditure

(Rs. in million)

Object Head	2010-11		2011-12		2012-13		2013-14	
	BE	AE	BE	AE	BE	AE	BE	AE
Operating Expenses	1.931	1.235	0.689	0.676	1.247	0.926	3.352	2.360
Grant-in-aid	-	0.200	-	-	0.300	0.300	-	-
Total	1.931	1.435	0.689	0.676	1.547	1.226	3.352	2.360
Utilization		74%		98%		79%		70%
Medicine	25.000	11.267	11.000	8.336	11.074	8.055	7.600	7.598

Figure 4: Health Sector – Share of Salary & Non-salary in District Budget Estimates & Actuals

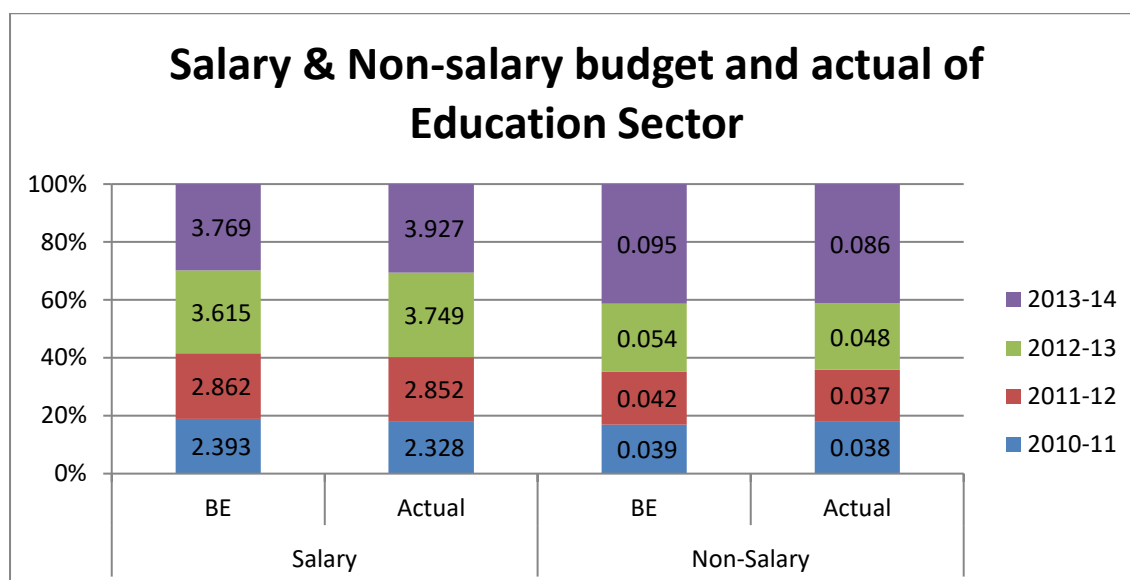
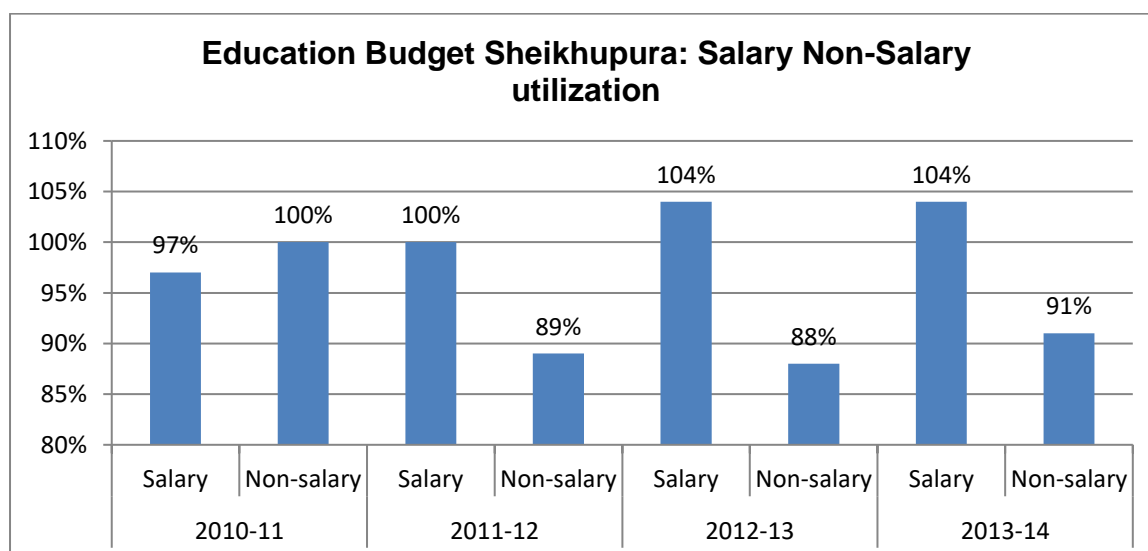


Figure 5: Utilization of Salary & Non-Salary Allocations, Health Sector Sheikhpura



The above analysis clearly shows that though the district has not been allocating non-salary budget according to the needs of the BHUs but apparently no efforts were made to utilize the allocated funds thus utilization of non-salary budget has been quite volatile.

4.6 Budget Allocation for Non-Salary

Non-salary budget primarily comprised operating expenses, repair & maintenance of machinery / equipment, furniture and buildings. Further, the operating budget includes the allocation for procurement of medicine, transportation of goods, stationery and utilities. Table-11 below reflects the allocations for each component of the district health

budget. The district government, somehow, enhance allocation for successive year, yet the spending could not increased.

Like other districts, the District Officer (Health) has been assigned the duties of a DDO for cluster of BHUs, however, specific to district Sheikhpura, a sub cost center has been allotted in the system for each BHU and salary / non-salary funds are placed against each sub cost center, yet utilization of funds allocated remains at the discretion of the DDO. The Table-11 reflects the utilization of object-wise non-salary allocations. No over expenditure has been noticed but according to Needs Assessment Report inadequate allocations without considering the needs have been allocated.

The procurement of medicine is one of the most important tasks of district health department. It is, therefore, extremely important that the funds are allocated on the basis of needs of the BHUs and procurement task is also undertaken in the light of evidence of needs at different level.

4.7 Primary Healthcare Services

Table 11 supra provides the information about the volume of funding for primary healthcare in district Sheikhpura. Primary healthcare services were provided 29%, 35%, 46% and 32% of total health budget in the district. The actual expenditure on primary health (BHUs) was 35%, 36%, 39% and 38% during these years. Utilization of this primary health budget was 98%, 99%, 74% and 98% during FY 2010-11, 2011-12, 2012-13 and 2013-14 respectively. However, the utilization of non-salary component of primary healthcare remained as 74%, 98%, 79% and 70% during the same period. Again there seems to be little predictability in utilization of allocated funds for primary healthcare due wide range of fluctuation in utilization.

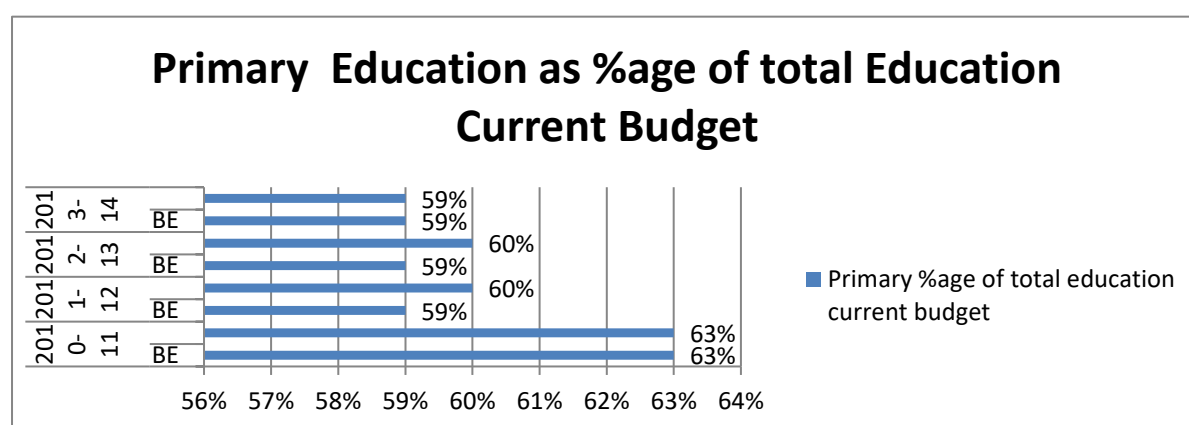
Table 11: Primary Healthcare Sheikhpura - Current Budget and Actual Expenditure

(Rs. in billion)

Years	2010-11		2011-12		2012-13		2013-14	
	BE	AE	BE	AE	BE	AE	BE	AE
District Health Budget	747.415	618.331	848.815	811.684	1,099.286	963.299	1079.197	1072.207
Primary Health (BHUs)	130.708	129.229	163.503	163.570	312.852	199.178	222.542	219.150
Primary Health (RHCs)	77.196	73.394	111.664	108.814	159.937	146.278	105.797	105.863
Secondary Health	362.067	241.909	382.066	355.300	397.750	388.674	409.159	399.467
Other Health Facilities	177.444	173.800	191.582	184.001	228.847	229.169	341.699	347.727
Primary (BHUs) %age of total Health	17%	21%	19%	20%	28%	21%	21%	20%

current budget								
Utilization Ratio of Primary Health (BHUs)	-	99%	-	100%	-	64%	-	98%

Figure 6: Primary Health as percentage of total Health current Budget



5. Major object wise Budget & Expenditure at Primary Healthcare in Sheikhpura

The table 9 and graph-7 below shows that primary health budget and actual expenditure; mainly consist on employee related expenses, operating expenses and repairs & maintenance. The graph, however, also shows that most of the spending at primary health represents salary expenditure.

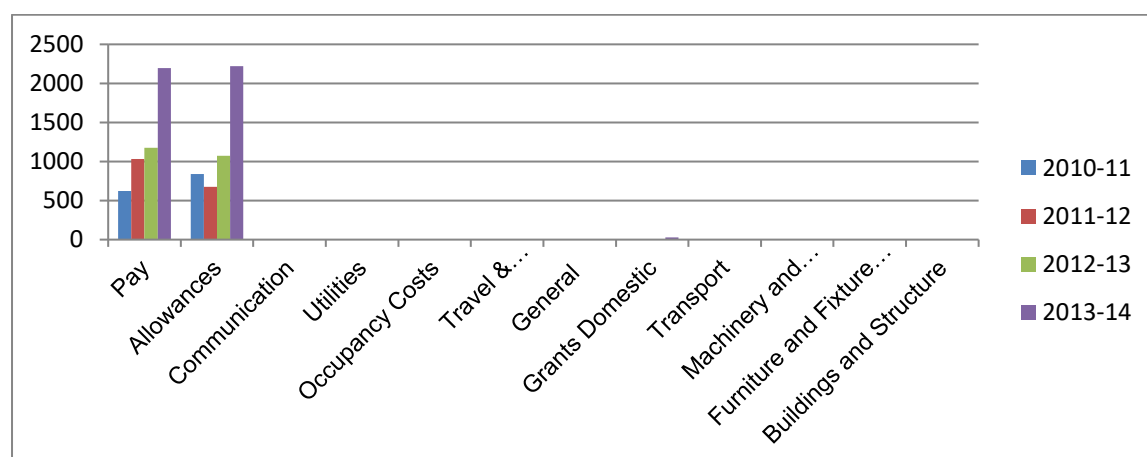
Table 12: Primary Healthcare (BHUs), Sheikhpura – Minor Object-wise Current Expenditure

(Rs. in million)

Minor Object	2010-11		2011-12		2012-13		2013-14	
	BE	AE	BE	AE	BE	AE	BE	AE
Pay	128.777	127.794	162.820	197.953	311.305	197.953	219.180	216.790

Communication	0.159	0.082	0.033	0.031	0.159	0.064	0.015	0.003
Utilities	0.895	0.528	0.322	0.319	0.395	0.222	1.197	0.674
Travel & Transportation		0.029	-	-	-	-	-	-
General	0.877	0.596	0.338	0.327	0.693	0.639	1.975	1.518
Grants Domestic	-	0.200	-	-	0.300	0.300	-	-
Total	130.708	129.229	163.503	163.569	312.852	199.178	222.367	218.985

Figure 7: Primary Health- Minor object-wise allocation of Non-Salary Allocation



The above table and graph reveals that the adequate funds for operating expenses, repair & maintenance are not being allocated or if allocated, it is a meager amount as compared to needs.

Table 13: District Budget Sheikhpura-Salary & Non-Salary Allocation

(Rs. in billion)

Item	2010-11	2011-12	2012-13	2013-14

	BE	Actual	BE	Actual	BE	Actual	BE	Actual
Non-Salary	0.809	0.449	0.602	0.408	0.479	0.408	0.596	0.619
Salary	3.190	3.075	3.791	3.770	4.957	4.940	4.976	5.153
Total	3.999	3.524	4.393	4.178	5.436	5,348	5.572	5.772
Non-salary as %age of total BE/AE	20%	13%	14%	10%	9%	8%	11%	11%

Table 14: Budget Allocations - Per BHU Cost

(Rs. in million)

	2010-11		2011-12		2012-13		2013-14	
Category	BE	AE	BE	AE	BE	AE	BE	AE
Salary per BHU	128.777	127.794	162.281	162.893	311.305	197.953	219.180	216.790
Non-salary per BHU	1.931	1.435	1.222	0.676	1.547	1.225	3.187	2.195