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JORDAN FISCAL REFORM II

Budget Classification and Chart of Account Review

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Chart of Account Review

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SUMMARY OF THE REPORT

The scope of work was to review the Budget Classification and to make recommendations for improvement, if these were found to be warranted. The review agreed with previous consultants and identified only very few areas where greater compliance with GFS could be achieved. Primarily, however, the review identified areas where the GFS-structured classification segments did not seem to meet the needs of budget planning and budget execution monitoring. A detailed report has been written (because classification deals with details) but the following are the key recommendations. The Goods and Services is the major area where changes appear very necessary; it makes some sense because GFS provides no guidance here. Nonfinancial assets were not reviewed. Recommendations on the compensation area will be forwarded, when translated.

Key recommendations are that:

1. The GBD take the initiative to insure that the classification segments within the GFMIS meet their needs. The GBD is the most important user of the classification. The classification segments currently used by GBD will be replaced by the GFMIS classification segments very soon.

2. The Funds Classification to be changed to remove ambiguity.

3. The Goods and Services section of the General Ledger segment be reworked to improve the scope of information needed for budgeting and budget execution. Some classification segments should be reviewed in the light of ROB and improved presentation of information in the Budget Laws. Changes have been recommended which are covered in the following discussion of specific classification segments.

4. The current procedure of controlling budget execution at the Expenditure sub-item level should be discontinued as soon as possible to allow for more time for analyses in the GBD and give more responsibility to the spending units. This can be achieved if the expenditure classification segments are organized to provide better information with higher levels of the segment.

All recommendations on changes to classification segments meet the following criteria:

- No recommendation requires a segment to be changed structurally in GFMIS.
- All recommendations are such that a crosswalk from the current codes to recommended codes can be made. This crosswalk can be applied to previous years' data.

- All recommendations improve the applicability of the segments to all institutions of the public sector allowing for a single classification.

- All recommendations simplify expenditure reporting (requiring the use of fewer digits and providing easily understandable objects of expenditure) and should reduce objections by investment projects and government institutions.

1. Section: Revenues (part of the General Ledger Segment)

Current Situation: This segment is shown here as a sample of good practice. Currently the segment is structured as shown below and it provides comprehensive information at the **Object Level**. The *Item* does provide additional information, but not the type that officials or citizens would find of interest.

CHARACTER	MAJOR OBJECT	OBJECT TYPE	OBJECT	ITEM	SUB-ITEM	
1						**REVENUE**
1	*1*					*TAXES*
1	1	1				TAXES ON INCOME, PROFITS AND CAPITAL GAINS
1	**1**	**1**	**1**			**PAYABLE BY INDIVIDUALS**
1	1	1	1	001		INDIVIDUALS
1	1	1	1	001	000	INDIVIDUALS
1	1	1	1	002		EMPLOYEE AND DAY WORKERS
1	1	1	1	002	000	EMPLOYEE AND DAY WORKERS
1	**1**	**3**	**4**			**TAXES ON FINANCIAL AND CAPITAL TRANSACTIONS**
1	1	3	4	001		TAX ON REAL ESTATE SELLING
1	1	3	4	001	000	TAX ON REAL ESTATE SELLING
1	1	4				TAXES ON GOODS AND SERVICES
1	**1**	**4**	**1**			**GENERAL TAXES ON GOODS AND SERVICES**
1	1	4	1	001		SALES TAXES ON THE IMPORTED GOODS
1	1	4	1	001	000	SALES TAXES ON THE IMPORTED GOODS

Recommendation: No recommendation. The segment provides good information. Sub-items are used rarely, in additional taxes and in the non-tax items and it would seem that they are not needed at all since it is relatively easy to rework these to the item level.

2. Section: Expenditure, Goods and Services

Current Situation: In the *Goods and Services* segment, unlike in the case of *Revenue*, no additional information is provided at the *Object Type* and *Object* level and, as a result, all expenditure information is found at the *Item* and *Sub-Item* level. Moreover, and this can be seen better from a sample larger than the one shown below, the *Items* seem to cover very detailed bits of information and one has the impression that much of the expenditure is not displayed. In other words, although there are many *Items*, the expenditure information is not organized to be easily understood by officials and people outside the government. The following is a sample of the current expenditure segment.

ACCOUNT	ACCOUNT TYPE	ITEM GROUP	MAJOR ITEM	ITEM	SUB-ITEM	DESCRIPTION
2						**EXPENDITURES**
2	*2*					*USE OF GOODS AND SERVICES*
2	2	1				USE OF GOODS AND SERVICES
2	**2**	**1**	**1**			**USE OF GOODS AND SERVICES**
2	2	1	1	201		RENT
2	2	1	1	202		TELECOMMUNICATIONS SERVICES
2	2	1	1	203		WATER
2	2	1	1	204		ELECTRICITY
2	2	1	1	205		FUELS
2	2	1	1	206		MAINTENANCE OF MACHINES, FURNITURE AND ACCESSORIES
2	2	1	1	206	001	MAINTENANCE CONTRACTS FOR MEDICAL APPARATUS
2	2	1	1	206	002	MAINTENANCE CONTRACTS FOR OPERATORS, ELEVATORS, COMPUTERS, FAXES AND APPARATUS
2	2	1	1	206	003	MAINTENANCE SUBCONTRACTS FOR MEDICAL AND X-RAY APPARATUS
2	2	1	1	206	004	WATER METERS MAINTENANCE AND REPAIR

2	2	1	1	206	005	VARIOUS MAINTENANCE
2	2	1	1	206	999	MISCELLANEOUS
2	2	1	1	207		MAINTENANCE OF VEHICLES, HEAVY DUTY MACHINES AND ACCESSORIES
2	2	1	1	208		REPAIR AND MAINTENANCE OF BUILDINGS AND ACCESSORIES
2	2	1	1	209		OFFICE SUPPLIES
2	2	1	1	210		RAW MATERIALS (MEDICINES, FILMS , FOOD, SUPPLIES)
2	2	1	1	210	001	VACCINES AND SERUMS OF PREVIOUS TENDER COMMITMENT
2	2	1	1	210	002	HOSPITALS, DIRECTORATES, CENTERS AND INSTITUTES FOOD SUPPLIES
2	2	1	1	210	003	VACCINES AND SERUMS NEW TENDER / INCLUDING MENINGITIS VACCINES

Recommendation: One very important objective of the proposed structure has been to improve the information available to budget analysts and to simplify the budget planning and budget execution processes.

In the proposed structure, Annex 1, Object and *Item* can provide sufficient information for budget planning and execution control at the Object level can be phased in. Immediately upon implementation of this approach, virements at the sub-item item would not need approval by GBD. Also provided as part of the report is a bridge table (not fully completed) showing what specific Items and Sub-items have been included in each Expenditure *Objec*t. This bridge table, when fully completed, can be used with previous years to give historical expenditure data.

What is proposed is parallel to the *Revenues* segment, above, such that sufficient information is obtained at the *Object* level. The *Item* serves more the internal needs of budget planning – for illustration, *Items* are shown below (but they may need to be supplemented). Expenditures at the item level could be recorded at 100, 200, 300, etc. level. However, if you want, the items can include sub groupings. For example, The Object of Current Maintenance and Repair Services could have 101 (residential buildings), 102 (schools), 103 (hospitals) etc. Neither approach should affect the way that GFMIS works.

Central government institutions, both current budgets and investment project budgets, as well as governmental units should use the same general ledger segment. Even the Public Enterprises can report their expenses in this structure.

GFMIS would have to accommodate budget control at the Group level while recording actual transactions in the general ledger at the sub-item level. This should not be a major issue.

Segment: Funds

Current Situation: The current Funds segment is ambiguous in the first two groups and the third group could employ the GFS-recommended structure for recording grants and loans to facilitate GFS reports. Group 1 does not require any change (although the classification segment in GFMIS is not correctly entered). It should have been Fund 1=Central Government Institutions and Fund 2=Government Units. However, Group 2 (Fund Type) should be redefined to remove ambiguity and this is not a GFMIS issue. Group 2 is ambiguous since different pieces of information are in the same Group; for example, *03 Loans* is a means of funding *02 Investment* Projects. Group 3 has no order to the information and does not allow for easy summaries by types of grants and loans. The current classification can be seen below.

Fund	Fund Type	Fund Resources	Description
1	00		General Budget Fund
1	01		Current
1	01	001	Current \ Treasury
1	02		Capital (Treasury)
1	02	001	Capital \ Treasury
1	03		Capital (Loan)
1	03	001	Arab Fund: Social & Econ. Dev.
1	03	002	Germany
1	03	003	OPEC Fund
1	03	004	World Bank
2			General Budget Fund

Recommendation: The recommendation is to rename the first group, redefine the second group and redesign the third group. The first group differentiates between the authorization (General Budget *Law* and the Budgets *Law* of Government Unit), the second group identifies the type of budget first (Current, Investment Projects) and then the source of funding (General Revenue, Grants, Loans), the third group provides specific grant and loan information categorized according to GFS.

Authorization	**Type of Budget/ Source of Funds**	**Specific Source of Funds**	**Description**

1			**General Budget Law**
1	*11*		*Current Operations - General Revenue*
1	*12*		*Current Operations – Grants*
1	12	100	From Domestic Sources
1	12	110	General Government
1	12	120	Central Bank
1	12	130	Other Depository Institutions
			And so forth if other sources are likely
1	12	200	From International Organizations
1	12	201	Specific International Organizations
1	12	300	Other General Government Unit
1	*13*		*Current Operations – Loans*
1	13	100	Domestic Sources
1	13	110	General Government
1	13	120	Central Bank
1	13	130	Other Depository Institutions
1	13	140	Nonfinancial Corporations
1	13	200	Foreign Sources
1	13	210	General Government
1	13	211	Japan
1	13	220	International Organizations
1	13	221	World Bank
1	13	230	Other Financial Corporations
1	13	231	Bank of Dubai
1	*21*		*Investment Project Budgets Funded from General Revenue*
1	*22*		*Investment Project Budgets Funded from Grants*

1	*23*		*Investment Project Budgets Funded from Loans*
2			**Budgets Law of Government Units**
2	*11*		*Government Units Funded from General Revenue*
2	*12*		*etc.*
2	*13*		

Segment: Nonfinancial Assets.

This segment was not reviewed in detail but it should be reviewed for suitability for budget planning purposes. This is a difficult segment to adapt to budgeting needs if the GFS numbering scheme is maintained.

Segment: Organization. No recommendation.

Segment: Program. It does not appear that program segment in the GFMIS is structured efficiently to take advantage of GFMIS reporting and aggregation capacities and eliminate the need for customized reporting. This is explained in detail in the report.

INTRODUCTION

As managers of the General Budget Department (GBD) and the Ministry of Finance (MOF) have anticipated and external visitors have often reported formally, transitioning to a results-oriented budgeting (ROB) approach requires a number of changes in GBD's way of doing business. This report provides some specific recommendations that can simplify the transition and save staff effort (now and in the longer term) so that they have the time to develop and implement procedures more suitable for the new budgeting approach.

The report addresses 8 important points regarding classification issues:

1. Are classifiers different in the GFS and GFMIS environment?
2. What advantages are built into the new GFMIS? And can these be optimized through refining some portions of the classification segments?
3. What is the difference between GBD's needs in financial budget execution and those of MOF in cash execution and financial reporting?
4. What about GFS 2001?
5. Should budget classification [BC] be identical to the rest of the Chart of Accounts (COA)
6. What are the specific recommendations in this report?
7. Is it too late to do anything? Is it within GBD's mandate?
8. Can the recommendations be phased over time? Over what time period?

The new implementation of the GFMIS gives Jordan a tremendous advantage; it is the correct moment to review and modernize the important systems of government information. There is also a new budgeting environment – results oriented budgeting (ROB). This approach improves transparency with respect to the purposes of resources and the efficiency of their use. It is also helpful in improving communications between the Government and its citizens. GFMIS should easily provide information on how the annual Budget Law and its execution support the strategic priorities of the Government and there is still time to insure that data will be captured to meet these needs.

The language to achieve transparency is the Chart of Accounts (COA). The COA is composed of different classification segments that collect and report information in a systematic manner. Each segment of the COA is an organized set of codes (groups) that gives information on the responsible agency, purpose, economic object, and so forth. Each group and each code within a group of the segment has a unique definition so that anyone recording transactions or reviewing reports will uniformly understand the transactions included in each code. The

information classified by the COA is used for budgeting purposes, financial management and accounting control.

Because of the importance of the COA, a precondition to the implementation of a GFMIS is usually the review of the COA. Often COAs have been in use for many years and reflect manual classifications systems. These tended to list more than to create hierarchical groups of codes. One of the benefits of GFMIS is that reports can be formatted to include selected and combined segments of information in any order and aggregation by groups. If the segments themselves are well designed, accurate and consistent summaries of information should be easily available. Summaries through GFMIS avoid summarizing of data by human hands – a process that allows data to be interpreted by the compiler and introduces mistakes through oversight.

The use of hierarchical classifications helps the budget analysts a great deal. Reporting becomes much easier and does not require separate programming – if the classification segments are designed in hierarchical groups. The reports the budget analyst can get are constrained only by the construction of the classification segments. Therefore, the Budget Department must ensure that the GFMIS uses appropriately constructed classification segments organized to provide easy aggregations of data so that monitoring the execution of Budget Law is simplified and both components of budget execution supported:

1. a financial management component to insure that commitments and expenditures do not exceed the released allotment of budget authority and that expenditures are made for the purpose for which the authority has been approved, and

2. The performance evaluation component to insure that expenditures support the approved objectives.

Under an input-based budget system component 1) has been the most important. With results-oriented budgeting (ROB), component 2) becomes very important. This shifting emphasis in monitoring budget execution requires some forethought in classification segment design.

The GFMIS brings together budget execution accounting with financial accounting into a single system, and, as such, should serve both needs. As budget accounting allows for in-year planning (how much of the allocation has been used and how much is still left), financial accounting provides a historical view (how much cash has been used in line with the cash management plan and have payments been accurately recorded to the appropriate bank account).

THE IMPLEMENTATION OF A NEW COA

In implementing a new COA to take into account GFS 2001[1], The Ministry of Finance and the GBD took a major step in improving public financial management because of the benefits inherent in the GFS schedules that facilitate year to year comparisons, international reporting, and international comparisons. A country's financial information becomes easier to understand and financial management is easier to evaluate and improve.

About GFS 2001

GFS 2001 represents a new approach for reporting financial statistics. The GFS Manual describes a *statistical* reporting system which uses the accrual basis of accounting. The difference between accrual and cash is that, under cash basis, the time of recording may be different from the time when the economic value is affected. However, the substantive definition of each classification code is not affected by the basis of accounting and for many transactions, in fact, the time of recording and the time of economic value effect for most items is simultaneous or nearly so. Additionally GFS 2001 anticipates that it is applicable to central, municipal, and local governments as well as to public enterprises and other independent institutions within the public sector. Therefore, some of its language and organization is different from what budget and accounting departments have been used to seeing. At any rate, a GFS type classification can become the only classification used by all members of the public sector and greatly facilitate planning and reporting for the public sector. For these reasons the GFS is becoming an international reporting standard.

GFS 2001 is organized to simulate accounting ledgers. The initial digit of the classification indicates the type of account (1=Revenue, 2=Expense, 3=Assets and Liabilities, 4=Holding gains or losses, 5=Other changes in the volume of Assets and Liabilities, 6=Balance sheet, and a separate and supplemental Ledger 7= Flows by the Classification of the functions of Government (COFOG). Simply, the GFS accounting system starts with the current balance, adds all flows and adjustments, and results in an ending balance.

Many countries traditionally had a classification that was used for budget planning and execution purposes and a different classification that was used for financial reporting. GFS 2001 is organized on the principle of an integrated Budget Classification (BC) and COA where

[1] Government Financial Statistics Manual 2001, Washington, DC, International Monetary Fund, 2001.

the BC includes fewer classification segments and fewer descriptive groups for each segments. This makes sense because the classification describing financial assets to record movements with cash (such as to a deposit account and such as to an outside bank account) does not affect the budget. The budget is a plan and detailed information is only available in the later phases of budget execution so only the COA needs to have the complete detail on the transaction.

Public finance management is greatly improved through this approach that integrates the two classifications. However, this environment requires that the budget department staff become more knowledgeable with Treasury operations so that it can take full advantage of the GFMIS capabilities and insure that budget planning and execution monitoring needs are met. In other words, the DGB must aggressively interact with GFMIS staff to make sure that the GFMIS classification, in the segments that affect budgeting, is what the DGB needs.

Perhaps the best aspect of embracing the GFS 2001 system is that it greatly simplifies the implementation of automatic accounting. With the appropriate COA, each transaction results in double entry – one that records the flow and the other that records the effect on assets or liabilities and net worth. Each time a payment is made, the two records should show what was acquired and what bank account was used to pay for it. Thus, accounting reports from GFMIS can be obtained as desired and this greatly facilities budget release planning and cash management. Labor intense activities that required many accounting staff can be facilitate through good design of the chart of accounts and reporting. This is not to say that GFS 2001 replaces accounting staff because many aspects of financial accounting still require their attention.

However, because it is more concerned with reporting information suitable for macroeconomic analyses, the GFS is not structured to provide classification segment guidance equally throughout its ledgers. For example, the Revenues ledger (Ledger 1) provides a well organized structure of the sources of revenues that is also useful for planning and administrative controls by a country. Consequently, with the exception of ensuring that revenues are coded to meet the schedule, it can easily be used as the Revenue Classification for budgeting and control purposes by any government or by any other unit in the public sector.

On the other hand, the Expense ledger (or Expenditure Ledger in countries using cash or modified cash basis of accounting) does not have the type of structure throughout the ledger that a government requires to explain expenditure purposes and implement government controls. Specifically, the expenditure for *Goods and Services* describes a large number of expenditure objects that require administrative controls. As an example, a Budget Department wants to make sure that it provides appropriate resources for electricity and that the budgeted amounts are actually spent for that purpose. Another schedule that is not responsive to budgeting needs is the schedule for nonfinancial assets. If there is a program to modernize schools by adding computerized equipment, the Budget Department wants to make sure that a certain amount is specifically budgeted and spent for that purpose. In these and other cases, the budget departments must expand the GFS classification to make it suitable for public management. Footnote number 6 of GFS 2001 (although in small print) says this.

In summary, GFS 2001

- allows the country to meet international classification standards (because international accounting standards and the GFS are being homogenized);
- allows a country to report financial statistics that are comparable internationally;
- provides information useful for financial as well as macroeconomic policy purposes;
- results in integration of budget and financial classification systems into a single Chart of Accounts;
- allows for automatic accounting as soon as a financial transaction is processed in the GFMIS;
- allows the COA to be the single country classification that can used by all participants of the public sector for reporting purposes because the GFS 2001 has been developed for use by all the participants in the public sector;
- **However, it requires that the country adapt the coding schemes of GFS 2001 ledgers/schedules to meet its planning, budgeting and administrative control needs**.

Countries adopt one of three approaches for implementing GFS

Classification is GFS 2001 compliant. If a country is on cash (or modified) basis, all inflows (revenues, capital income, and proceeds from loans and securities) are reported in Ledger 1 (revenues) and all outflows (expenditures for current operations, nonfinancial assets and loan principal repayments) are reported in ledger 2 (expense) to allow for easy reporting of cash and reconciliation of bank accounts. This approach makes many things easier at the country level. For example it helps to easily separate acquisition of nonfinancial assets from disposal of nonfinancial assets. A bridge table within the GFMIS can cross the flow amounts to the appropriate GFS ledger to obtain GFS reports. Since reporting on GFS does not occur daily, this approach achieves, first, the objective of providing needed reports for the country on inflows and outflows, and, second, provides GFS formatted reports when required. This approach does implement the IFAC[2] reporting standard, which preceded GFS 2001 that requires reporting of all inflows and all outflows.

Classification is GFS 2001 compliant but current accounting ledgers are maintained. If the country's pre-GFMIS financial ledger system is very strong, the GFS ledger system may never be accepted and the country continues to use their own ledger system. Existing classification items are then expressed using GFS headings. Although this approach results in less change

[2] International Federation of Accountants, Public Sector Accounting Standards (IPSAS).

at first, it does complicate reporting of cash inflows and outflows since the information is captured in a number of schedules. Again, a bridge table is required to report financial transactions in the GFS system. Under this approach adjustments to Assets and Liabilities are less transparent - unless additional ledgers are introduced (to replace GFS 4 and 5).

The country fully adopts the GFS 2001 System as its financial system. The GFS ledgers are used and operating income is reported in both revenue (for operating expenses) and assets and liabilities. Expenses are reported in the expense ledger as well as the assets and liabilities ledger. This approach is most often used by countries already on accrual basis of accounting and those that had not adopted the IFAC standard.

Jordan's Implementation of GFS 2001

It appears that Jordan has adopted approach #2, above. Separate schemes (ledgers) record parts of inflows and outflows, and other economic flows (adjustments due to changes in assets that are not financial transactions) are not in specific schedules:

Schedule 1 (initial digit 1) captures revenues as defined by GFS ledger 1;

Schedule 2 (initial digit 2) captures expenditures as defined by GFS ledger 2. These are regular ministry and agency operating expenditures as well as Social Contributions and Social Benefits (allowing the classification to be used by the Social Security Bureau and Health Insurance Administration);

Schedule 3 (initial digit 3) captures acquisition and disposal of nonfinancial assets (GFS ledger 3.1 (Nonfinancial Assets);

Schedule 4 (initial digit 4) captures inflows from financing sources (domestic and foreign securities and loans) contained in GFS ledger 3.3 (Liabilities part)

Schedule 5 (initial digit 5) captures the outflows to repay loan principal as contained in GFS ledger 3.3 (Liabilities part);

Schedule 6 (initial digit 6) includes all of the bank accounts to allow for the second part of the double entry for the above schedules.

In reviewing these schedules, it appears that items and sub-items can generally be related to the GFS 2001 classification, even though the Ledgers (schedules) do not correspond directly to GFS 2001 Ledgers. One exception is found in Schedule 1 where the sale of land is coded together with rent rather than each coded separately in the appropriate schedule. The sale of land should be Disposition of Land in Schedule 3 under Non-produced Assets. Additionally it is difficult to see how acquisition of nonfinancial assets will be distinguished from disposal

transactions (these transactions used to be called Capital Revenue in GFS 1986). The lack of separation may introduce errors in computing totals of inflows vs. outflows for cash purposes.

BUDGETING REFORMS AND THE BC

About the Budgeting Reforms

In Jordan the annual Budget Law is enacted at the level of Chapters (Ministries and other institutions that receive a budget in the Law) and provides a limit on virements at that level. Although a very detailed operating budget is included for information purposes, changes in this budget are not a matter of the Budget Law but, rather, policy and procedures adopted by the Government. The Budget Department, then, can decide

1) the level of detail it requires to prepare a budget submission in accordance with the priorities of the Government, and
2) What level of changes in budgeted amounts could result in noncompliance of the approved budget during execution.

Jordan has also initiated several reforms that transform budgeting: the move toward results-oriented budgeting and development of the medium term fiscal, budget and expenditure frameworks. The results-oriented budgeting leads toward a policy related budget that stipulates a level of achievement in terms of key performance indicators. The medium term fiscal framework serves to constrain total government expenditures by providing information about inflows and committed outflows; the budget framework serves to further rationalize budget planning by providing expenditure ceilings for budget proposals; and the medium term expenditure framework provides information on spending unit plans to meet the strategic policies and priorities of the Government.

As the GBD acknowledges, the above reforms have consequences with respect to the budget process. For these reforms to improve public financial management, the staff will have to reform their procedures and modernize their skills to make budget formulation an effective tool for policy development and spending efficiency improvement. They will have to spend more

time analyzing programs and spending issues and be able to advise spending ministries on alternative policy options to obtain results; over a span of time this must replace controlling the resources at a very low level. This is a shift of attention away from detailed control over inputs. Unless this shift occurs visibly and is linked to spending unit performance, the reforms may be discredited. In many failed reforms the budget process returns to what has been and the budget department loses status.

Modernized budget departments are becoming key advisors rather than controllers. In more and more countries they provide guidance about the likely effects of policy changes and a source of recommendations on more efficient processes and improved implementation methods. More than a decade ago, Allan Schick wrote the following:

"In countries that have decided to transform public administration, the incompatibility of central control of operations and managerial freedom has forced the budget office to revamp its operations. In the typical case, the budget office has divested most (or all) *ex ante* control of running costs and now leads the effort for management improvement. It has a major role in devising new institutional arrangements, integrating budgeting with other management processes, prodding departments and other public entities to measure performance and evaluates results, developing new guidelines and methods for holding managers accountable, and installing new information and reporting systems. As they have withdrawn from the old roles, reformed budget offices have been busy with the new ones."[3]

One tool that the Budget Department has already implemented which serves to increase ministry responsibility to respond to Government priorities is the use of Expenditure Limits at budget planning. The very idea behind the use of limits is to move away from control of inputs to a policy-led budget preparation model where the ministries plan their budgets by allocating resources among priority programs and are themselves able to make adjustments as situations change. In times of revenue growth the ministries can better decide how the resources can be used to achieve improved results; in times of revenue contraction they can decide how strategic policies of the Government can be met most effectively to achieve the required savings.

To follow the concept, the same flexibility provided by expenditure limits at budget planning should also exist during budget execution so that spending ministries have broader flexibility to manage their allocations to implement the Government's strategic priorities. This means a reconsideration of the level of expenditure controls during budget execution so that the spending ministry can easily respond to changes during the year.

Best practice is that virements that change expenditure authority at a detailed level are the responsibility of the spending Ministry. Virements that result in an increase in continuing commitments of the Government (such as budgeted amounts for salaries or decreases in

[3] Schick, Allen, The Changing Role of the Central Budget Office, OECD: Paris, 1997, p. 9.

amounts for approved projects), a change in approved subsidies and transfers to other levels of government, and other changes in the performance of the approved budget continue to be the responsibility of the Budget Department. Procedures generally express virement authority in terms of the level of the classification.

As ROB takes hold, the emphasis of budget execution monitoring becomes achievement of objectives and budgeted levels of performance rather than the monitoring of expenditures for specific items. Even greater flexibility than recommended here may be required as budgeting becomes more and more policy oriented and spending ministries take on greater managerial responsibility and accountability for achieving budgeted results.

The provision of greater management freedom by budgeting at a more aggregate level has had very positive results in other countries. The budget has become more credible as a plan since fewer changes are necessary. The staff of the Budget Department has been relieved of workload required to approve minor budget changes. Forecasting of revenues has improved since revenue forecasts at a more aggregate level reduce projection errors. Calls on the Reserve have been reduce since the line manager's flexibility to meet unforeseen needs discourages requests for additional resources when the environment changes during the year. Therefore, using a more understandable aggregate budgeting level of detail appears to be an easy decision. It will free staff, introduce more responsibility to the spending ministries, allow easier accountability, and support results-oriented budgeting.

About the Budget Classification component of the Chart of Accounts

For more policy orientation, in addition to the use of Expenditure Limits, a good budget classification is mandatory. Unfortunately, there is little guidance in the budget literature, probably because the economists and statisticians tend to write more articles than do budget analysts. As already discussed, the BC is the more aggregate component of the COA. The BC is the most important part of the COA because it is the tool that communicates the financial performance of the Government and facilitates proof of compliance to the Budget Law.

Unlike in private industry, the annual budget is a Law and any Law must be understood by the citizens and those who must enforce it. The language of the BC segments must be simple and direct. It should be as clear as an address: city, sector, street, house number. There are some specific classification rules and if used, the classification will meet any new international standard such as GFS 2001 or GFS 2015 or IPSAS 2006 or IPSAS 2010.

- Each BC segment should be comprehensive so that the BC and the COA can be used by all entities in the Government Sector as well as Public Enterprises to describe their

operations. This facilitates long term planning and policy development by the Government.[4]

- Each BC segment of a classification is made up hierarchical groups; each group provides additional detail. A group at each hierarchical level must not narrowly define the data it includes nor should it use professional jargon.

- The structure of the economic classification segment is usually as follows, for example in the case of expenditure:

Expenditure Section "General Ledger Section"

Level	Number of Digits	Generic Name	DGB Name
1	1	Character	Account
2	1	Major Object	Item Type
3	1	Object Type	Item Group
4	1	Object	Major Item
5	3	item	Item
6	3	Sub-Item	Sub-Item

As you can see from the above table, the object is the key element; in the DGB nomenclature, it is the item. The recommendation here is that the information be organized to provide useful information at the object level.

- Other classification segments, such as Funds, vary in the number of groups and the length of each group based on the type of information they contain.
- The combination of segments for a BC must strike a balance to provide sufficient aggregation for easy understanding of what is included and yet not have so much detail that the information overwhelms.

- Nomenclature is very important. Each of the BC groups in a segment should be well defined and of sufficiently general nature so that government financial staff as well as people outside the government can tell what the group includes. Especially, in the case of

[4] Jacobs, Davina, Helis, Jean-Luc, and Bouley, Dominique. IMF Technical Notes and Manuals, "Budget Classification," 2009.

the economic segment, the group should not be too or use technical jargon, or it can lead to unreliable information as people interpret according to their own experiences.

- Each of the BC segments must be independent of each other. The economic classification must not include administrative information, e.g., Entry Fees and Activities in Ram Reservation. Each of the segments (organization and economic; type of budget and economic) provide different kinds of information and the consolidation is through GFMIS reports.[5]

Raising the level of excellence of the budget classifiers by applying the above rules results in clear information that can be understood by all levels of Government as well as by everyone outside the Government. This type of BC can support policy development and ROB. Whereas typical COA classification provides very detailed information on what actually happened, it is too detailed to be helpful in the planning phase and too detailed to be easily related to ROB. Under a well-constructed classification scheme, the BC segment provides the level of information to support planning and execution control and the COA (the actual receipts or payments booked to the General Ledger) has added to it additional very specific groups and provides sufficient information for costing and financial reports. The COA also has information on the bank accounts that receive cash and make the payments.

To summarize, there is a difference between the BC and the COA. The BC is more aggregate language that supports financial planning and policy development, while allowing spending ministries to manage actual operations. Annual budgets respond to government strategic priorities and the flow of resources change as priorities change.

If budgeting were simply an exercise of continuing what has been, there would be no need for planning a budget. The expenditures posted to the General Ledger according to the COA could just be increased or decreased for the subsequent year as a function of inflation or contraction.

The Budget Law must be so clear that any citizen who goes to the website of the Budget Department must be able to easily understand how public funds are planned and used and, together with what is written, see how the policies are implemented in the budget. To achieve this the BC must be clear.

The BC should have only enough detail to plan resources at the level where minor unforeseen changes in operations during execution do not require the centrally approved budget to be changed. The BC in the schedules of the General Budget Law (which is the operating budget for the year) is at the item level and budget execution is controlled at that level (virements are required for a change in item amounts). In the manner that the information is organized (groups and item) in the Goods and Services group, even minor unforeseen needs force spending units

[5] Ibid.

to request approval for virements from the Budget Department. This is additional workload on the GBD and the spending ministry that does not add value to financial management. More importantly, the approval of virements at such a low level also it takes away management flexibility from the spending ministries. The segment covering the acquisition of nonfinancial assets, particularly when the asset is constructed, does not allow for easy monitoring of the execution.

The following difficulties were encountered with the BC used in the Jordan General Budget:

1. Group hierarchy is sometimes absent, i.e., successive information is found at the same level. For example, in the Funds segment type of budget and source of funds are at the same level of the same group;
2. codes are not independent, i.e., two codes are used for the same object of expenditure (e.g., the budgets for projects and current expenditures);
3. the coding structure does not always logically aggregate information to a more general level, i.e., groups are not sufficiently general to be consistently understood; and
4. Group headings are not descriptive or clear to provide easily understood reports, i.e., sometimes group headings are the same even thought the code is different.

Review of the Jordan COA and Recommendations for the BC

1. The Funds Segment

There is always a danger of misunderstanding when using translated materials. Therefore, forgiveness is sought in advance for those comments that result from a translation misunderstanding.

An extract from the Fund classification segment as found in the GFMIS classification tables is shown below. The sample has been extracted from different locations of the classification to show the group structure. In other words, the sample below has only partial data for each group.

<u>Funding Segment Extract</u>

1	General Budget Fund
100	General Budget Fund
100000	General Budget Fund
101	Current
101001	Current \ Treasury
102	Capital (Treasury)
102001	Capital \ Treasury
103	Capital (Loan)
103001	Arab Fund: Social & Econ. Dev.
103002	Germany
103003	OPEC Fund
103004	World Bank

2	General Budget Fund
200	General Budget Fund
200000	General Budget Fund
201	Current
201001	Current - Current Revenues

202	Capital - Current Revenues
202001	Capital - Own Revenues
202002	Capital - Government Subsidies
203	Capital (Loan)
203001	Arab Fund: Social & Economic Division
203002	Government of Germany Loan
203003	OPEC Loan
204	Capital (Grant)
204001	Various Grants

The groups appear to be structured as follows:

* **Group 1** is a one digit code called **Fund**. Funds are coded as follows: 1=General Budget and 2=General Budget. <u>This is very ambiguous</u>.

  a) If a report was printed from the GFMIS which showed budget by "Fund," it would be divided into two major headings: *1. General Budget Fund* and *2. General Budget Fund.* Obviously, this report would not communicate accurate information. As was explained by staff, **1. General Budget Fund** is for Central Government organizations as represented by the General Budget Law and **2. General Budget Fund** is for Governmental Units as represented by their own Budget Law.

  Recommendation: Group 1 should be described as Source of Funding or Funding Authority:

  1 (Budget of) Central Government Institutions
  2 (Budget of) Governmental Units

* **Group 2** is called **Fund Type** and is a two digit code. For Fund 1, the groups are: 01=Current, 02=Capital (Treasury) and 03=Capital (Loans). For Fund 2, the groups are: 01=Current, 02=Capital – Current Revenues, 03=Capital (Loan) and 04=Capital (Grant).

    a) The second group, at first, distinguishes between current, capital, and loan source of funding. It is also ambiguous but in a more subtle way. The word "capital" here is a proxy for "project" or, better, "investment project" or even "capital improvement budget" and distinguishes resources for basic current operations from resources spent over a period of time (i.e., the resources have a beginning and an ending date) for either physical assets or performance improvement projects whose benefits will last more than a year. In fact this is a group that is usually named "Type of Budget." By the way, the word "capital" has become more specific in use within a classification. Its meaning is now almost exclusive related now to nonfinancial assets.

    b) The, at the same level of grouping (i.e. digit sequence) the group also contains the Type of Inflow (02=Capital (Treasury), and 03=Capital (Loans) as well as 04=Capital (Grants). This coding violates the rule that each group must give independent information.

    Recommendation: To clarify the information and yet avoid programming the segment in GFMIS, the use of Group and Subgroup structure would help. So:

    Digit 1 would define the group: *Type of Budget* (1=Current Operations, 2= Capital Investment Project)

    Digit 2 would define the *Type of Funding within the Type of Budget*: 1=General Revenue (calling it Treasury is also confusing) 2=Grants, 3=Loans

    With this type of coding, the group/subgroup 23 would indicate resources for Capital Investment Projects funded by Loans. 12 would indicate resources for Current operations funded by Grants.

* **Group 3** is called **Fund Resources** and is a three digit code. It identifies the specific loan and for **Fund 2** also the specific grant.

    Currently grants and loans are listed with no grouping.

    Recommendation: For the sake of consistency, groupings according to GFS should be applied. In other words, grants should be coded as coming from 1) foreign governments, 2)

international organizations, 3) other general government units. Loans should be coded as being taken from 1) Domestic sources (general government, Central Bank, other depository corporations, Nonfinancial corporations, etc.) and 2) Foreign sources (General Government, International organizations, other financial corporations, etc.). Sufficient digits exist to implement this categorization.

2. The Organization segment

The organization segment used in the Budget Law is at the highest or chapter level. Moreover, the GBD cannot control this segment since the Chapter's organization chart is what it is. Hopefully, as a result of the Executive Plan[6] which stipulates organization reorganization, there will be better-defined hierarchy in the organization charts that reflects modern management principles. Only when this happens, the organization segment will require some changing.

3. The Program segment

The design of this segment is critical for understanding the budget in terms of government policies and strategic priorities. One of the better discussions of programs and guidelines for the design of programs can be found in **Budget System Reform in Emerging Economies[7].** Most countries have found the need for a hierarchical structure such as Program, Sub-Program, Projects or Activities. The use of sub-programs assists in decreasing the number of programs needed to describe a ministry's work; programs can then encompass broader objectives allowing them to link better to national plans.

Jordan has organized programs within each chapter and, consequently, the organization is part of the program name and, similarly, the organizational code is part of the program code. This approach simplifies accounting for resources and is the way that more and more countries are classifying programs. A unique number for each program is no longer necessary since the organization code plus program number (e.g., 1, 2, 3) results in a unique number. In other words the description of first three programs within the Cabinet and Prime Minister's Office is:

1) The Cabinet and Prime Minister's Office Millennium Challenge Program,
2) The Cabinet and Prime Minister's Office Government Performance Follow-up Program
3) The Cabinet and Prime Minister's Office Anti-Corruption Commission Program

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[6] Executive Plan of the Government Platform for 2010, First Component: Public Sector Development, Program of Restructuring Government Sectors.

[7] Diamond, Jack. **Budget System Reform in Emerging Economies,** Washington, DC, International Monetary Fund, 2006, p.21.

This approach can be contrasted to the approach where programs cut across organizations and each program has to have a unique number. In this approach several Chapters could be linked to the same program. The GFMIS program classification segment is this approach. Although each program is still connected to the organization, reporting would require customization and not take advantage of the GFMIS ability to aggregate at group level. In the GFMIS program segment each program has a unique number which is not necessary and actually adds confusion. A budget analyst cannot look at the classification segment table and easily tell what programs a chapter has. To report expenditures by program, for example, requires a customized report rather than simple aggregation to the top group where the group value forms a report heading. To illustrate,

1) From the Legacy System

0301	The Cabinet and Prime Minister's Office	0305	Millennium Challenge
		0310	Government Performance Follow-up
		0315	Anti-corruption Commission
		0320	Media and Communication Administration

2) From GFMIS

305	Technical Unit for Developing Programs - Millennium Challenge	GOJ_PROGRAM_CLASSIFICATION.701..0301
30500	Current	GOJ_PROGRAM_CLASSIFICATION.70111..0301
30500000	Current	GOJ_PROGRAM_CLASSIFICATION.70111..0301
30500001	Establishing and managing technical units - Millennium Challenge	GOJ_PROGRAM_CLASSIFICATION.70111..0301
310	Administration of Government Performance	GOJ_PROGRAM_CLASSIFICATION.701..0301
31000	Current	GOJ_PROGRAM_CLASSIFICATION.70111..0301
31000000	Current	GOJ_PROGRAM_CLASSIFICATION.70111..0301
31000001	Establishing Units for Following up the Government Performance in Public Ministries and Institutions	GOJ_PROGRAM_CLASSIFICATION.70111..0301

315	Anti-corruption Commission	GOJ_PROGRAM_CLASSIFICATION.701..0301
31500	Current	GOJ_PROGRAM_CLASSIFICATION.70111..0301
31500000	Current	GOJ_PROGRAM_CLASSIFICATION.70111..0301
31500001	Supporting the projects of Anti-Corruption Commission	GOJ_PROGRAM_CLASSIFICATION.70111..0301

Recommendation: As the emphasis on ROB becomes greater, performance measures by program become more meaningful and as there is a greater desire to tie budget institution efforts to government strategic priorities, reports using the program structure will become more numerous. In other words, the program classification segment would be better if organized as follows

OrgCode	ProgCode	ProgName	Activity (1) or Project (2) *	Name
0301	01	Administration and Support Services	101	Human Resources Man.
	02	Government Performance Follow-up		
	03	Anti-corruption Commission		

∗ The differentiation between activities and projects may not be sufficient. You could benefit by knowing what kind of a project it is, e.g., *1* could stand for activity, *2* could stand for Construction Project, *3* could stand for Program Development/ Capacity Building and so forth.

The Budget Law presentation would then show programs for each chapter in a sequential numbering scheme, starting with 1.

Group 2 of the current Program segment can be readdressed to the program number. Thus, for each Chapter, programs would be numbered 01, 02, 03, etc. The current group 2 is inappropriate (e.g. Current) in that it mixes funding information into the program classification. Programs ignore type of budgets and type of funding. Current expenditures as well as investment expenditures are often part of the same program. Inclusion of both is necessary to identify and clarify goals and objectives of government spending and monitor operational performance of a particular program..[8]

[8] Jacobs, Davina, *Op. cit.*, p.8

4. The Functional classification Segment

Unlike the codes of previous classifications, the functional classification (COFOG) has codes that have names and definitions internally defined. (Additional digits can be added to the classification for internal country purposes; however, existing definitions cannot be changed. This segment, although part of the BC, does not have to be part of the segments input when a financial transaction is entered. Instead, a bridge table within GFMIS can be used to produce reports. GFS 2001 suggests that the individual transactions do not need to be coded for COFOG purposes. "… COFOG codes may have to be assigned to all transactions of agencies, offices, program units, bureaus ..."[9]

5. The Economic Classification Segment

After the Chapter segment, this is the most important segment in an input-based budgeting system. In the early stages of program budgets, the economic segment is still very important in that it provides the needed safety check to prove that spending units are retaining expenditure discipline. As such, it is one of the controls for budget execution – virements must be approved before funds can be moved. It is the BC that determines the level at which virement approval must be obtained from the central authority. Needless to say, this is the one segment where the BC differs most significantly from the COA. It is also the one segment where the budget that is recorded in the system is at a different level of detail that the General Ledger actual records. Consequently, the GFMIS software to control budget execution must be structured to allow for control at a higher level of the classification while allowing posting to the general ledger at a lower level.

In Jordan is called the *General Ledger Segment*. Best practice is to identify the BC and within the COA. Thus,

	Account & Item Type	Item Group	Major Item	Item	Sub-Item	Sub-Sub-Item
BC=	**XX**	**X**	**X**	**xxx**		
COA=	**XX**	**X**	**X**	**xxx**	**xxx**	**xxx**

Where the Budget Law is at the **XX X X** level and the execution control is at the

XX X X xxx level. Actual transactions are recorded using the COA.

[9] GFS 2001, 6.96.

As has already been said, GFS 2001 organizes *Revenues* in a detailed manner so that the Item Group, Major Item and Item provides comprehensive information that is not so specific as to be misunderstood.

In the case of *Expenditures for Goods and Services*, however, GFS does not provide groupings at all. Yet, this is a very important section of expenditures: Services define those services to government, whether by short term or long term contracts, that represent labor the government supports indirectly. Supplies and materials, likewise, show the products the government purchases.

This part of the segment in the GFMIS also does not appear to be very informative. The sample, below, shows that the Account/Account Type, character/ major object, **(22)** is Expenditures/(Acquisition of) *Goods and Services* (it is not use of); the Item Group or Object (**1**) is *Goods and Services* and the Major Item Group or object of expenditure (**1**) is *Goods and Services.*

22	Use of Goods and Services
221	Use of Goods and Services
2211	Use of Goods and Services
2211201	Rent
2211201000	Rent
2211202	Telecommunications Services
2211202000	Telecommunications Services
2211203	Water
2211203000	Water
2211204	Electricity
2211204000	Electricity
2211205	Fuels
2211205000	Fuels
2211206	Maintenance of Machines, Furniture and Accessories
2211206001	Maintenance Contracts for Medical Apparatus

2211206002	Maintenance Contracts for Operators, Elevators, Computers, Faxes and Apparatus
2211206003	Maintenance Subcontracts for Medical and X-ray Apparatus
2211206004	Water Meters Maintenance and Repair
2211206005	Various Maintenance
2211206999	Miscellaneous
2211207	Maintenance of Vehicles, Heavy Duty Machines and Accessories

The rule for classification coding is that each group provides greater detail. In this case, the *Item Type*, *Item Group* and *Major Item* are one and the same: Goods and Services. Items also are ambiguous: e.g., 2211206, above, vs. 2211207.

Looking at all the items (see below) within *Goods and Services* (this is the level at which the operating budget is shown in the General Budget Law) , information presented does not appear to be comprehensive nor particularly helpful. In addition, this scheme would be difficult to use for investment project expenditures because it would not provide sufficient detail for reports to donors. This scheme would appear not suit the Governmental Units either since the items are very narrowly defined. Moreover the 510 and 512 items give no detail at all. Current operations and Investment projects should use the same classification for expenditures; the differentiation is in the Type of Budget classification segment.

22		Use of Goods and Services
221		Use of Goods and Services
2211		Use of Goods and Services
2211	201	Rent
2211	202	Telecommunications Services
2211	203	Water
2211	204	Electricity
2211	205	Fuels
2211	206	Maintenance of Machines, Furniture and Accessories
2211	207	Maintenance of Vehicles, Heavy Duty Machines and Accessories
2211	208	Repair and Maintenance of Buildings and Accessories

2211	209	Office Supplies
2211	210	Raw Materials (Medicines, Films , Food, Supplies)
2211	211	Cleaning Services and Supplies(Including Cleaning Contracts)
2211	212	Insurance
2211	213	Official Travel Missions
2211	214	Other Goods and Services Expenses
2211	510	Repair and Maintenance of Buildings (Capital Expenditure)
2211	512	Operating Expenses (Capital)

Recommendation: For easier presentation, the recommendation for the Goods and Services part of the segment is shown in *Attachment 1*. The recommendations result in a structure more parallel to the Revenue classification. You can see that the recommendations define each successive group and then develop the Item group so that it provides a framework for comprehensively grouping information for unambiguous use by current operations, investment projects, governmental units and local governments alike.

6. Other segments of the General Ledger Segment

Grouping principles can also be applied in recording Subsidy transactions and acquisition of Nonfinancial Assets. Again, this means developing groups, using the available level (usually it is the item) that provide more comprehensive information. The segments can be better organized to give more qualitative information for budget planning.

If there is a national plan that is structured such as to allow numerical relationships between it and programs, then that link could also be implemented as a bridge table in GFMIS to relate each program to the national plan. This would allow for reports to be obtained from GFMIS that would show resources planned and resources used for each of the strategic priorities. As the strategic priorities change, not that often, the bridge table would required updating. It would appear that the recently published Executive Plan can be used in this way.

7. The Executive Plan Bridge Table

With the publication of the Executive Plan, an opportunity has presented itself to provide for easy reporting of the effect of resources on the seven components. This can be done by means

of a Bridge Table in the GFMIS (or a programmed report) where a classification segment can be constructed as follows:

Component	CompName	ProgCode	ProgName
1	Public Sector Development	1	Master Program to develop ROG
		2	Restructuring Government Sectors
		3	Deregulation and Improvement of Regulations

and so forth.

Each of the above programs can be linked with those Chapter programs that assist in obtaining the result. This would give the GBD and the Government enormous information for further planning and move the ROB forward a giant step. Of course, not all ministry programs will link to the Executive plan, so the crosswalk will not represent the entire budget. However, information about programs that link and don't link is good information also.

The write-up here is very technical and the recommendations here are not complete – in the sense that they provide specific changes for the entire COA. Most of the recommendations are easy and quick. None of the recommendations require programming changes in GFMIS. All recommendations are such that previous classification items can be cross walked to recommended ones. Although the Goods and Services section has been quite thoroughly reviewed, it should be completed. Moreover, the review of the complete General Ledger segment to insure that information is well organized and meets budget planning needs will take more time.

The following timed steps are suggested for implementing a ROB approach:

1. Immediately review and revise the outflow side of the general ledger segment to insure that information is well organized;
2. Implement revised classification in the General Budget Law (GBD can crosswalk);
3. Train and inform spending units before the end of the year
4. Use item level, if necessary for control in 2011
5. Prepare 2012 Budget using item level
6. Control in 2012 on Expenditure Object/Major Item

To reiterate, this review has used translated materials which may have resulted in some erroneous conclusions. Nevertheless, it is hoped that the review will serve to bring the BC to standards of best practice. The recommendations made here should be broadly discussed so that only those changes are made that help budget planning and performance evaluation.

ANNEX 1

2					**EXPENDITURES**	**النفقات**
	2				**GOODS AND SERVICES**	**السلع والخدمات**
		1			*SERVICES PROVIDED TO GOVERNMENT*	*الخدمات*
			1		***Utilities and Communications***	***المنافع والاتصالات***
				100	Water	الماء
				200	Electricity	الكهرباء
				300	Fuels	المحروقات
				400	Telecommunications	الهاتف
				500	Mail	مصاريف البريد
			2		***Current Maintenance and Repair Services***	***خدمات الصيانة الجارية***
				100	Maintenance on Buildings	صيانة ابنية
				200	Maintenance on Other Structures	صيانة مرافق مختلفة
				300	Maintenance of Schools	صيانة ابنية مدرسية
				400	Maintenance on Transport Vehicles	صيانة السيارات والآليات
				500	Maintenance on Heavy Machinery	صيانة الآليات الثقيلة
				600	Maintenance and Repair of Equipment	عقود صيانة الاجهزة والمعدات
				700	Grounds Maintenance	مصاريف البستنة
				800	Cleaning Services	خدمات التنظيف
				900	Other Maintenance and Repair Services	عقود صيانة أخرى
			3		***Medical Services***	***الخدمات الطبية***
				100	Medical Procedures	معالجات طبية
				200	Medical Testing	نفقات فحوصات الدواء
				300	Treatment in Medical Centers	نفقات المعالجة في المستشفيات
				400	Hospital Services	نفقات المستشفيات
				500	Medical Treatment Outside the Kingdom	نفقات المعالجة خارج المملكة
				900	Miscellaneous Medical Services	الخدمات الطبية الأخرى
			4		***Education and Sports Services***	***خدمات التعليم والرياضة***
				100	Advisory Councils and Committees	المجالس واللجان
				200	University Services	نفقات الجامعة
				300	Educational Testing Services	اجور العاملين في امتحانات الثانوية العامة
				400	Educational Consultant Services	نفقات التعليم الاستشارية
				500	Summer Camp Services	الأندية الصيفية
				800	Sport Expenditures	نفقات رياضية
				900	Other Education and Sports Services	خدمات التعليم والرياضة الأخرى

			5		***Cultural Services***	***الخدمات الثقافية***
				100	Festivals and Cultural and Literary Events	مهرجانات و فعاليات ثقافية و أدبية
				200	Local and Arabic Programs	نفقات لبرامج عربية و محلية
				300	Cultural Attaches Expenditures	ملحقيين ثقافيين
				400	Cultural Advisors Expenditures	نفقات المستشارين الثقافيين
				500	Cultural and Art Prizes	جوائز الدوله للثقافه والفنون
				600	Foreign Programs Expenditures	نفقات لبرامج اجنبية
			6		***Rental Services***	***خدمات الايجارات***
				100	Rental of Premises	إستئجار مباني
				200	Rental of Motor Vehicles	استئجار مركبات و اليات
				300	Rental of Planes	إستئجار طائرات
				900	Other Rental Services	ايجارات أخرى
			7		***Employee Development (Training)***	***خدمات تنمية الموارد البشرية***
				100	Training Programs	برامج تدريبية
				200	Conferences	مؤتمرات
				300	Seminars and Workshops	محاضرات و ورشات عمل
				800	Memberships	رسوم عضوية
				900	Other Training Expenditures	نفقات تدريبية أخرى
			8		***Travel***	***السفر***
				100	Official Travel Overseas* (MORE?)	السفر في مهمات رسمية
			9		***Miscellaneous Services***	***خدمات متنوعة أخرى***
				100	Insurance Services	التأمين
				200	Legal Services	استشارات قانونية
				300	Miscellaneous Contractual Services	خدمات تعاقدية أخرى
				400	Freight and Shipping	اجور شحن وتخليص
				500	Inspection Services	أجور فحص البضائع
		2			*SUPPLIES AND MATERIALS*	*اللوازم والمواد*
			1		***Administrative Supplies***	***اللوازم الادارية***
				100	*Office supplies*	قرطاسية مختلفة ومطبوعات و لوازم مكتبية
			2		***Medicines. Laboratory, Medical Consumables, Food Supplies***	***امصال ومطاعيم وأدوية***
				100	Vaccines and Serums	الامصال والمطاعيم
				200	Medicines	ادوية و علاجات
				300	Medical Consumables	مستهلكات طبية
				400	Food Products	مواد غذائية
				500	Laboratory Supplies	لوازم مختبرات
				600	Consumable Medical Equipment	مستهلكات أجهزة طبية
				900	Other Medical Supplies	لوازم طبية أخرى

			3		***Educational Supplies***	***اللوازم المدرسية***
				100	Schools Laboratory Supplies	لوازم المختبرات المدرسية
				200	Instructional Supplies	لوازم الوسائل التعليمية للمدارس
				300	Textbooks	أثمان الكتب المدرسية
				300	School Sports Supplies	لوازم وادوات رياضية للمدارس والدورات الرياضية
				900	Other School Related Supplies	لوازم مدرسية أخرى
			4		***Clothing and Fabrics***	***الملابس والأقمشة***
				100	Uniforms	الزي الرسمي
				900	Other Clothing and Fabrics	ملابس وأقمشة أخرى
			5		***Maintenance supplies and tools***	***لوازم الصيانة***
				100	Spare parts for repair of equipment	قطع غيار لصيانة المعدات
				200	Cleaning Supplies	لوازم التنظيف
				900	Other Maintenance supplies and tools	لوازم صيانة وعدد أخرى
			6		***Agricultural Supplies***	***اللوازم الزراعية***
				100	Agricultural Seeds	محاصيل حقلية
			7			
			8			
			9		***Other Supplies***	لوازم أخرى