

Q. NO. 7. Compare "Performance Budgeting" and "Zero-Base Budgeting" as tools for fiscal discipline. Also, explain:

- a) The transition from Line-item budgeting to Outcome-based frameworks in Pakistan.
- b) Audit and Accounting as mechanisms of legislative oversight.

Introduction :

The budgeting mechanism is imperative in fiscal discipline of a country. There are certain methods of budgeting that yield distinct output in this regard. The budgeting methodologies like performance budgeting,

Zero-base budgeting, line-item budgeting, outcome-based budgeting etc. Pakistan has adopted outcome based budgeting from the line-item budgeting in certain spheres and institutions. In this regard, the legislation oversight role is also crucial, particularly in the function of audit and accounts of Pakistan.

Comparison of 'Performance budgeting' and 'Zero-based budgeting':

Performance-based Budgeting	Measurement of work	Zero-based Budgeting	Start from scratch
	focus on result		Periodic Revaluation
	Analyse the right use of financial resources		Ranking the necessities.

basis ~~Criteria~~ of ~~allocat~~ Budgeting:

The performance-based budget allocate funds on the basis of outcome of performance i.e. measurement of work. Whereas, the zero-based budgeting allocate fund by budgeting from start.

focus of outcome

The performance-based budgeting focuses on the output of the work done i.e. performance. The zero-based budget hold periodic evaluation of the ~~budget~~ performance, meeting the objectives.

Methodology of Budgeting

The method of performance-based budgeting is through analyzing the performance and outcomes. This includes the analysis of right use of budget. Whereas the zero-based budgeting methodology is to rank the priorities on which the budget shall be allocated.

(a) Line-item Budgeting to Outcome-based Budgeting in Pakistan:

The line-item budgeting is allocation of resources according to cost of each and every item. On the other hand, the outcome based budgeting allocate resources on the basis of output. This methodology of budgeting covers from planning to results at all levels.

Shift from Input to Output:

The government of Pakistan has shifted its focus from budgeting through line-item method to the output-oriented i.e. outcome-based budgeting. This improves the pre-requisite and necessary allocation of funds or budget resources.

Setting clear and measurable outcomes:

Pakistan must set the clear and measurable outcomes to achieve and budget accordingly. For instance, instead line-item budgeting for the literacy rate, it must set targets to bring particular number of children to schools. In this way, the outcome-based budgeting will yield the potential results.

Establishing monitoring and evaluation systems:

The government must establish monitoring and evaluation system to analyze the line-item budgeting and its outcome. The certain criteria settled by evaluation and monitoring system will further analyze and draw out if a particular ~~see~~ institution require line-item budgeting or ~~p~~ outcome-based budgeting. In this way, the transition

will be potentially rather productive rather than mere experimental.

(b) Audit and Accounting as mechanisms of legislative oversight:

The audits and accounting provides insights of the budget. In a democratic system, the legislative oversight is necessary. The accounts, and audits and legislative oversight is interconnected. For example,

Scrutiny of Public Finances

The legislature is responsible for the consumption of budget and it oversees the government's allocated funds spending. This is primarily through the reports provided by audit and accounts.

Approval of budget and funds

The legislation is responsible for approval of budget or any other funds allocation. But, this approval takes place after the analysis of reports and presented by audit and accounts.

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Review Government finances through Public Accounts Committees:

In many countries, including Pakistan, there are special committees that review the government finances. For instance, the Public Accounts Committees (PAC). In this conduct, the officials of audit and accounts are summoned to explain if any uncertainty is observed.

Conclusion:

In conclusion, the budgeting is an imperative process of a country. The different types of budgeting yield distinct output in institutions respectively. However, the audit and accounting helps the legislative to supervise and providing insights of budget spending by the government.