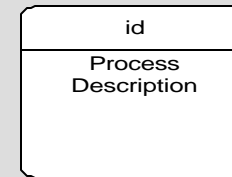


**Names of departments or organizational entities
responsible for carrying out the process**

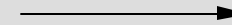
Process diagram

Legend of symbols

Functional process

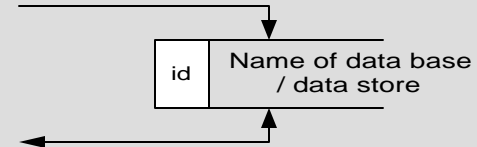


Information flow

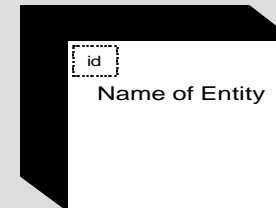


Data base/data store

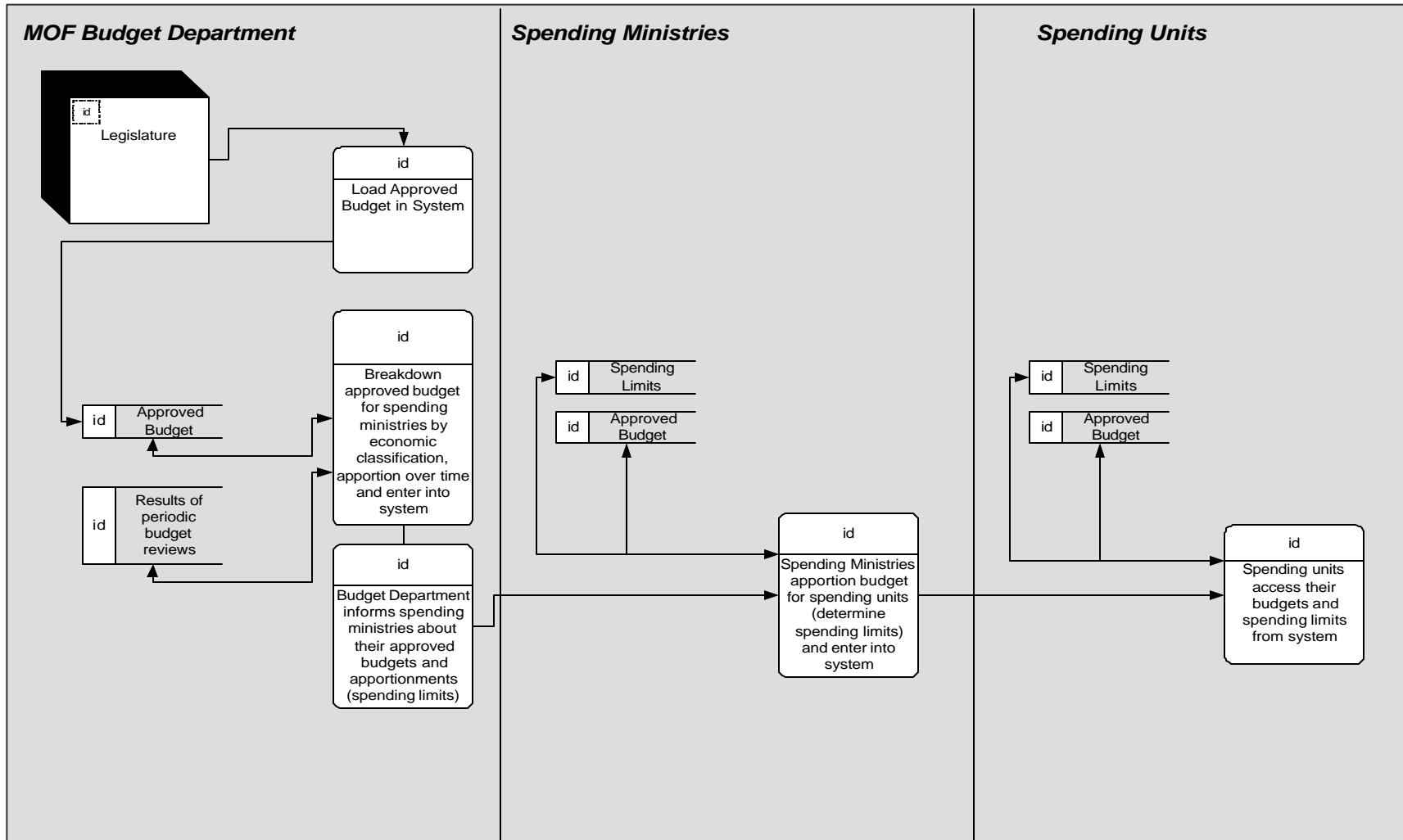
Information flow with one arrow indicates updates to data base. Information flow with two arrows indicates both read access and update



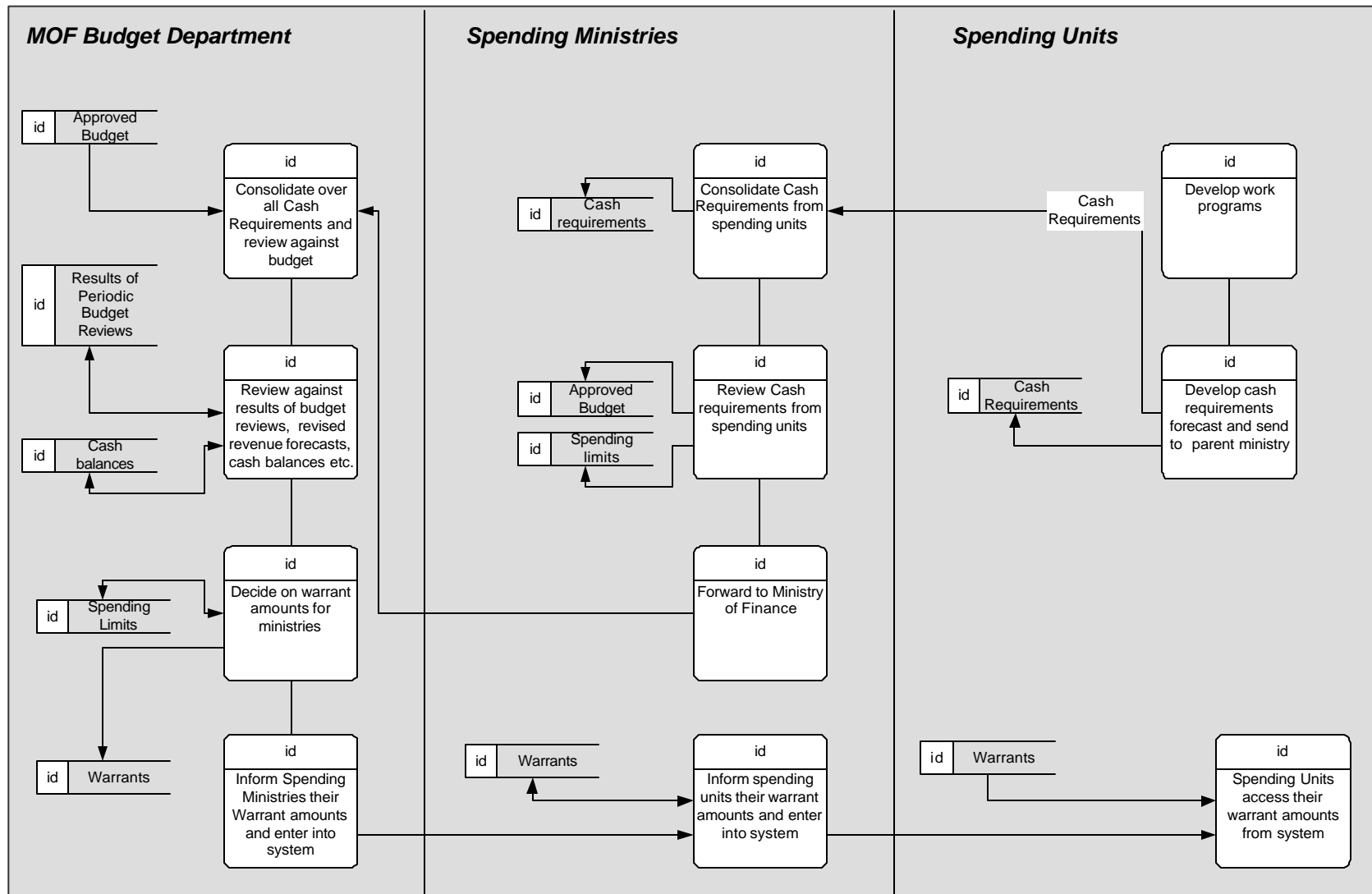
External entity



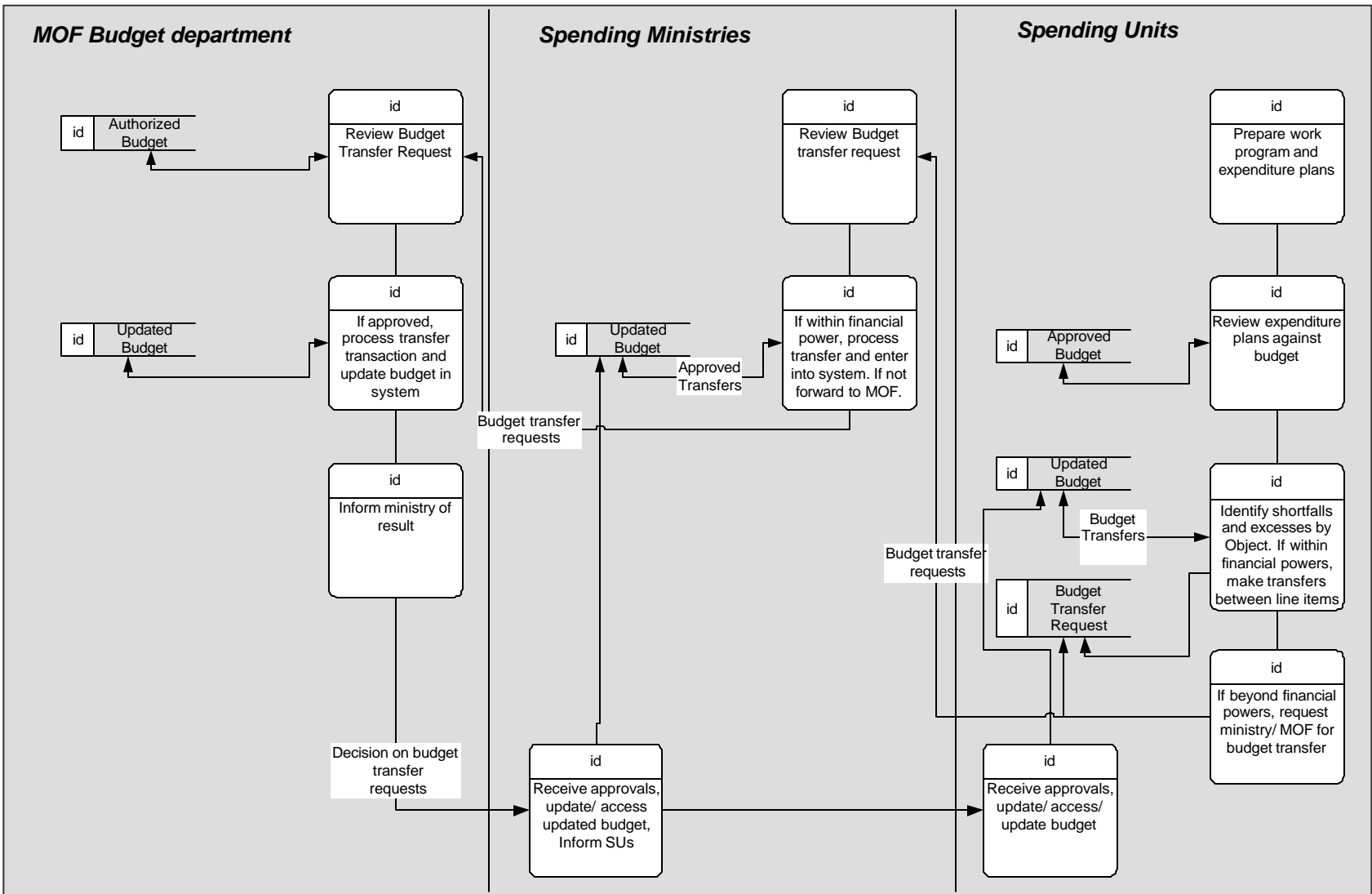
Process description



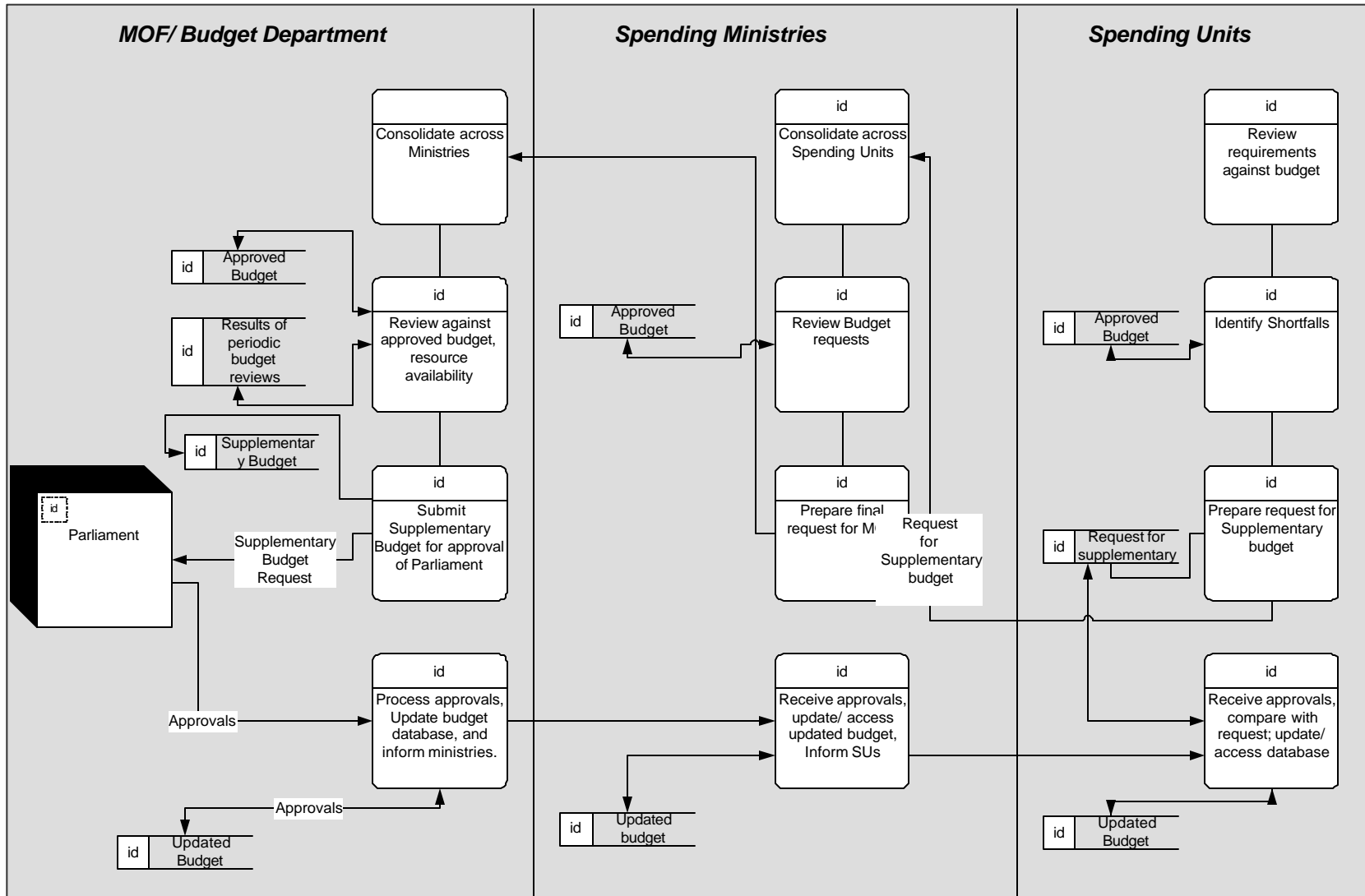
1. Management of Budget Authority: 1. Apportionment and Allotment: After approval of the annual budget by Parliament it is loaded into the system by the Budget Department of the MOF. The approved budget for spending ministries is then broken down to the detailed level of economic classifications and is apportioned over time (quarters and months) and is registered in the system by the MOF and communicated to the spending ministries. The spending ministries, in turn, register the detailed budget for their subordinate spending units and communicate the **allotments** to the spending units. These are the **spending limits** for the spending ministries and spending units by quarter/ month for the fiscal year. Spending limits may be varied during the course of the year in accordance with the results of monthly or quarterly reviews of budget performance. For example changes may be caused by variations in the revenue forecasts, commitment and expenditure patterns, etc.



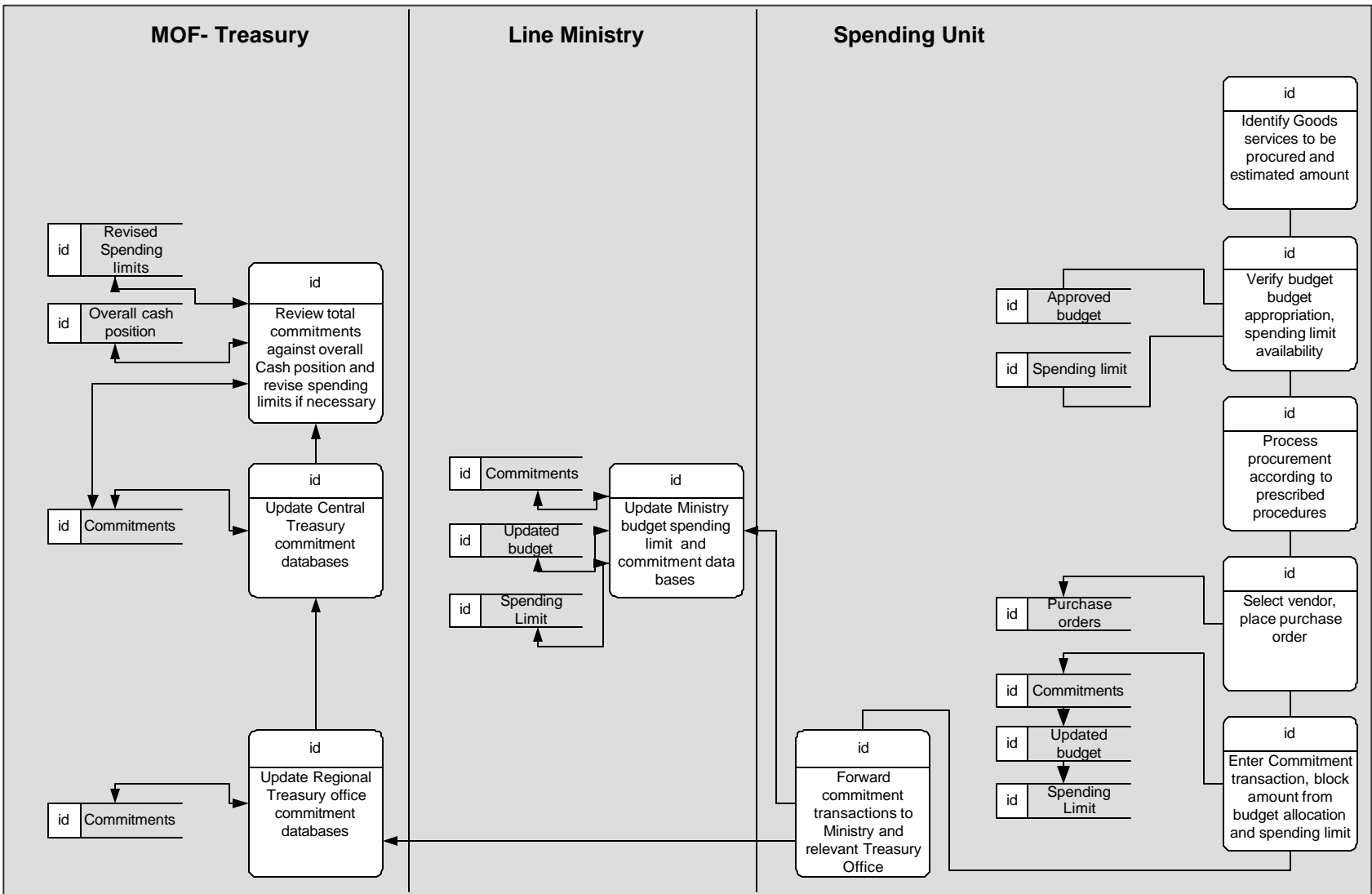
1. Management of Budget Authority: 2. Warrant allocation: Each year, financial plans detailing projected outlays and receipts are developed by spending units and ministries. As the year progresses, sector agencies prepare periodic requests for funds by economic category, which are also captured. The MOF then issues warrants to ministries for each category of spending. From these amounts the ministries issue sub-warrants for their spending units and advise the appropriate spending units. These processes take place periodically through out the year. The warrant and sub warrant amounts need to be within the amounts specified in the spending limits for these organizational units. Warrant amounts are determined in the light of the results of periodic budget reviews, revised revenue forecasts and cash balances.



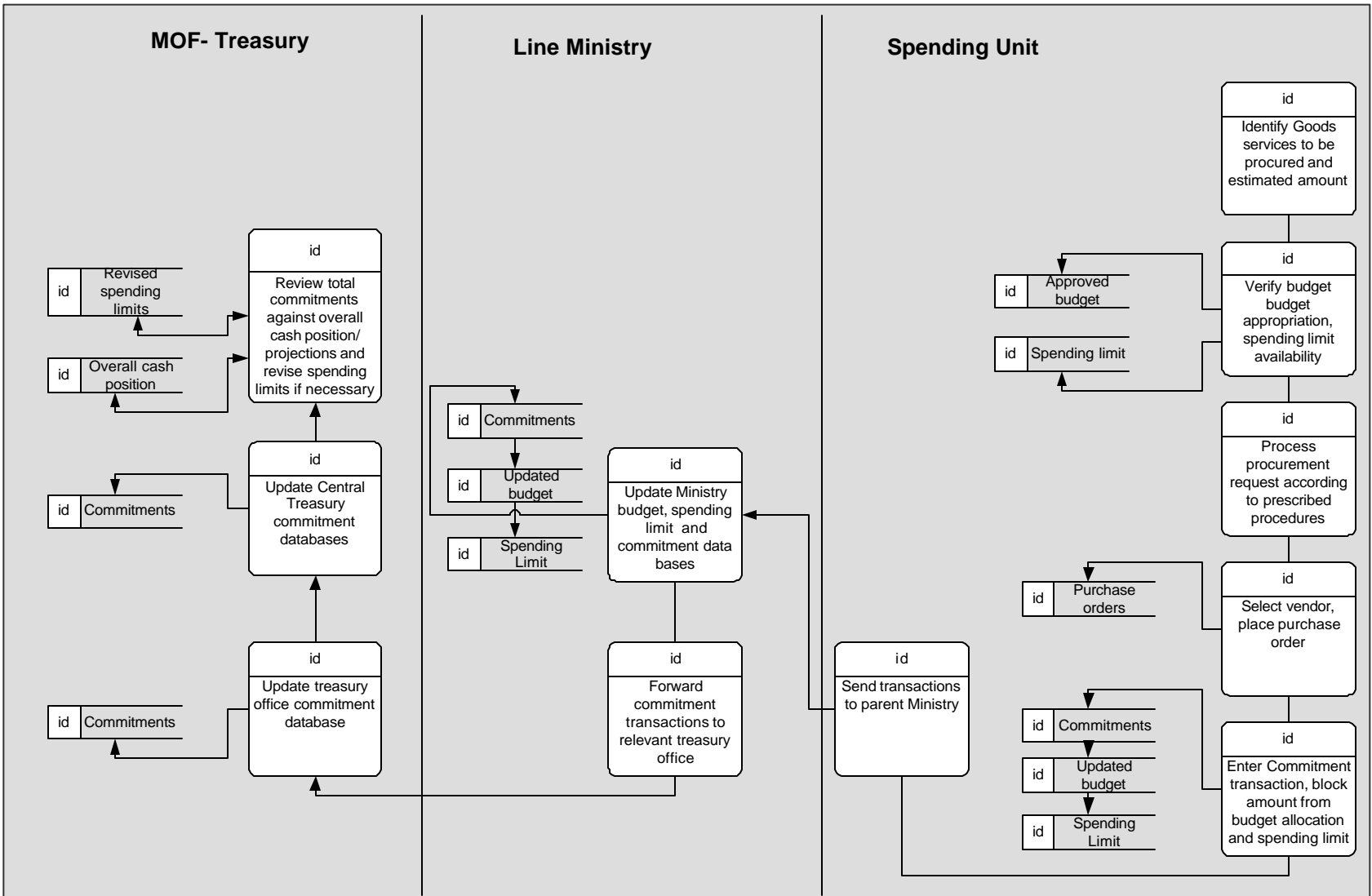
1. Management of Budget Authority: 3. Budget Transfers/ Virements: Normally the Budget Law permits the MOF, the spending ministries and the spending units to shift the approved budget between organizational and object classifications within restrictions set by the relevant laws. Shortfalls identified by spending units in one or more economic categories may be met from excesses in other economic categories in their budget. For this, a budget transfer request needs to be processed. For some items and within certain thresholds, spending units may have the financial powers to make the transfer themselves. For these cases, they will update the budget data base in the system. For cases which are beyond their financial powers, they will request the parent ministry or MOF to process the transfer, depending on the type of transfer. If approved, the Ministry / MOF will process the transfer and update the data base. The spending unit will be informed of the decision on the request.



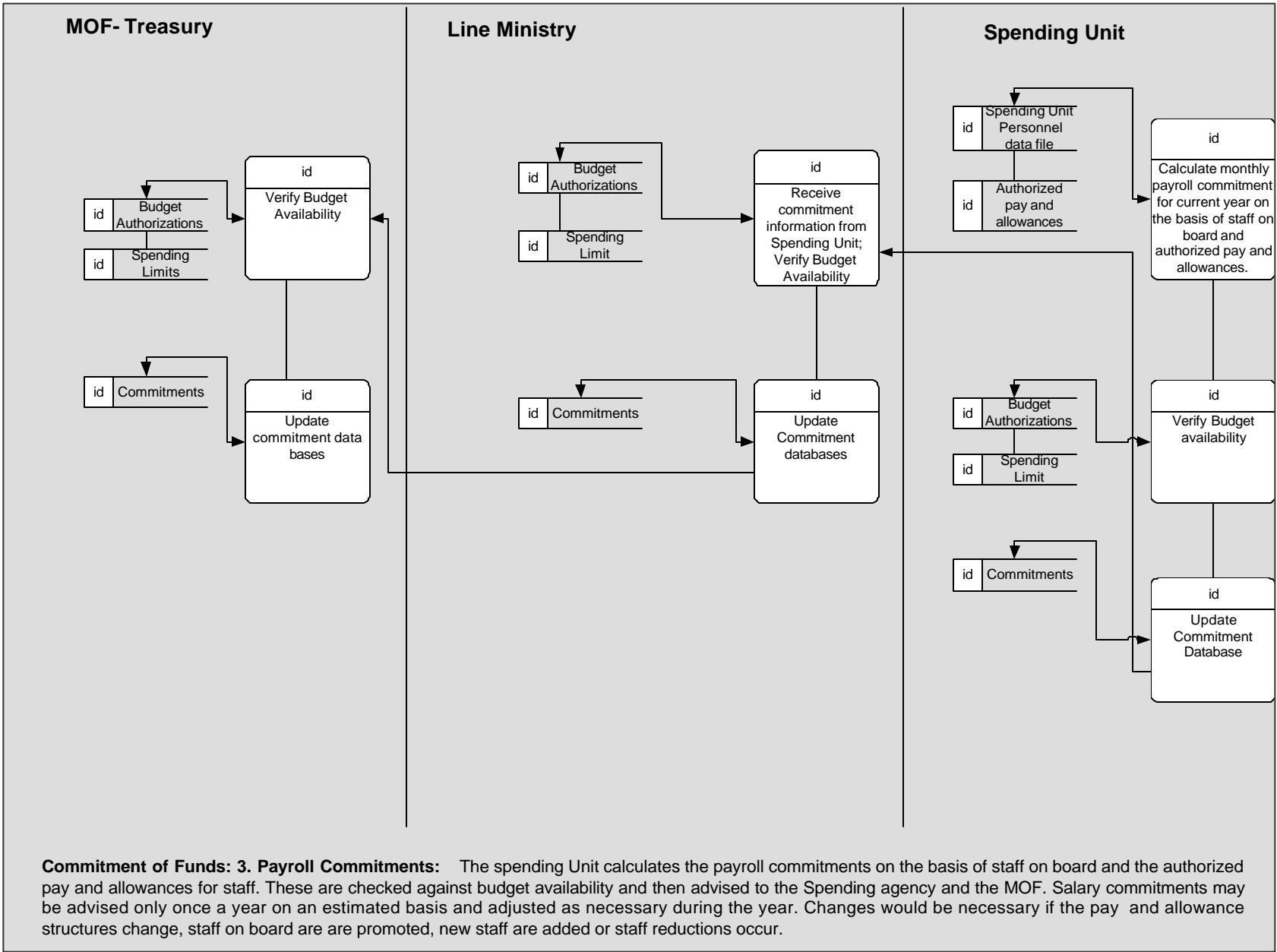
1. Management of Budget Authority: 4. Supplementary Budgets: During the course of the year revisions to the approved budget may be carried out by the Parliament. These revisions are carried out in accordance with the procedures for finalizing the original budgets. The process of preparing supplementary budgets covers the preparation, routing and approvals of requests for a supplementary budget. Supplementary budgets are normally presented to the Parliament for approval at mid year.

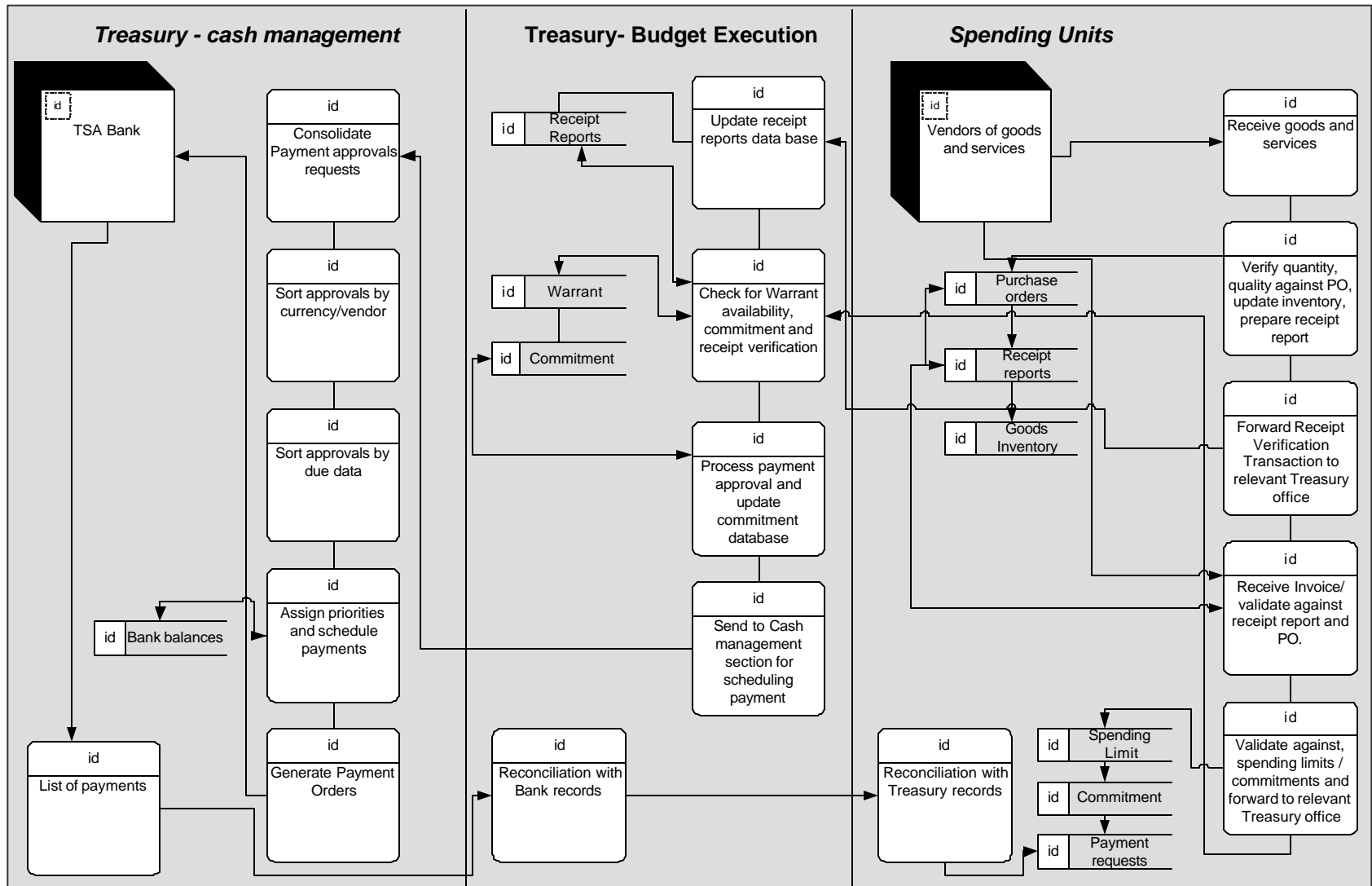


2. Commitment of Funds: 1. Procurement of goods and services. (Case 1: Spending units process transactions directly through regional treasury offices). As the year progresses, spending units process requests for goods and services. After verifying the appropriateness of the expenditure and availability of budget and spending limit, the spending unit will process the procurement request according to prescribed procedures and place a purchase order on a vendor for the procurement of goods and services. The vendor should be registered in the database of vendors. The spending unit will then register a commitment in the system and block the corresponding amount from the available budget and spending limit. The commitment transaction is forwarded to the parent ministry and the MOF-Treasury regional office that will process the payment against this commitment.

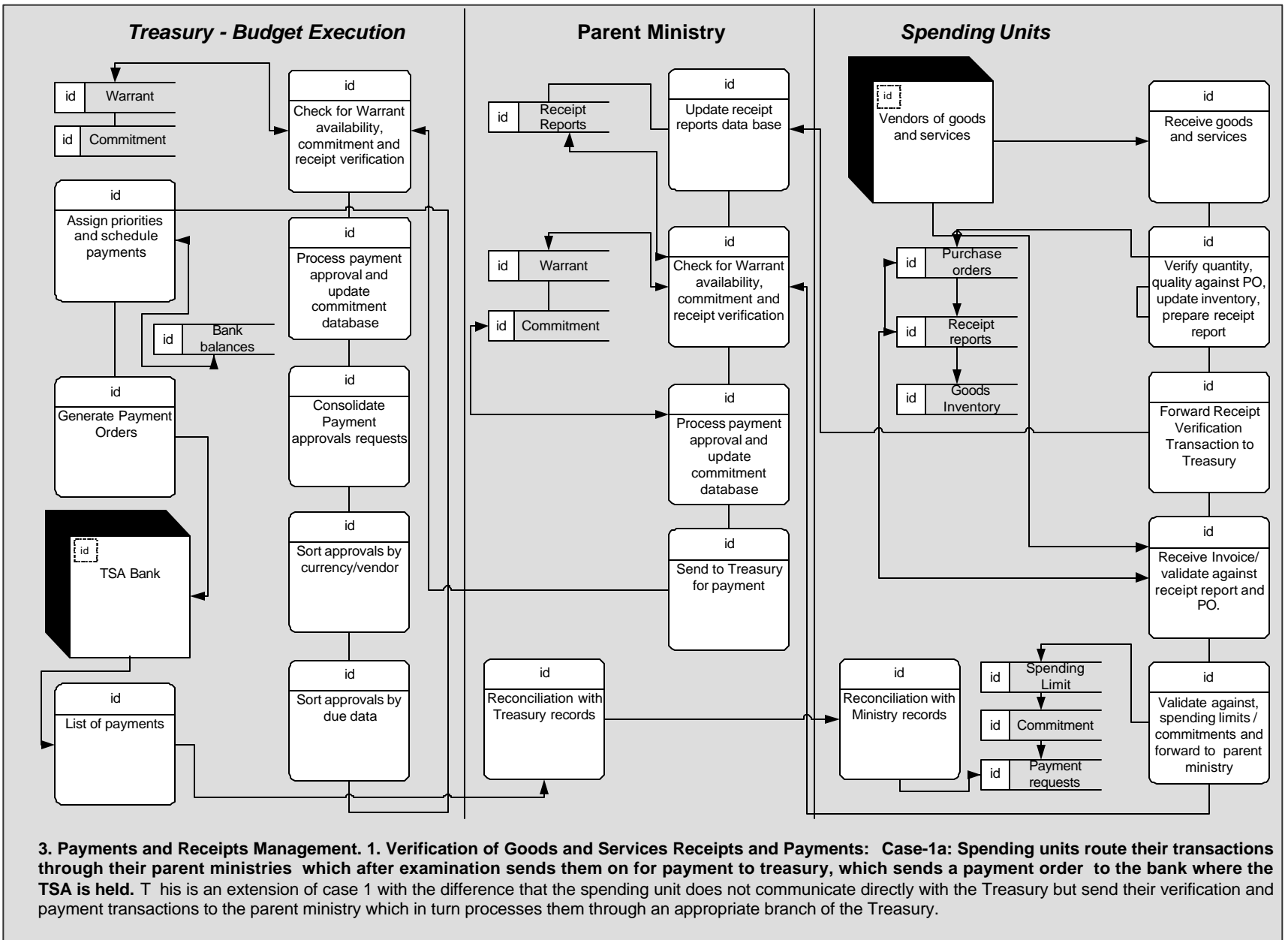


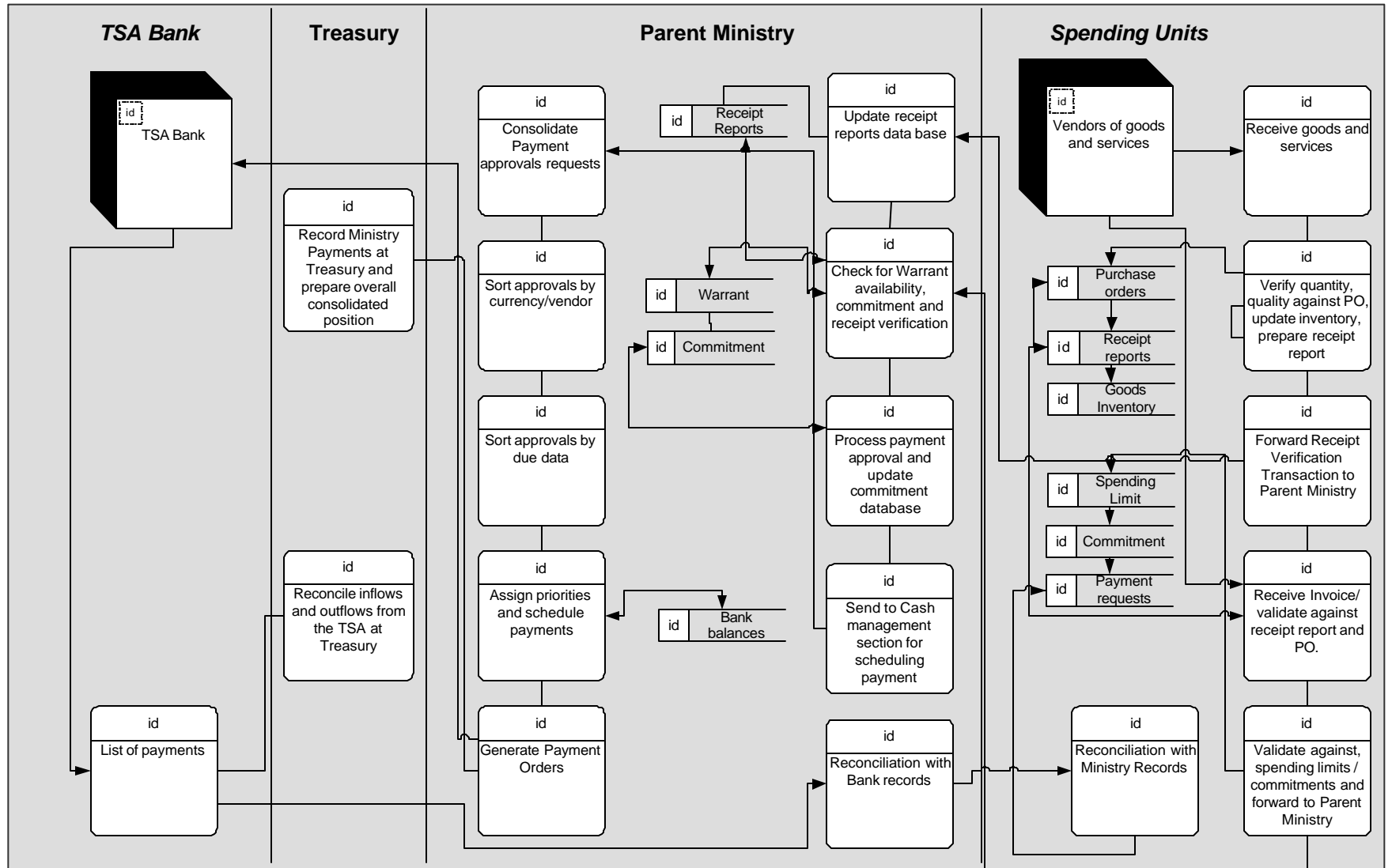
2. Commitment of Funds: 1. Procurement of goods and services. (Case 2: Spending units route their transactions to the spending ministries which then process send them through the relevant treasury office. Treasury does not have a regional network). As the year progresses, spending units will process requests for goods and services. After verifying the appropriateness of the expenditure and availability of budget and spending limit, the spending unit will process the procurement request according to prescribed procedures and place a purchase order on a vendor for the procurement of goods and services. The vendor should be registered in the database of vendors. The spending unit will then register a commitment in the system and block the corresponding amount from the available budget and spending limit.



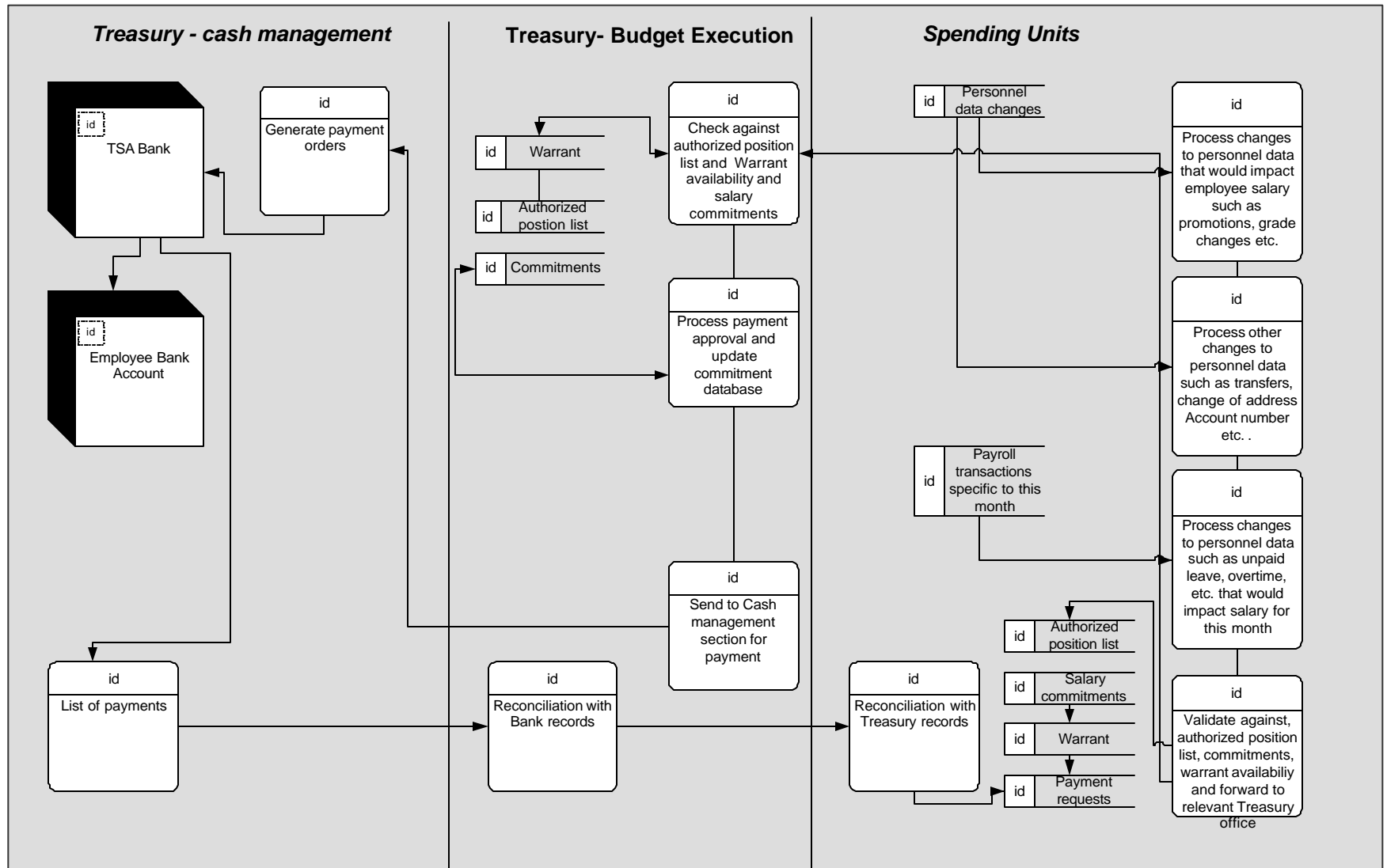


3. Payments and Receipts Management: 1. Verifications of Goods and Services Receipt and Payments: Case 1: Spending units route their transactions through the relevant Treasury office which, after examination, sends a payment order to the bank where the TSA is held. The process starts with the receipt of goods and services. These need to be validated against the purchase order and a verification of receipts report is generated and entered into the system. On receipt, the invoice from the vendor is checked against the receipts report, the purchase order and the payment approval process commences. The requests for payment are examined with reference to the available budget (spending limits, warrants) and the existence of a prior commitment. After approval, the request is sent to the cash management section and scheduled for payment. The list of completed payments received from the TSA Bank (normally the Central Bank) is used for reconciliation of records at the Treasury and the Spending Unit.

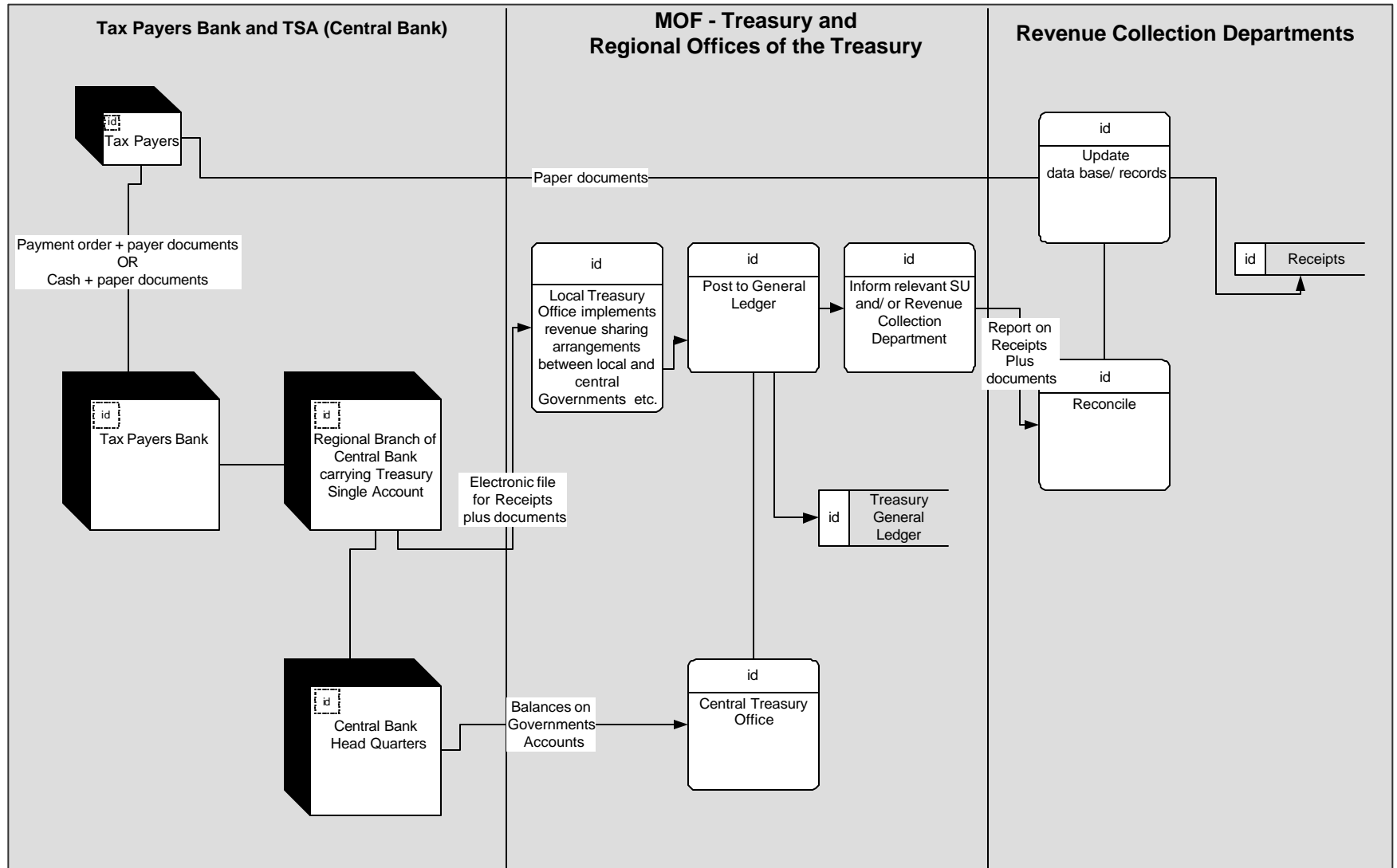




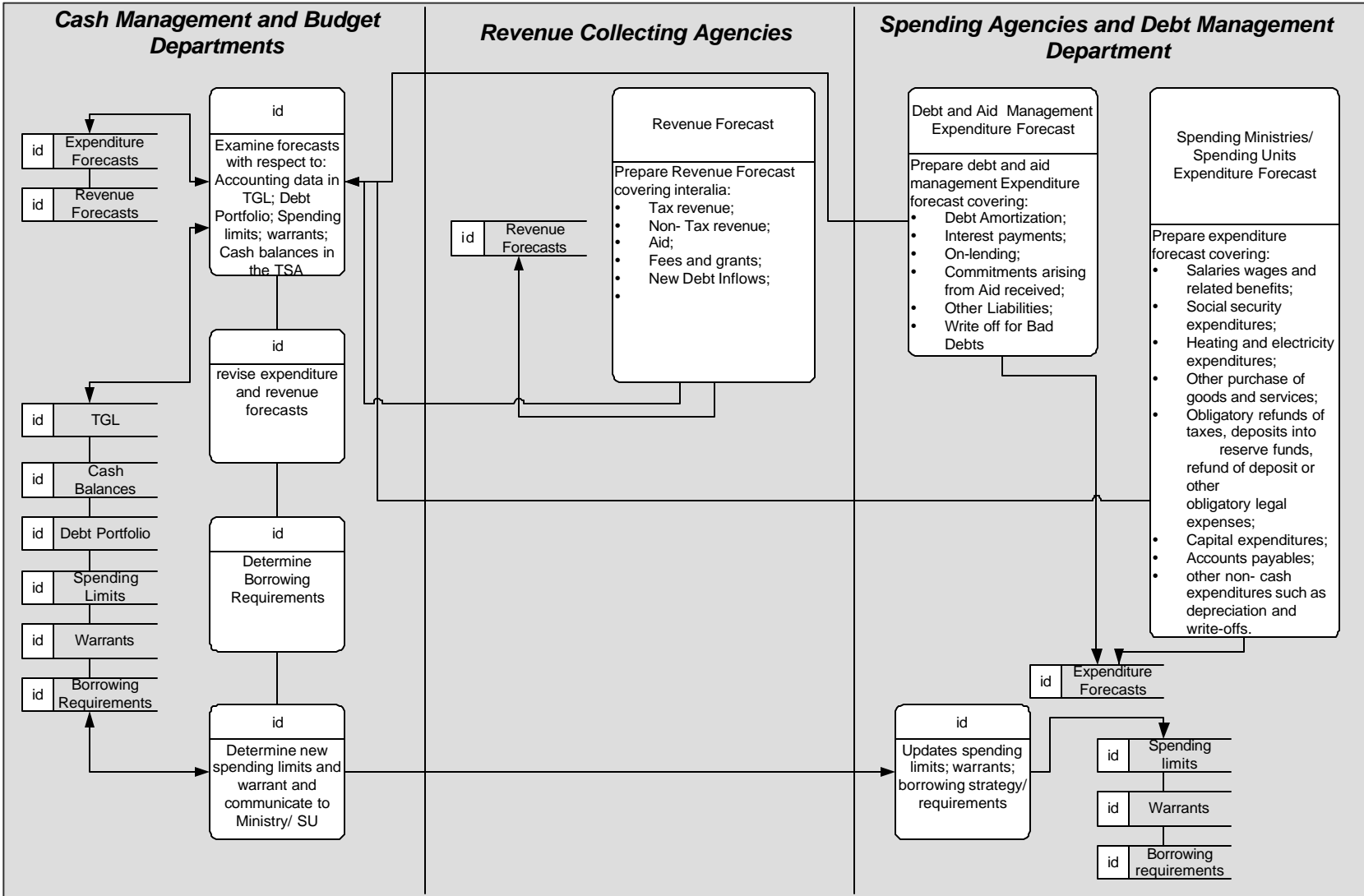
3. Payments and Receipts Management. 1. Verification of Goods and Services Receipts and Payments: Case 2: Spending units route their transactions to the spending ministries which then process them directly through a bank where the TSA is held. The process starts with the receipt of goods and services. These need to be validated against the purchase order and a verification of receipts report is generated and entered into the system. On receipt, the invoice from the vendor is checked against the receipts report, the purchase order and the payment approval process commences. The requests for payment are examined with reference to the available budget (spending limits, warrants) and the existence of a prior commitment. After approval, the request is sent to the cash management section of the Ministry and scheduled for payment. The list of completed payments received from the TSA Bank (normally the Central Bank) is used for reconciliation of records at the Ministry and the Spending Unit.



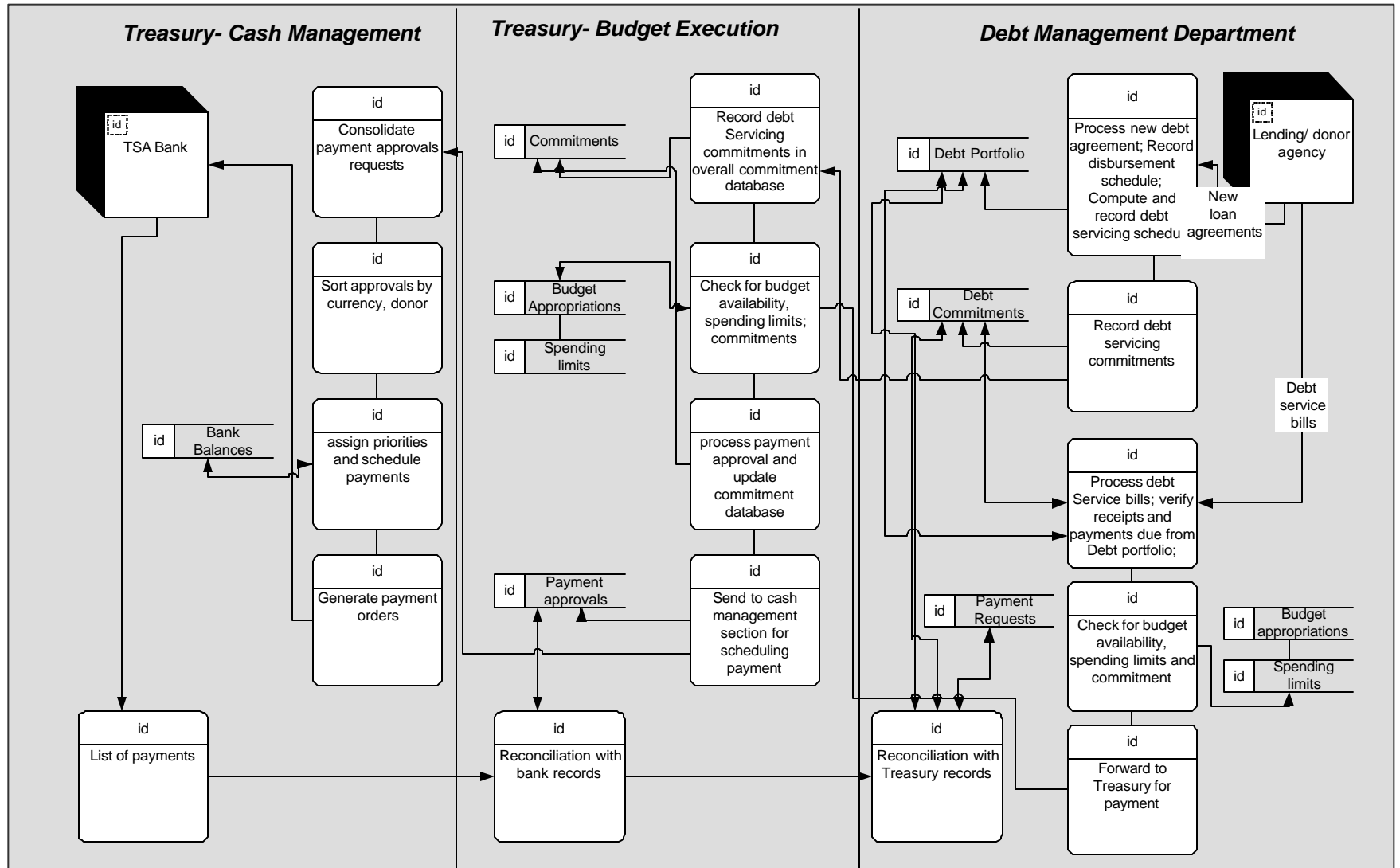
3. Payments and Receipts Management: 2. Payroll Payments.: The Spending Unit computes the salary of the employees on its rolls. This involves, updating the data base for three types of change. (a) Changes to the employee's data that would impact the salary. This includes changes such as promotions, addition of new allowances etc.. (b) Changes to the employees general data such as transfers, change of address, account number etc. and, (c) Changes that would impact the employee salary only in the current month. After these updates, the spending unit computes the payroll. This is validated against the authorized position list for the spending unit. The request for payment is then forwarded to the Treasury for approval and payment. The Treasury approves this request after checking the available budget (spending limits, warrants) and the authorized position list. The request is then sent to the cash management section and a payment order is sent to the TSA Bank to deposit the appropriate amount in the employee's Bank account. In case employees do not have bank accounts, the TSA bank may make the cash available to the spending unit for the payment of salaries.



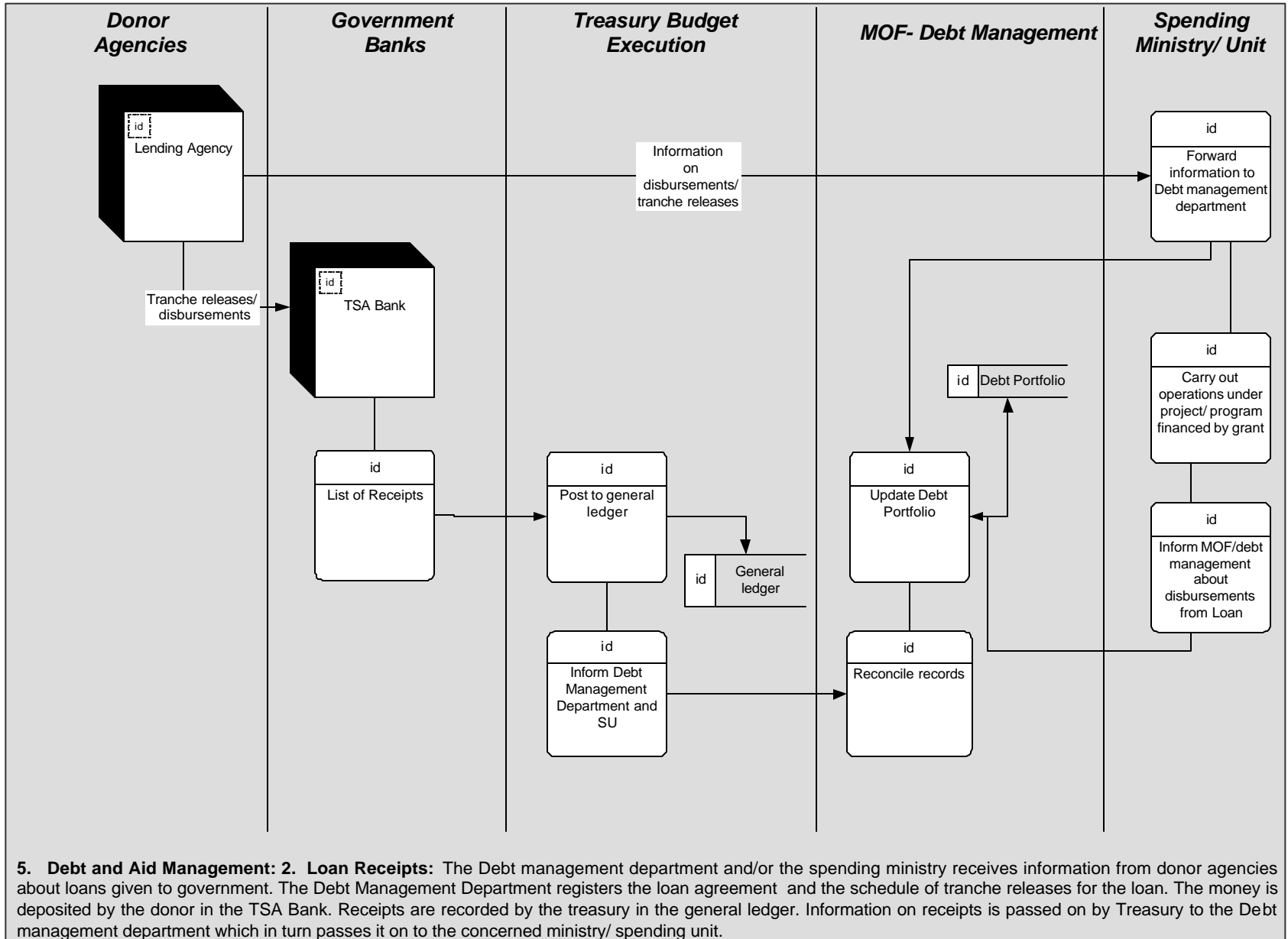
3. Payments and Receipts Management. 3. Receipts : Government receipts are paid through payment orders issued by the payee on his Bank. The Bank transfers the payment to the Treasury single Account at the Central bank. The Treasury monitors the deposits of Government receipts through daily statements received from the Bank. The Treasury implements any revenue sharing arrangements that are in place between the central government and the sub national governments etc. and posts the detailed revenue category wise figures in the General Ledger and informs the relevant SU or revenue collection department of the receipts.

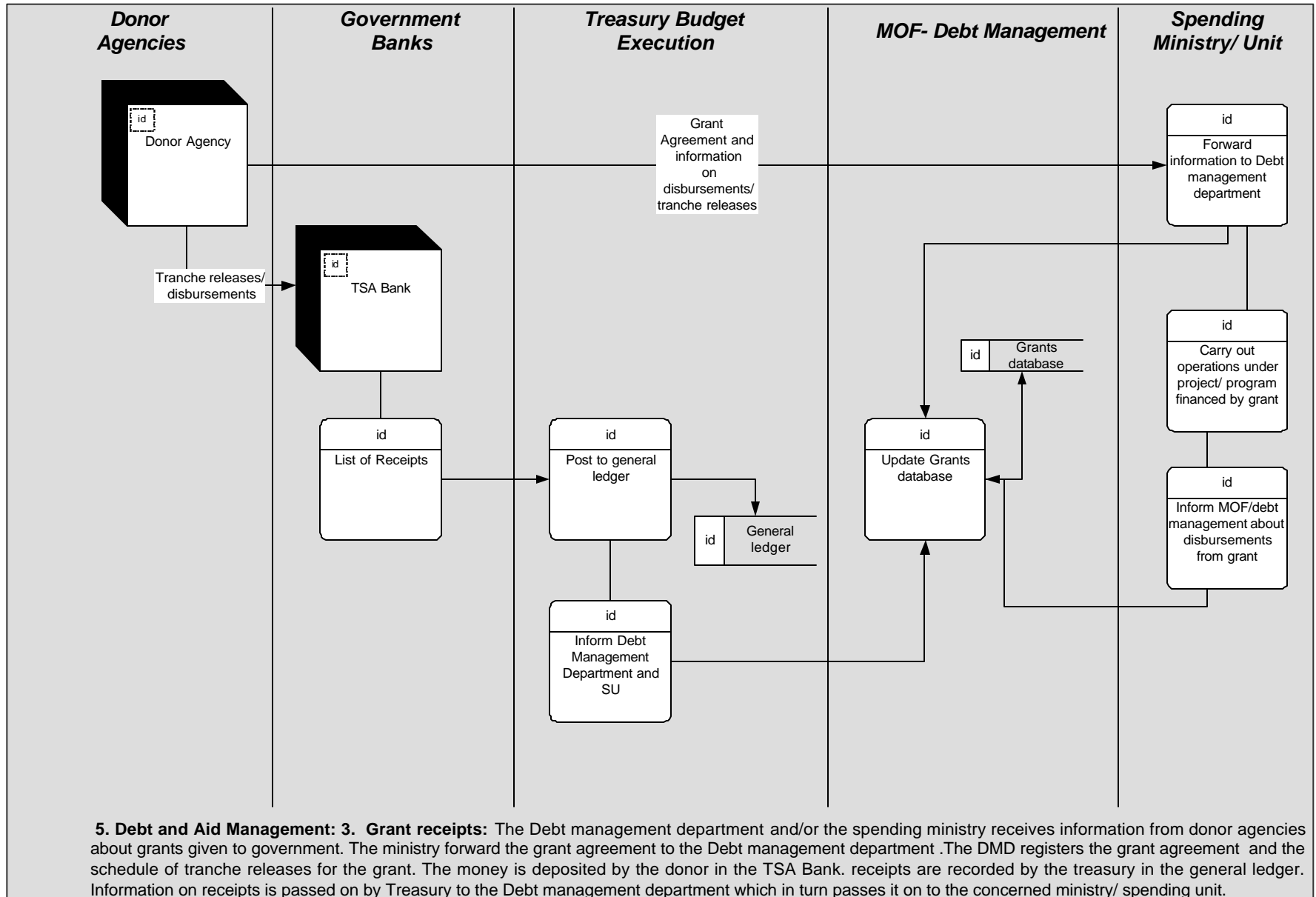


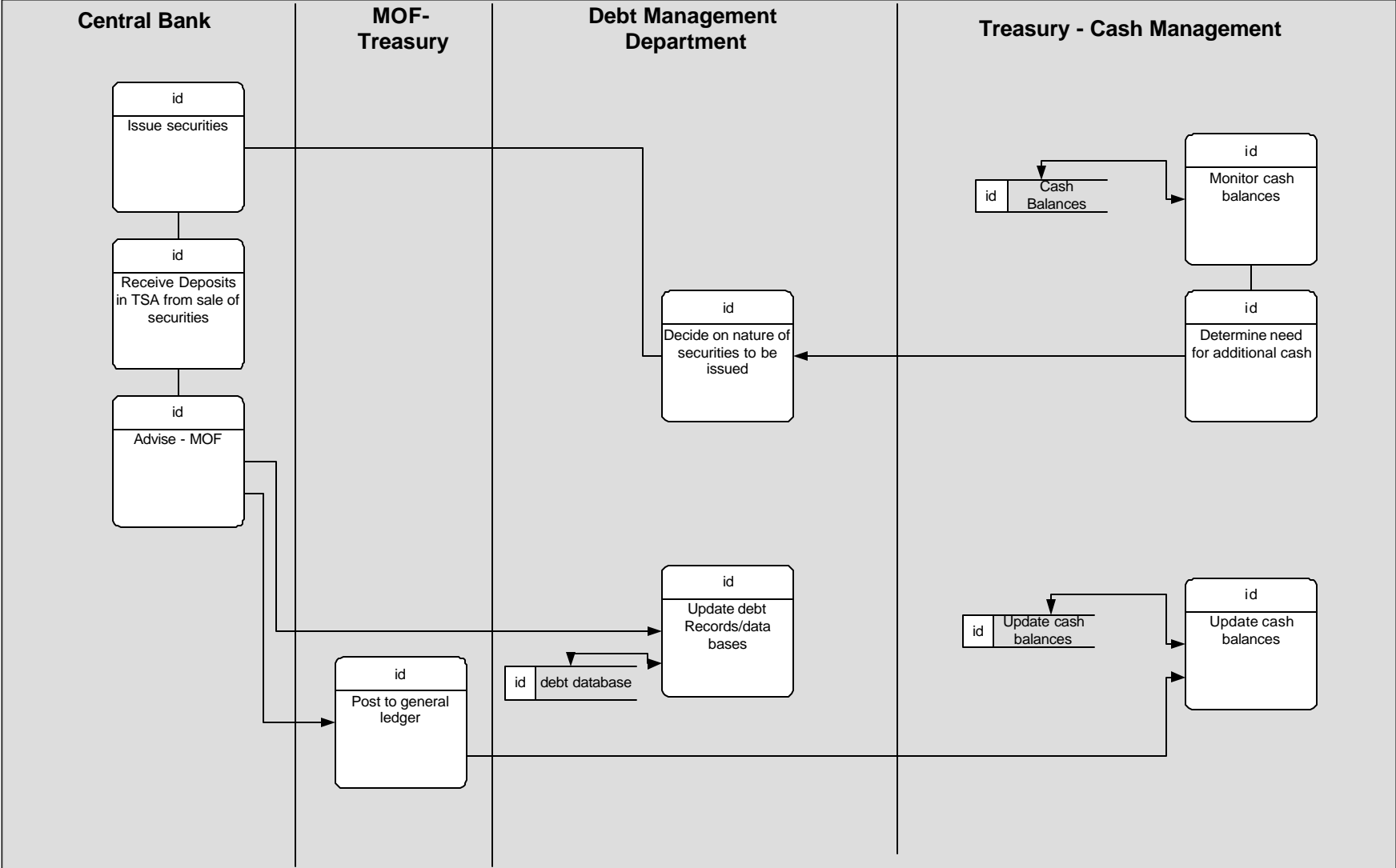
4. Cash Management: 1. Expenditure and Revenue Forecasting, 2. Cash Monitoring, 3. Borrowing strategy : The cash management department receives expenditure and revenue forecasts from the spending ministries and from the debt management department on debt servicing expenditures. The revenue collection agencies prepare revenue forecasts. The Cash management department examines this data with respect to the accounting data booked in the TGL, the Debt management database and the cash balances in the TSA and its component sub- accounts. This enables it to determine the liquidity position of the government and shortfalls/ surpluses. This information form the basis of the MOF determining the borrowing requirements and the spending limits and warrants for spending ministries and units.



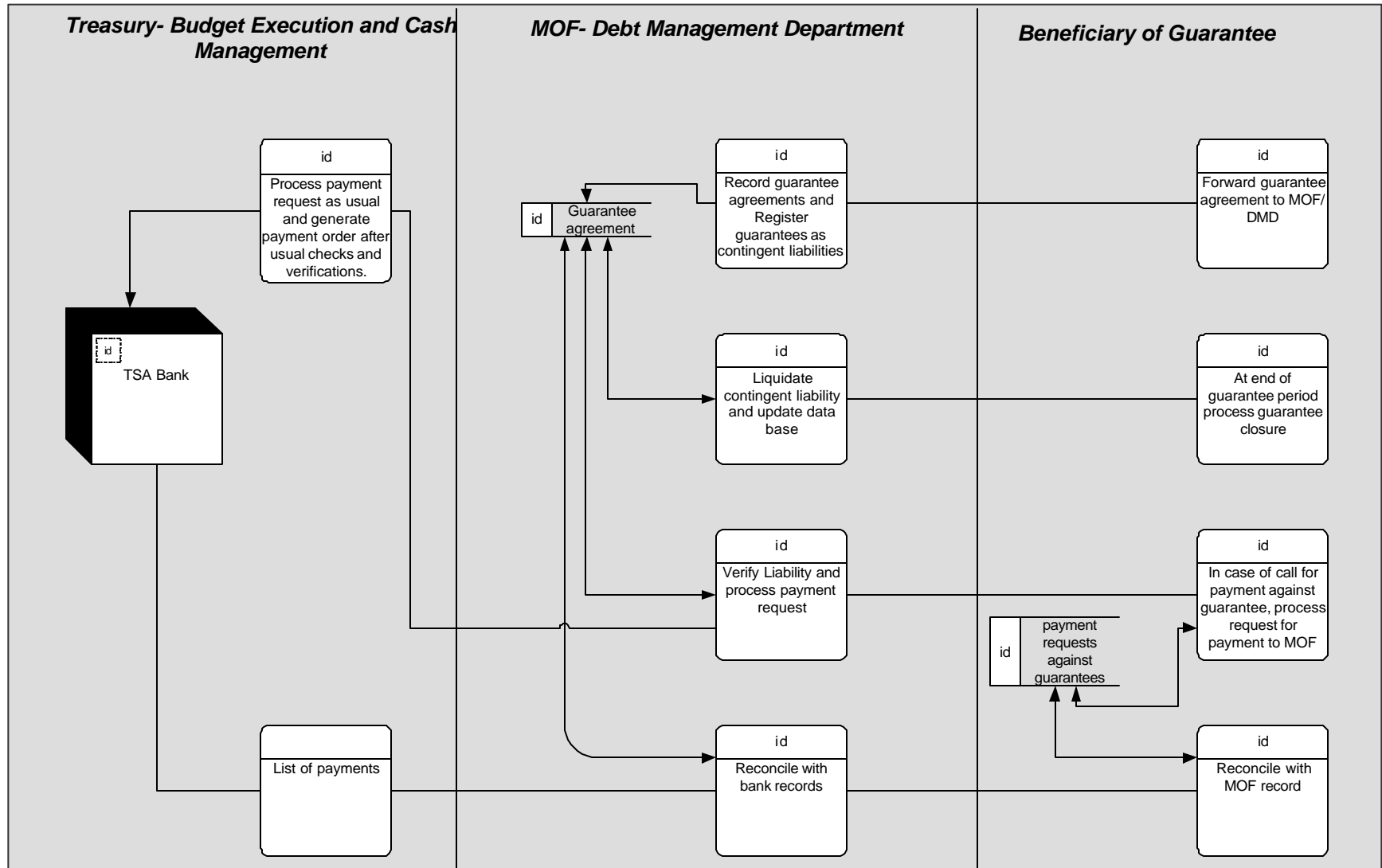
5. Debt & Aid Management: 1. Debt recording and servicing: The debt management department receives the loan agreements form the donor/ lending agencies and registers the loan details in the system, including the disbursement and debt servicing schedules. The debt management department also records commitments related to debt servicing. On receipt of debt service bills, the department verifies receipts and payments due against the debt portfolio and forwards it the bills to the Treasury for payment. The Treasury processes these payment requests in a similar manner to that for other payment requests. On conclusion of the transaction the paying bank sends a list of payments to the treasury which in turn sends the list of debt related payments to the debt management department. These are used for re-conciliation purposes.



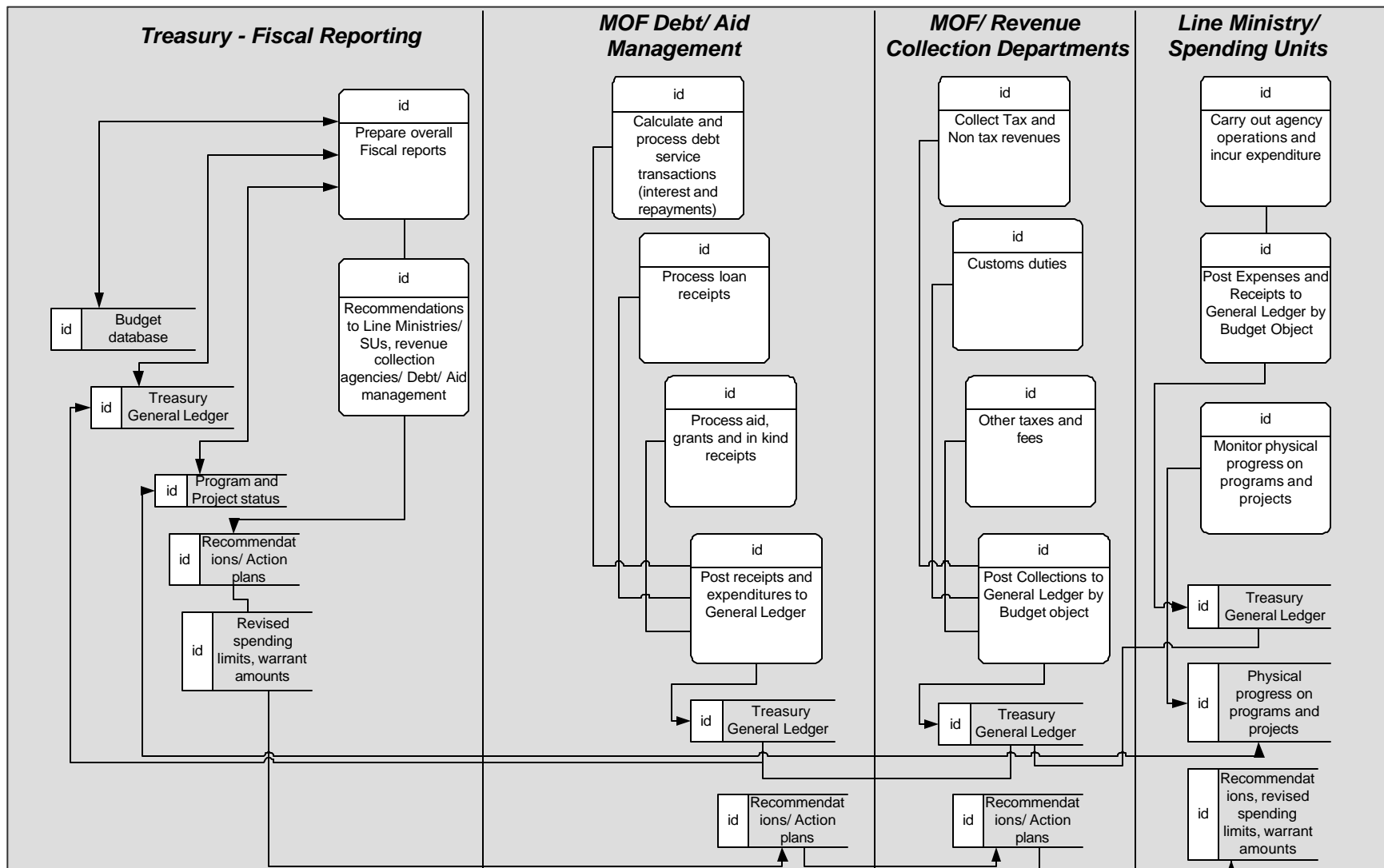




5. Debt and Aid Management: 4. Issue securities. If the Cash management department finds that the cash requirements for a given period are more than the available cash balances in the TSA and associated accounts it asks the Debt management department to issue securities. The debt management department decides on the nature of securities to be issued and instructs the Central Bank to issue the required securities. Receipts on account of the sale of the securities are deposited in the TSA and the Central bank advises the MOF accordingly.



5. Debt and Aid Management : 5. Recording Guarantees as contingent liabilities and processing payments against Guarantees. The debt management department will register guarantees given by government. These will be treated as contingent liabilities. The DMD will receive information from the beneficiary of the guarantee at the time the guarantee is initiated. At end of the guarantee period, the beneficiary will inform the DMD about liquidating the contingent liability. In the case of a call for payment against the guarantee the beneficiary will send a payment request to the DMD which, after verifying the existence of the liability, will request treasury to make the payment.



6. Budget Review and Fiscal Reporting: The Treasury System is used to produce periodic fiscal reports that give a consolidated picture of all receipts and expenditures and progress against budget targets. For these reports to be comprehensive, all items of receipts and expenditure need to be captured. The Government Chart of Accounts is the basis of the fiscal reporting process. These include the Fund, organizational, functional and economic classifications structure of the budget and the classification of account groups, assets and liabilities. As line ministries and spending agencies carry out their work programs, expenses and receipts are posted to the GL by the Treasury system by budget object. Ministry systems record physical on programs and projects. This information is forwarded to the MOF. The Treasury General ledger records receipts of various types of tax revenues, loan/ aid receipts, and debt servicing expenses. On the basis of this data the MOF can prepare overall fiscal reports that compare actual expenses and receipts with the budget estimates. These reports provide a status report and recommendations and action plans for corrective action during the course of the year. These could include revisions to spending limits, warrant amounts etc.

