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FINAL REPORT
**Strengthening the Ministry of Finance's Budgeting Systems
and Capabilities**

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LIST OF ABBREVIATIONS

| | | |
|------|---|--|
| AGD | - | Accountant General's Department |
| AGO | - | Auditor General's Office |
| AVB | - | Automated Vote Book |
| BEEP | - | Building Equity and Economic Participation |
| CIDA | - | Canadian International Development Agency |
| EPMU | - | Expenditure Planning and Management Unit |
| GEMP | - | Guyana Economic Management Project |
| GoG | - | Government of Guyana |
| MISU | - | Management Information Systems Unit |
| MoF | - | Ministry of Finance |
| MYTP | - | Multi-Year Training Plan |
| OB | - | Office of the Budget |
| PB | - | Program Budgeting |
| PMC | - | Project Management Committee |
| PS | - | Permanent Secretary |
| PSM | - | Public Service Management |
| SPS | - | State Planning Secretariat |
| ST | - | Secretary to the Treasury |

Introduction

The presented report is the final one in a series of regular reports on progress made in the execution of the project Strengthening the Ministry of Finance Budgeting Systems and Capabilities. It refers to the entire project period of 7 months (January 1 - July 31, 1998) and integrates activities and progress covered in both quarterly project reports which were submitted in March and June, respectively. It is to be noted that this project is an extension of one which was implemented during April to December, 1997, and, in many ways, sought to complete or complement activities which were pursued under the previous project.

The purpose of the project remained the assistance to the Ministry of Finance to strengthen its capacity to allocate and manage national financial resources in a more efficient and effective manner through a) improved coordination between the capital and recurrent budgets, b) improved budget planning and management, c) the implementation of a programmatic structure for budgeting, and d) training of staff in program budgeting.

To achieve these objectives, the consultant was required to a) collaborate with the Project Cycle Division in designing a framework for the integration of the capital and recurrent budgets, b) collaborate with the CIDA-supported, Guyana Economic Management Project (GEMP) in designing and implementing program budgeting, c) develop a training plan and conduct training in the Office of the Budget (OB) and the line Agencies, and d) develop a program budgeting manual that covered policies, procedures and practices.

Initially, the consultant was offered a one month contract covering the period January 1-31, 1998. Towards the end of January, the second period contract covering February 1 - July 31, 1998 was signed. A work plan representing the scope of work embodied in the contract was developed by the consultant. Except for minor modifications, this plan was accepted and activities were pursued and progress measured according to this plan. Occasionally, during implementation, it was found necessary to vary the achievement dates of some activities.

All planned achievements under the project were accomplished, the last being the submission of a multi year training plan. The plan seeks to identify the skill deficiency in the public service of the Government of Guyana (GoG) and the areas of strengthening that would be required to sustain the program budgeting (PB) exercise over the medium term. The implementation period of this plan covers three years from January 1998.

Additionally, the consultant supported the Government's efforts to activate the 1999 Budget process. By the end of the project, the Budget Circular was extensively reviewed and incorporated the changes and progress made since July 1997. The Circular was made available to all Agencies, and, in conjunction with the Budget Procedures Manual, represent a vital strengthening of the budget process.

A REVIEW OF PROJECT EXECUTION

As stated, the work plan developed was in keeping with the scope of work of the contract and the stated objectives and outputs of the project. Six tasks and several associated activities were identified and executed. What follows is a review of the implementation of these tasks and activities and the accomplishments over the 7 months of the period.

1 Integrate Current and Capital Budgets

1.2 Objective

To achieve effective coordination followed by integration, between the Office of the Budget and the State Planning Secretariat (SPS) in matters relating to the formulation, review and implementation of the current and capital budgets, and to ensure that the impact of capital projects on the current budget are properly identified and reflected in the budget.

1.2 Activities

- Establish working definitions for current and capital budget
- Use definitions in the context of the 1999 budget
- Standardized coding structure for current and capital budget
- Remove capital from SPS to OB

1.3 Approach and Accomplishments

As noted in the previous final report and elsewhere, the diffused responsibilities and consequent institutional arrangements for the current and capital budgets have distorted the budget process and created problems in the preparation and implementation phases. All reports have recommended the integration of the two budgets, and, in this regard, efforts have been made over the past 16 months to accomplish this task.

Work on this component of this project commenced in the second half of May. A small technical committee comprising the Consultant and representatives of OB, SPS and GEMP was formed. Discussions were held and preliminary working definitions for the two concepts were developed. The work of the committee, however, was hampered by the non-participation of the SPS. This was of concern since no finalization nor implementation of the definitions in time for the 1999 Budget could take place without the active involvement of SPS. Indeed, future substantive progress in this area depends on the positive intervention of the Minister of Finance.

Other efforts were made to integrate the two budgets. In this regard, work continued on standardizing the coding structure of current and capital revenues and expenditure. A draft

four-way classification policy document was developed. It has been designed to capture the following information:

- a) authority, to identify appropriation or statute under which the transaction was undertaken,
- b) purpose, to relate the transaction to the line ministry objectives,
- c) responsibility, to identify the organizational unit that is accountable,
- d) line item, to identify either the nature of the expenditure, the source of the revenue, or the cause of the increase or decrease to financial claims and obligations.

To facilitate management analysis of financial data and to make it possible to extract relational data from one classification to another, the classifications would be linked by an integrated coding system. This new structure will be the foundation upon which the superstructure can be erected to meet the detailed accounting needs of GoG. It is intended that this new structure will be flexible enough to be able to accommodate any foreseeable coding needs which the government may have in future years.

Several discussions and one visual presentation on the new system were held among the Accountant General Department (AGD), the Auditor General's Office (AGO), officials of OB and the line Agencies. Of the key stakeholders, only the SPS failed to respond or participate. While the stakeholders have decided on expenditure management, the next steps would include acceptance of the new coding structure, decisions on the aggregate level of expenditure reporting, review of the program/activity and organizational structures of the Agencies, and modification to current systems (budget preparation, releases, etc.).

2 Programmatic Structure for 1998 Budget

2.1 Objective

To provide a simple, functional, integrated budgeting system which can serve as an effective tool for management in the GoG.

I Restructure New Ministries for Estimates

2.2 Activities

- Examine mission statements of new ministries
- Develop program profiles
- Develop program narratives
- Establish preliminary allocations

2.3 Approach and Achievements

Under the previous project the existing ministries were prepared for the implementation of PB from January 1, 1998. However, on its accession to office in December 1997, the new Government reconfigured some ministries while a few new ones were created. This meant additional work had to be done on the new and altered ministries. This was compounded by the initial confusion surrounding the correct designation, mission and functions of the affected ministries. After extensive discussions with the Minister of Finance and the Head of the Presidential Secretariat, it was decided to create two new ministries and adjust four existing ones.

Several programs for the new ministries were already contained in the existing ministries. However, it was not simply a matter of identification and transfer since the programs were developed to reflect the mission and business of that ministry. A thorough examination, therefore, had to be done to identify the elements of programs that fit ideally into the new ministries. For example, although the responsibility of the Ministry of Culture, Youth and Sports was gazetted, it was felt that a particular activity involving the National Library should remain with the Ministry of Education.

Both the program profiles and narratives for the new ministries were satisfactorily completed and sign off obtained, although there were few senior staff in place at these ministries. Each agency was given a preliminary allocation that reflected the work program developed.

II Staffing Database

2.4 Activities

- Obtain status report
- Conduct test run on database
- Evaluate results of test
- Communicate test run results to Agencies
- Input changes to database
- Finalize accuracy of database

2.5 Approach and Achievements

In an effort to reduce the budget preparation workload in the Agencies and to improve corporate control over personnel emolument allocations, it was determined that the employment overhead expenditures for the 1998 Estimates would be calculated using a computerized staffing data base maintained by OB. The staffing database is a new and important management tool that allows the OB and the GOG to project and manage

personnel cost Neither the database maintained by the AGD nor that of the Public Service Management (PSM) was assessed to be suitable for this purpose

This database as used in early January 1998 to generate the personnel emolument spending for the January to March interim period prior to Estimates presentation However, this was done without testing the database and, as a result, the initial findings proved unreliable A test run was conducted on the database and it was found that it was populated with information provided by the Agencies that was not filtered prior to inputting Further, some Agencies had not reported updated information while others had done no reporting

A delinquency notice was issued to all Permanent Secretaries (PSs) This was followed by repeated phone calls These actions met with considerable success Further strengthening occurred when responsibility for control and integrity of the database in OB as fully vested in a senior official All of the changes were inputted and after several iterations, the database achieved a 97 percent acceptability at the time of printing the Estimates Notwithstanding this, during the post Estimates phase, it was found that many Agencies had fed erroneous information to the OB In a number of the Regions and in a few of the ministries (including the two pilot ministries), the emoluments of several staff were either omitted or partially included The subsequent actions of OB have convinced the Agencies that they will be responsible solely for errors in and omissions to their staffing database At the end of the project, the lesson appeared to have been learned since all of the Agencies were in constant contact with OB concerning the updating of their database as preparations for the 1999 Budget started

III Finalize 1998 Estimates in PB

2.6 Activities

- Volume 1 Main Estimates
- Volume 2 Agency Program Narratives
- Volume 3 1997 Revised Estimates
- Volume 4 Capital Projects Profile
- Print and Bind Estimates

2.7 Approach and Achievements

The four volumes of the Estimates were completed in time for budget presentation on March 30 The new programmatic structure for the current budget was implemented for all Agencies from January 1, 1998 The notion of pilot ministries in PB implementation to test innovations have not had the desired impact Nevertheless, the decision to migrate PB to all of the Agencies without the results from the pilots has proven to be a challenging but correct one, since the Agencies have responded positively However, this has come at the

expense of limiting PB implementation to programs, although sub programs and activities were developed

3 In-Year Expenditure Monitoring

3 1 Objective

To design and implement an effective system to capture the Agencies' expenditure plan by activity

3 2 Activities

Develop virement procedure

Develop releases procedure

Implement releases and virement procedures

3 3 Approach and Achievements

In the context of PB, it is necessary that program managers be given flexibility in the management and use of their resources to achieve established objectives. At the OB, an automated system to monitor the releases of funds to programs on a monthly basis was developed, tested and implemented. This rather complex system operates in a network environment thus allowing OB staff to work simultaneously on the release of funds. More specifically, the system allows for the recording of cashflow projections, releases requests, actual expenditures and liabilities. It also allows for the printing of statutory and appropriation warrants and unpaid accounts. Finally, the system produces reports that are used as official records of transactions by the Agencies, OB, AGD and AGO. A similar system for virements was also designed. In May, this system was modified to allow for virement of funds across programs within an Agency.

In the pilot Agencies, an Automated Vote Book (AVB) has been implemented since January 1998. It is designed to provide managers with information to assist in the management of activity, sub program and program budgets.

4 Budget Procedures Manual

4 1 Objective

To document the policies, procedures and practices under the new PB system adopted by the GoG.

4 2 Activities

- Develop draft version
- Present draft to stakeholders for comments

- Review comments of stakeholders
- Develop second draft
- Modify, review and approval
- Distribute manual to all Agencies

4.3 Approach and Achievements

A first draft of the program budget procedures manual was completed in April. The purpose of the manual is to provide guidance to all levels of management and administrative staff in the planning, preparation, implementation and in-year management of PB for current expenditures. The manual attempts to answer questions about the PB process in GoG, to outline the underlying principles, and to explain the various responsibilities and roles of contributors to the annual budget process.

The manual contains an Introduction and five parts:

- a) Introduction - a brief description of PB principles and theories
- b) Part one - GoG financial environment
- c) Part two - Strategic planning
- d) Part three - Agency preparation
- e) Part four - Consultation/finalization
- f) Part five - In-year monitoring

In addition, there are four appendices:

- Appendix 1 - Glossary of terms
- Appendix 2 - Details of current expenditure
- Appendix 3 - List of forms for estimates analysis
- Appendix 4 - List of warrants

The first draft of the manual was circulated to key stakeholders including the Minister, Office of the Budget, Secretary to the Treasury, Accountant General, State Planning and pilot Agencies and GEMP. Individual comments were solicited, in addition to several group discussion sessions (SPS did not participate). The comments, suggestions and recommendations were incorporated into a revised draft, which, after minor modifications and amendments, was approved by the Secretary to the Treasury and the Minister of Finance. The manual was duly signed for distribution by the ST. The Ministry of Finance (MoF) provided resources for copying the manual while GEMP undertook responsibility for binding them. At the end of the project, 220 copies were distributed to all Permanent Secretaries and Program Managers of the Agencies, and, from indications and feedback, it is being used extensively in the preparation of Agencies' 1999 budgets.

5 Budget Office and Ministries Strengthening

5.1 Objective

To increase the institutional capacity and improve the budgeting capability of staff in the Office of the Budget and the line Ministries in order to sustain the new system of Program Budgeting

I EPMU Implementation

5.2 Activities

- Prepare EPMU report
- Discuss EPMU report with stakeholders
- Finalize EPMU report
- Obtain GoG commitment to migrate EPMUs
- Establish EPMUs in selected Agencies

5.3 Approach and Achievements

Since 1996, the GoG approved, in principle, the creation of a structure that would help sustain the PB reforms after the technical assistance provided by BEEP and GEMP ended. Initially, these Units were created in OB and in the two pilot Agencies. As a result of the experience gained during 1996 and 1997, the concept gained importance in terms of its usefulness as a management arm in the other Agencies. Plans for Expenditure Planning and Management Units (EPMU) development evolved from the idea of a central unit in the Ministry of Finance to one of establishing an EPMU in each of the significant Agencies of GoG.

A diagnostic survey was conducted and an EPMU report was prepared and presented to the regular Project Management Committee (PMC) - a Committee chaired by the Consultant and including representatives from GEMP, OB, AG, MISU, and the pilot Agencies. Although it was envisaged that all of the 36 Agencies would have been part of the survey, time and other constraints narrowed the sample to the core Agencies. However, a preliminary survey was conducted of all 36 Agencies using existing financial, employment and budgetary information to arrive at the core to be fully surveyed.

The report ranked and categorized all Agencies into three categories: those that were large enough to merit having an EPMU, those that were too small to benefit, and those that would require further investigation. The report also outlined the various options for EPMU functions. The PMC recommended that all Agencies establish EPMUs, but that only the larger Agencies would actually employ new staff. In the other Agencies, existing staff would be identified who can be trained to fulfill EPMU responsibilities.

An implementation plan outlining the establishment and primary functions of EPMUs was developed, specifying

- a) proposed terms of reference,
- b) coordination options for MoF,
- c) a standard implementation approach for each EPMU site, and
- d) an initial EPMU Information Technology acquisition strategy

To ensure buy-in by all Agencies, Permanent Secretaries were visited to further explain the need and importance of the early creation of the EPMU, in time for the 1999 budget cycle. Further, each EPMU of an Agency was promised a computer complete with accessories to be financed by GEMP. All of the Agencies responded positively. In late June, 36 computers arrived and were handed over to the MoF for distribution to the Agencies. This has certainly accelerated the establishment of these Units, since, by the end of the project 8 were fully functional.

II Training

5.4 Activities

- **Vote Book Preparation** An Automated Vote Book system was introduced in the Agencies. Training on data input procedures as well as information and report extraction, and voucher preparation, using this new system, was provided to 60 persons - 2 from each of 30 Agencies - over a 5-day period. At the beginning of 1998, the accounting and vote book maintenance clerks were trained by the AG staff to ensure the smooth transition from Heads to Programs in all Agencies for current expenditures.
- **Use of Computers in Budgeting** Arising from a survey administered to staff of OB and the pilot Agencies to determine their respective training needs and skill level, training needs in PB, planning and forecasting, spreadsheet analysis, and other computer programs were identified. As a result of this, computer training for better budgeting was provided to OB personnel requiring the basics. Module two, involving the linking of worksheets, database basics, charting, macros, etc. was offered to senior level officials. Twenty-six (26) persons benefited from the training held over 2 days.
- **Decentralization of Decision Making** A half day session on critical aspects of decentralization and its importance to proper PB implementation was conducted. Issues covered included the role of an effective Cabinet decision making process and the regional and accounting systems. It was emphasized that decentralization was the cornerstone to modern PB. It required basic trust in line managers, trust by line managers that their management decisions, taken in good faith, would not be second-guessed, and two way information flows. Two critical requirements were necessary for

implementation strong political and senior management leadership, and staff committed to values of quality public service. The audience comprised mainly senior officers in OB and EPMU of the pilot Agencies. Twelve (12) persons benefited.

- **Financial Management Workshop** This one day workshop took place at the Le Meridien Pegasus Hotel in March. It was convened among high level public sector officials to examine the GoG's vision of PB and the way forward. The seminar was opened by the Minister of Finance and the feature address was delivered by the Head of the Presidential Secretariat. Among the objectives of the workshop were to establish a dialogue among senior government officials, share a common vision of the financial reforms which were taking place, and obtain buy-in of the reform process. The participants were asked to analyze some key financial management issues, determine their level of importance, identify the level of difficulty in dealing successfully with the issues, and arrive at a common vision. This workshop set the pace for the proposal of some specific reforms for the 1999 budget cycle and it helped to identify other reforms and training requirements to be considered in the medium term. Sixty (60) persons attended.
- **Shift from Cash to Program Management** A half day seminar focusing on shifting the emphasis away from cash to program management was held in April. It was stressed that in this new dispensation, the MoF should have corporate responsibility for government cash management while program managers concentrate on efficient and effective production of high quality services, in accordance with their budget plans. Further, programs must have flexibility to use or reallocate resources to achieve goals. Fifteen (15) persons from OB and the line Agencies benefited.
- **Financial Reporting** A half day seminar on financial reporting was also held in April. Participants were able to identify reporting for management purposes vs reporting for control purposes. It was stressed that reporting was key to accountability and decentralization of decision making and that while responsibility must flow down to the activity managers, management and acceptance of risk must accompany delegation of accountability. Twenty (20) staff from OB, AG, and the line Agencies were exposed to topics such as variance analysis, monthly and quarterly review analysis, financial forecasting, and the use of computers for preparing and enhancing report presentation.
- **Training of Trainers Workshop** It was determined that because of the large, relatively unskilled pool of people that need minimum training in the shortest possible time, a training of trainers strategy should be adopted. This involved working closely with the GEMP, Public Service Management (PSM) Training Division, the AGD, and the EPMUs in the development and delivery of the training. The objective was to prepare the trainers to develop and conduct training sessions in a classroom setting on subject matter in which they have expertise. The steps involved were identification of potential trainers from the staff in the GoG, providing all of them with delivery skills training, providing them with the technical skills training, placing them in controlled

environments to impart the acquired skills and techniques to their colleagues. Ninety-five (95) out of a potential one hundred persons (100) were trained in three batches of five days each, by the end of the project.

In addition, staff in OB received training on the systems developed for OB. Specifically, training on the budget preparation system and its use in performing budget adjustment and reporting functions, was provided to OB senior and junior level staff. Similarly, hands-on training on the new releases and virement systems were conducted and will have to be continued as more features become available. However, the other planned training programs in integration of current and capital, budget preparation, and salary and wage forecasting, management and reporting, were either canceled or postponed. Nevertheless, the training programs pursued during the project met some of the emerging, priority needs of the principal stakeholders in PB. In this regard, one of the objectives set in the Consultant's Scope of Work, that is, train one hundred and twenty-five (125) staff in the MoF and Agencies, was overwhelmingly achieved.

6 Training Plan

6.1 Objective

To provide GoG personnel with sufficient knowledge and techniques in order for them to apply program budgeting functions and related accounting practices, effectively, and to sustain the training of GoG staff through time as required.

6.2 Activities

- Undertake needs assessment
- Draft training plan
- Review and comment on draft
- Finalize training document
- Deliver training

6.3 Approach and Achievements

Under the previous project, an emergency training plan was developed to support PB implementation early in 1998. This plan was intended to address urgent training priorities in order to ensure successful implementation of PB in a phased approach. This plan was developed to meet the short term needs of GoG and preceded the development of a longer term multi-year PB training plan (MYTP).

Prior to embarking on the MYTP, an assessment of the needs and requirements was done. This was supplemented by the more than fifteen (15) months experience gained in implementing PB in the GoG and the conclusions of the financial management seminar in

March which argued for systematic training in PB. The following factors helped to shape the context of the MYTP, which was completed in July.

The specific objectives of the MYTP are to

- a) strengthen the TD of PSM in the training of trainers,
- b) train EPMU staff to deliver training in PB and related operations,
- c) train GoG managers in PB functions and related operations,
- d) Train AGD staff to deliver training in financial operations

Over the three years envisaged under the training program, over 2600 persons from PSM, EPMUs, OB, AG and the line Agencies are being targeted for training in various fields of financial management. Among the areas to be covered are program budget cycle, strategic planning and Analysis, budget management, accounting principles and practices, and computing. The MYTP provides Activity Training Sheets that describe the courses, their content, and expected benefits that staff are expected to derive when they are implemented. Already, training commenced under the emergency plan in January and this was supplemented throughout the project period by the training described in sub section 5 above.

B THE WAY FORWARD

Over the past sixteen (16) months, BEEP has assisted the GoG in its program of financial management reform, specifically the implementation of changes to budgeting and accounting systems to accommodate modern practices in these areas. The project has, to date, developed some of the techniques and formats for PB in Guyana. It has made public servants familiar with the jargon of PB and its orientation towards output and results. What remains are to deliver on the real promise of PB, a basic change in the relationship between the people and government, and between the public servants, senior public servants and the Ministers. While the project has set in place a process of change that has begun to address these, much more deep-seated changes will be required if they are to be able to really affect government decision-making and strategic direction, and to support empowered, efficient and effective program delivery.

The options proposed below for the implementation of the more fundamental policy and legislative underpinnings of government financial management system are intended to respond to that need, in the real context of the country.

OPTION 1 Accelerated Implementation of Reforms in Fiscal 1999

This option would provide for the implementation of the following in the context of the 1999 Budget:

- ⇒ Integrated budget planning, including restructuring the Ministry of Finance,
- ⇒ Multi-year planning and budgeting,
- ⇒ New financial and central payroll systems,
- ⇒ New format for the Estimates for 1999,
- ⇒ Reform to Regional government financial management,
- ⇒ Introduction of performance pay and results contracting for professional staff and senior managers,
- ⇒ Drafting of new legislation to support the PB and accounting changes.

OPTION 2 Implementation of Selected Features of Reform for Pilot Ministries in 1999, followed by full Implementation in the year 2000

This option provides for implementation of many features of the financial management reform of the pilot ministries for fiscal 1999, with full implementation in the subsequent year, including the process of legislative reform. The option would provide for the following:

- ⇒ Development of strategic outlooks responding to Ministerial priorities, including budget plans which address critical service delivery issues and options for decision-making,
- ⇒ Consideration by the OB of these outlooks and feedback on Ministerial proposals, based on analysis of options,
- ⇒ Extensive technical support to be provided for pilot ministries and in the OB for the development of the 1999 Budget,
- ⇒ Following budget decisions, this support will assist in the development of work plans to implement and monitor programs in accordance with approved funding levels

OPTION 3 Consolidation of Existing Level of Program Budgeting Reform

This option provides for the consolidation of the gains in PB achieved to date, with longer term reform to legislation and decision-making systems deferred until greater experience is garnered with the existing system. This option encapsulates

- ⇒ Review of Program Activity Structure developed for the description of Agency programs in the Estimates,
- ⇒ Improvements to financial information systems to ensure proper monitoring and control of budgeted activities,
- ⇒ Submission of 1999 and 2000 Estimates in same format as used in 1998,
- ⇒ Implementation of training strategy for financial management staff,
- ⇒ Deferral of other features of comprehensive reform for two to three years,
- ⇒ Legislative change

Each of the options has advantages and disadvantages and would need to be studied carefully by GoG before PB can be advanced further. Notwithstanding this, option 2 appears to be most viable. In this regard, the following action plan would need closer scrutiny and consideration with a view to implementation

- ⇒ Establishment of a full Cabinet Committee structure,
- ⇒ For the remainder of 1998, establishment of an interim Ad Hoc Committee on Budget and Financial Management to support and direct the reform process and to carry out the Ministerial review of government expenditures,
- ⇒ Restructure the MoF to support PB in time for the development of 1999 Estimates,
- ⇒ Development and implementation of government-wide of multi-year program budgeting, incorporating
 - establishment of a three-year, rolling expenditure planning process,
 - ministerial work planning, business planning, and strategic direction setting to respond to government priorities,

- integrated planning for capital and current expenditures,
- revisions to the procedures and guidelines for capital project management and planning,
- revisions to the establishment control and salary forecasting systems,
- new rules for the management and control of grants and contributions and for the management of non-budgetary revenues and expenditures,
- reform and improvement to key financial information systems

⇒ Development, for full implementation with the 2000 Budget of simplified performance measurement system, incorporating annual reporting of key results of government programs

If the above plan is supported by adequate resources, then PB in Guyana stands a good chance of being successful. If, on the other hand, the missing pieces are not put together, then the risk is that the reforms already in place would not be sustained. The BEEP project is ending at a time when an additional contribution is still needed. Should a follow-up to this project be considered, then it is hoped that these issues will be addressed.

**STRENGTHENING THE MINISTRY OF FINANCE
BUDGET SYSTEMS AND CAPABILITIES**

**MULTI-ANNUAL TRAINING
PLAN**

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1. Context of the Multi-Year Training Program Plan

The Government of Guyana has embarked on a process of strengthening its financial management capability. In this regard, it is implementing a project that focuses on fiscal planning, program budgeting and expenditure management. This project aims to promote more effective allocation and management of national financial resources through effective integration of national development planning, government priorities, ministry plans and strategies, fiscal policy planning, and expenditure planning and management. To achieve this goal, a new national budget system has been designed, based on programs and activities, and is currently being implemented. The project is being financed from resources from the USAID-funded Building Equity and Economic Participation (BEEP) and the CIDA-funded Guyana Economic Management Project (GEM-P).

The implementation of program budgeting (PB) is a bold but complex step. In introducing this modern system of budgeting, the Government of Guyana (GoG) is facing a number of challenging problems at the institutional level, that is, at the Ministry of Finance (MoF), line ministries and agencies, and regions, where there is an evident lack of trained and skilled staff to execute the reforms. Clearly, a feasible solution would be to train a large number of government officers in financial management practices and other related areas. However, current training capacity is very limited. Therefore, there is a pressing need to train a core group of civil servants to be trainers, who will in turn mount training programs targeted at relevant groups and individuals within the institution. This course of action should lead to a sustainable and continuous learning, based on the fundamental of adult education and taking into account the basic elements of the financial reforms.

It is recognized that there can be no long-term, sustainable reform package for the financial management system of GoG without a strong focus on the people's ability to carry it out. Indeed, this was the highest priority issue of all those discussed by senior managers at the Vision Setting Seminar that was held in March 1998.

The objective of sustainability is to ensure that the GoG has the capacity to maintain and enhance, on an on-going basis, financial training programs in order to provide the necessary tools and skills to its management and financial community.

The following factors are useful to further describe the context of this multi-year training plan:

- in order to strengthen its new budgeting system process, the GoG has created Expenditure Planning and Management Units (EPMUs) in every line ministry and at the MoF,
- several innovations are occurring and the GoG staff who are responsible for the preparation and control of the budget need to be trained in new budget structures and procedures,

Multi-Year Program Budgeting Training Plan

- a new, integrated, off-the-self budgeting and accounting system to support program budgeting is being implemented by December 1998, and
- the GoG has decided to standardize its chart of accounts in order to process recurrent capital, revenue and other financial transactions in a normalized manner

Emergency Training Plan

This plan was developed in late 1997 as an interim measure. The purpose of the plan was to deal with the short term urgent needs of the GoG with the intention of developing a more elaborate plan in 1998.

The specific objectives of this earlier plan were to

- reinforce the financial and analytical capabilities of the EPMUs and the Office of the Budget,
- provide basic technical skills required to perform financial analysis,
- train EPMUs and pilot project ministries to be able to sustain program budgeting through budget preparation, monitoring, control and reporting,
- improve data integrity and accuracy to support the monitoring, control and reporting process of PB,
- ensure personnel can competently use an automated vote book

To fully comprehend the training needs, a survey was developed and administered in the pilot project ministries and OB. It was found that training was critically needed in PB planning and forecasting, accounting and computer use.

The diagnosis after six months of execution of the interim plan is that the objectives were partially met. The EPMUs in the pilot Agencies were not sufficiently mobilized to take full advantage of the training. The late tabling of the 1998 Budget did not facilitate the process. In fact, specialized training in critical areas had to be developed and targeted to the OB staff and the EPMUs. The areas covered were

- Vote book preparation,
- Use of computers in budgeting,
- Decentralization of decision making,
- Financial management,
- Shift from cash to program management,
- Financial analysis and reporting

The following multi-year training plan, which is to be implemented at the beginning of the 1999 budget cycle, will fill in the gaps left by the emergency training plan. As well, since the EPMUs are now effectively created, it would now be possible to develop and implement a proper strategy to deliver adequate training to the designated persons.

2. Objectives of the Training Program

General Objective

The general objective of the multi-year training plan is to provide the civil service of the GoG with sufficient knowledge and techniques in order for it to be able to apply program budgeting functions and related accounting practices effectively, and to sustain the training program through time as required

Specific Objectives

The specific objectives can be defined as

- To strengthen the Training Division of PSM in training for Training the Trainer,
- To train EPMU staff to deliver training in PB functions and related operations,
- To train GoG managers in PB functions and related operations,
- To train Accountant General to deliver training in financial management operations

Other Objectives

This is related to strengthening the Training Division of PSM to analyze, design and develop training programs and courses. It should be noted that this objective would be difficult to achieve since it falls outside of the scope of the current technical assistance. However, improvements to the Training Division not only would ensure the sustainability but it would represent a substantial added value to the capacity of the government to execute good training practices.

3. Training Strategy

3.1 General

To strengthen public sector financial management and accounting skills in the long-term, emphasis needs to be placed on the establishment of professional development training and on the effective monitoring of the delivery of pertinent knowledge transfer

This should include the formulation of training policies, the introduction of incentives for individuals to pursue personal training activities, and the establishment of other support mechanisms to encourage registration in professional development programs. However, these broad issues can only be addressed adequately in the context of a much more elaborate human resources management reform plan.

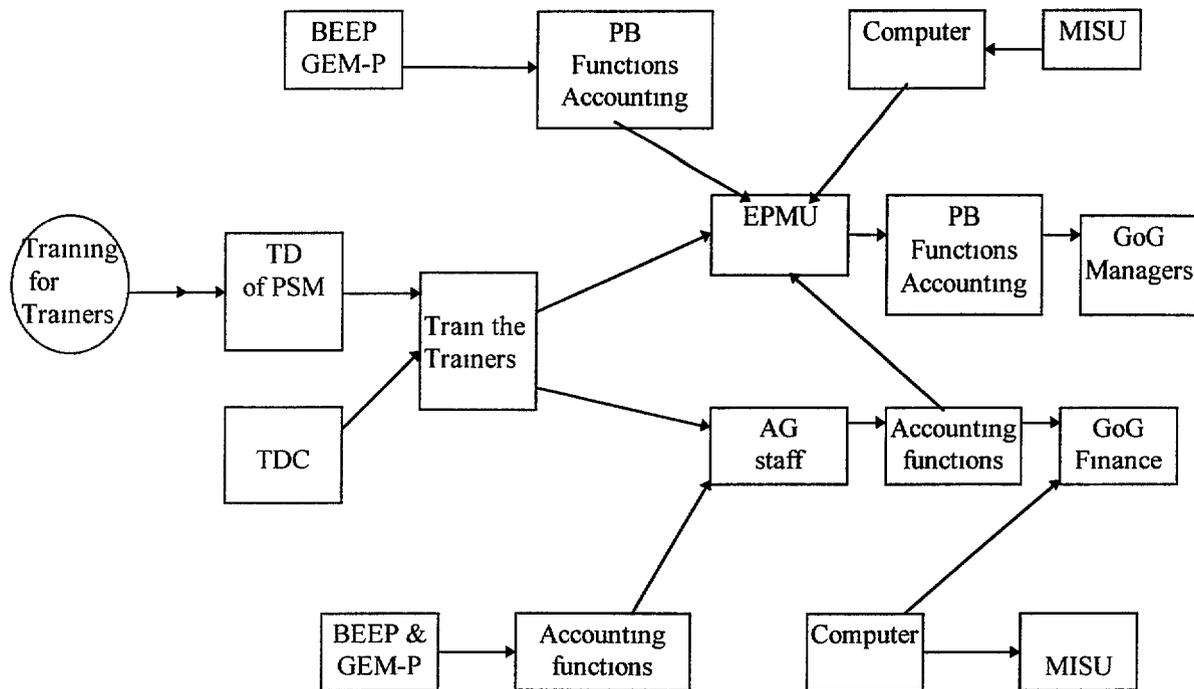
In the meanwhile, in order to satisfy the sustainability requirements of the project, an approach was developed involving the active participation of

- the PSM-Training Division in the delivery of training for the trainers in the GoG,
- the EPMUs to deliver program budgeting training as well as other financial management related courses,
- the AG staff to train the financial community in accounting and related matters,
- the Office of the Budget EPMU that is responsible for monitoring the delivery and evaluating the training to determine whether the objectives are being met

The rationale for using a "Training of Trainers" approach becomes evident in this context. As stated at the Vision Setting Seminar in March 1998, the most critical issue to be resolved in the public service is the shortage of skilled staff. The proposed strategy is based on two postulates. The first is that neither BEEP nor GEMP is a permanent structure of the GoG and the solution must be one that can be perpetuated without either of these two entities. The second is that the GoG cannot attract skills that are outside of the public service at the present time. Consequently, the solution has to be one where training is on-going for the present employees and that the competence to carry training through must be fully internalized in the Government. In order to achieve this, appropriate knowledge transfer must take place in two areas: knowledge in how to train, and knowledge in specific financial management and accounting subjects.

The diagram on the next page depicts the proposed strategy.

Financial Management Training Strategy



3.2 Strengthening of the Training Delivery Function in the GoG

The very first element of the strategy is to reinforce the professional training staff of PSM in “Training the Trainers” This will be carried out in conjunction with Training and Development Canada who have been contracted by GEM-P

In the second step of the strategy, selected AG personnel and staff of the EPMUs will be trained to become proficient in delivering classroom instructions The target population is approximately 90 persons, divided into 6 groups of 15 persons each

The first two groups were trained from May 25-June 5, 1998

The next two groups will be trained in June 1998

The remaining groups will be trained in July 1998

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3.3 Program Budgeting

The training related to program budgeting will take precedence over other knowledge training, since what is being advocated is "just-in-time" training so that new knowledge can be applied immediately by the recipients. Every staff who plays a role in the budget process, budget preparation and monitoring, will be trained in time to use newly acquired knowledge during the 1999 budget cycle.

Budget Preparation and Monitoring

Course material for budget preparation and monitoring will be developed and training delivered to the EPMU personnel, who will in turn teach the managers in their respective Agencies. Material will be sourced from the recently-completed Budget Manual, among other documents.

Budget preparation training will take place shortly after the budget circular is sent to the Agencies.

The next course, "Budget Monitoring Techniques," will take place just before the 1999 fiscal year begins.

The target population for both courses is the GoG managers. Table 1 overleaf presents the proposed distribution of EPMU personnel and GoG managers by Agency.

Table 1 - Distribution of EPMU Personnel and Managers by Agency

| Agency Identification | EPMU Personnel | Elements of Program Structure | | | # of Managers |
|--|----------------|-------------------------------|--------------|------------|---------------|
| Agencies | EPMUs | Programs | Sub-Programs | Activities | Managers |
| 01-01 Office of the President | 1 | 3 | 11 | 27 | 41 |
| 01-02 Guyana Defence Force | 1 | 1 | 3 | 26 | 30 |
| 01-03 Guyana National Service | 1 | 2 | 5 | 11 | 18 |
| 01-04 Ministry of Information | 1 | 1 | 2 | 8 | 11 |
| 02-01 Office of the Prime Minister | 1 | 1 | 3 | 3 | 7 |
| 03-01 Parliament Office | 1 | 1 | 5 | 12 | 18 |
| 04-01 Office of the Auditor General | 1 | 1 | 4 | 14 | 19 |
| 04-02 Office of the Ombudsman | 1 | 1 | 1 | 1 | 3 |
| 04-03 Public and Police Service Commission | 1 | 1 | 3 | 6 | 10 |
| 04-04 Teaching Service Commission | 1 | 1 | 2 | 5 | 8 |
| 04-05 Public Prosecutions | 1 | 1 | 2 | 3 | 6 |
| 04-06 Public Service Appellate Tribunal | 1 | 1 | 1 | 1 | 3 |
| 04-07 Elections Commission | 1 | 1 | 2 | 2 | 5 |
| 04-08 Public Utilities Commission | 1 | 1 | 1 | 1 | 3 |
| 05-01 Ministry of Legal Affairs | 1 | 5 | 14 | 14 | 33 |
| 05-02 Supreme Court of Judicature | 1 | 2 | 8 | 20 | 30 |
| 06-01 Ministry of Foreign Affairs | 1 | 2 | 3 | 18 | 23 |
| 07-01 Ministry of Home Affairs | 1 | 7 | 40 | 115 | 162 |
| 08-01 Ministry of Agriculture | 1 | 5 | 22 | 39 | 66 |

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Multi-Year Program Budgeting Training Plan

| Agencies | EPMUs |
|---|-----------|
| 09-01 Ministry of Health and Labour | 4 |
| 10-01 Ministry of Education | 2 |
| 10-02 Ministry of Culture, Youth and Sports | 1 |
| 11-01 Ministry of Human Services | 1 |
| 11-02 Ministry of Housing and Water | 1 |
| 12-01 Ministry of Finance | 4 |
| 13-01 Ministry of Trade, Tourism & Industry | 1 |
| 14-01 Ministry of Public Works & Comm | 1 |
| 15-01 Ministry of Local Government | 1 |
| 15-02 Region 1 | 2 |
| 15-03 Region 2 | 2 |
| 15-04 Region 3 | 3 |
| 15-05 Region 4 | 2 |
| 15-06 Region 5 | 2 |
| 15-07 Region 6 | 2 |
| 15-08 Region 7 | 2 |
| 15-09 Region 8 | 1 |
| 15-10 Region 9 | 2 |
| 15-11 Region 10 | 2 |
| 37 AGENCIES | 55 |

| Programs | Sub-Programs | Activities | Managers |
|------------|--------------|------------|-------------|
| 9 | 58 | 113 | 180 |
| 5 | 22 | 57 | 84 |
| 4 | 7 | 30 | 41 |
| 2 | 10 | 17 | 29 |
| 1 | 3 | 6 | 10 |
| 4 | 11 | 39 | 54 |
| 3 | 11 | 16 | 30 |
| 3 | 13 | 24 | 40 |
| 3 | 11 | 13 | 27 |
| 5 | 15 | 22 | 42 |
| 5 | 16 | 34 | 55 |
| 5 | 20 | 37 | 62 |
| 5 | 15 | 29 | 49 |
| 5 | 16 | 26 | 47 |
| 5 | 22 | 54 | 81 |
| 5 | 18 | 33 | 56 |
| 4 | 12 | 19 | 35 |
| 5 | 18 | 26 | 49 |
| 5 | 14 | 25 | 44 |
| 121 | 444 | 946 | 1511 |

3.4 Financial Management and Accounting Training

The strategy for financial management and accounting training follows the same principle as the previously described program budgeting training. However, the training delivery mechanism will be personnel from the Accountant General's Department and, occasionally, the EPMUs. The AG's staff will be trained in accounting techniques and they, in turn, will teach targeted personnel in various Agencies. There will be approximately 20 AG financial officers who will have their skills upgraded in Conducting Classroom Instruction.

The following is a brief description of a series of financial management and accounting subjects that are included in this training plan.

Preparation/Coding Vouchers

The AG's staff will provide training to the financial staff involved in the coding of financial transactions and the other elements of the voucher preparation process. They will also train EPMU personnel.

EPMU personnel will be trained when the new Chart of Accounts is finalized and accepted by GoG. Hopefully, this can be accomplished in August 1998. The financial staff in the Agencies will be trained before the beginning of the 1999 fiscal year.

Accounting Procedures

The creation and maintenance of the procedures is an on-going activity. Financial officers in the AG's Department will be responsible for

- documenting current procedures,
- disseminating the procedures, and
- updating them

as changes occur in the environment or policies. These officers should provide up-to-date procedures to any organization that needs to interact with the accounting system (that is, human resources for salaries, asset management, etc.)

General Government Accounting

The training is also part of the longer term training for which a permanent training structure should be set up under the PSM-Training Division.

Multi-Year Program Budgeting Training Plan

Two courses on general accounting will be developed. These courses would be given on a regular basis. A schedule would be published and each manager would identify the personnel who should attend these courses.

A longer term financial training program should be developed by the PSM-Training Division in conjunction with the Ministry of Finance, the University of Guyana and accounting associations. This program would be constituted of several financial and administrative courses aimed specifically at the GoG public service requirements. Advisory support should be forthcoming.

New Integrated Budgeting and Accounting System

Training, mostly by GEM-P and MISU, in the new integrated budgeting and accounting system will be provided to AG personnel, who will in turn teach the staff in the line ministries. Two types of training will be developed. The first will be directed to the financial community in Agencies and will cover all aspects of the system. The second will focus on the reporting capability of the system and will be addressed to the EPMUs and to Agency Managers.

3.5 Computer Skills Training

Office Automation Training

MISU, in conjunction with the PSM-Training Division, will provide training in basic office software package such as Excel and Word as well as an introductory course in computer utilization. Courses will be provided on an "as-needed" basis.

3.6 Training Coordination and Monitoring

To ensure that training proceeds according to the plan and all targeted staff are trained, the following responsibilities need to be assigned:

Strengthening of the Training Delivery Function

Human resources from BEEP and GEMP should be involved in

- developing course content and course material,
- scheduling training for EPMUs and financial staff, reserving training facility, etc ,
- keeping track and reporting on the advancement of training,

Program Budgeting

The EPMUs will be responsible for

- organizing the training activities, preparing training schedules, and general housekeeping activities, including reserving training facility, contacting participants, etc

The EPMU of the Office of the Budget will be responsible for

- obtaining training schedule from the line ministries EPMUs,
- keeping track and reporting on the advancement of training who received training, when did training take place, who was the trainer, etc ,
- evaluating training and making recommendations,
- providing assistance to Agency EPMU as required,
- ensuring the quality of the training delivery with the assistance of PSM

Accounting Training

The Accountant General's Department will be responsible for

For the new Integrated Budgeting and Accounting

- prepare implementation and training schedule for the financial staff in their office and the line ministries, contact participants,
- keep track and report on advancement of training,
- modify training material as required

For the Accounting Procedures and Voucher Preparation and Coding

- teach course on documentation procedures and voucher preparation,
- advise on procedures documentation,
- keep track and maintain procedures for easy distribution,
- provide assistance to EPMUs, as required

Computer Training

It is recommended that all computer training be jointly coordinated by MISU and PSM
They will be responsible for

- developing and providing course material,
- organizing training sessions,
- supervising classroom training

3 6 Roles and Responsibilities

The roles and responsibilities of the various actors involved in training delivery for this strategy are summarized below

| Strengthening of Training Delivery | |
|---|--|
| Organization | Roles and Responsibilities |
| BEEP/GEMP | <ul style="list-style-type: none"> • Coordinate training activities • Prepare training material • Provide logistical support • Deliver training • Evaluate training |
| PSM | <ul style="list-style-type: none"> • Support coordination of training activities • Provide logistical support • Participate in the evaluation of training |
| OB EPMU | None |
| EPMU | None |
| AG | None |
| MISU | None |

| Program Budgeting Training | |
|-----------------------------------|--|
| Organization | Roles and Responsibilities |
| BEEP/GEMP | <ul style="list-style-type: none"> • Coordinate training activities • Prepare training material • Provide logistical support • Deliver training • Evaluate training |
| PSM | <ul style="list-style-type: none"> • Support coordination of training activities • Provide logistical support • Participate in the evaluation of training |
| OB EPMU | <ul style="list-style-type: none"> • Evaluate training |
| EPMU | <ul style="list-style-type: none"> • Coordinate training activities • Provide logistical support • Deliver training • Evaluate training |
| AG | None |
| MISU | None |

Multi-Year Program Budgeting Training Plan

| Financial Management and Accounting Training | |
|---|--|
| Organization | Roles and Responsibilities |
| BEEP/GEMP | <ul style="list-style-type: none"> • Coordinate training activities • Prepare training material • Provide logistical support • Deliver training • Evaluate training |
| PSM | <ul style="list-style-type: none"> • Support coordination of training activities • Provide logistical support • Participate in the evaluation of training |
| OB EPMU | <ul style="list-style-type: none"> • Evaluate training |
| EPMU | <ul style="list-style-type: none"> • Coordinate training activities • Provide logistical support • Deliver training |
| AG | <ul style="list-style-type: none"> • Coordinate training activities • Provide logistical support • Deliver training |
| MISU | None |

| Computer Skills Training | |
|---------------------------------|---|
| Organization | Roles and Responsibilities |
| BEEP/GEMP | None |
| PSM | <ul style="list-style-type: none"> • Support coordination of training activities • Provide logistical support • Participate in delivery of training • Participate in the evaluation of training |
| OB EPMU | None |
| EPMU | None |
| AG | None |
| MISU | <ul style="list-style-type: none"> • Coordinate training activities • Prepare training material • Provide logistical support • Deliver training • Evaluate training |

4. Description of Specific Training Content

Four types of training areas have been identified

- training delivery,
- program budgeting,
- financial management and accounting,
- computer skills

The training activities to be conducted on each of the above areas are enumerated and their content described briefly below. Also, they are further elaborated and documented on specific Activity Training Sheets

4.1 Training Delivery

◇ Conducting Classroom Instruction

To educate staff on various methods and techniques for conducting training programs in the context of "Training of Trainers"

4.3 Program Budgeting

The new program budgeting structure being implemented requires that all staff of the Office of the Budget as well as those responsible for producing budgets receive adequate training. Moreover, the implementation of a new budget cycle requires that the policies and the procedures in the following areas be revised for

- budget preparation (at the MoF level and at other Ministry level)
- budget monitoring and control (at the MoF level and at other Ministry level)
- budget revisions (at the MoF level)

New procedures will be developed and will contain the following revised elements

- new budget cycle
- revised instructions to integrate new policies to support budget reforms
- new sets of reports (for budget preparation and monitoring)
- new sets of forms (for budget revision and approval)

To address the different concerns at each level of responsibilities, the training program will contain the following courses

◇ Program Budget Cycle

Overview of the budget cycle It will enable the participants to better understand their roles and responsibilities in the program budgeting system This activity will also permit them to understand the various requirements expected from them at the different stages of the budget cycle

◇ Budget Preparation and Management - program, sub-program, activity

The fundamentals of budget formulation and control will be addressed through case studies and group exercises This will include the preparation of a detailed work plan, extension of the work plan into an operating budget and then control of expenditures against budget through variance analysis and financial signing authorities

◇ Strategic Planning and Analysis

Good planning and budget in government are the results of a rationalization which takes into account sectoral strategies, broad economic issues and other high order country issues This training will attempt to explain various linkages between these issues

4.3 Financial Management and Accounting

New Integrated Budgeting and Accounting System (IBAS)

The implementation of a new integrated budgeting and accounting system will have a major impact on the current processes as automation will remove the need for several human and manual interventions This innovation will demand that all financial staff be trained with the computerized system as the different modules are introduced on a time-phased basis

The first module, the General Ledger, will replace the manual vote book system in all Agencies and the automated vote book system in pilot ministries Staff will be trained in budget and expenditures input and reporting for recurrent, capital, revenue and other financial transactions Other modules will be introduced as the information technology infrastructure develops in the GoG

◇ New Automated Financial System

To enable line managers to familiarize themselves with the new processes and procedures as well as reporting capabilities of the IBAS

Coding/Voucher Preparation

With the introduction of the new chart of accounts, all staff in GoG involved with the budgeting and accounting functions need to become familiar with the new coding EPMUs, managers at all levels and financial staff will have to be trained

A new voucher form will have to be designed to integrate the use of chart of account codes Training will be required for all staff responsible for producing vouchers A short module will be developed to explain the revised procedures and a Manual to new Budget Codes will be produced

As each transaction is entered into the General Ledger, understanding of the chart of account (CoA) codes will be required by all vote book clerks

◇ Coding/Voucher Preparation

The participants will be exposed to the mechanics of preparing vouchers based on the new CoA

◇ New Coding Structure

The participants should be capable of better understanding the CoA coding structure, the impact of their coding on financial statements and the corrective actions to be taken when faced with improper documentation or allocation

Accounting Procedures

With the introduction of the new IBAS and the new CoA, procedures will have to be re-engineered

To increase the overall quality of the work executed by the accounting staff, it is recommended that current accounting practices, additional to the budget procedures, be written In addition to describing the activities to be executed, each procedure would document clearly all policies affecting the activities, would provide samples of all the documents necessary to carry out the activities, and of all the documents to be produced The procedures would then be explained and distributed to the staff members responsible for the activities mentioned in the procedure This exercise would allow for

- verification of the skill level of different staff members (common training needs may be identified),
- ensuring that policies are well understood and properly documented,
- ensuring that necessary documents to carry out the activities are made available to the staff (decreasing delays due to omissions or necessary revisions),

- ensuring that all documents are produced error free
- ◇ Treasury and Accounting Procedures

To enable participants to understand and follow procedures to ensure the work is performed according to the policies

Commitment Accounting

The GoG will be introducing commitment accounting to reinforce expenditure management. This will also reinforce budget management from a cash and management control point of view.

- ◇ Commitment Accounting

To enable participants to understand the concept of commitment accounting and its application. It will introduce processes and procedures for recording transactions and using management reports.

General Government Accounting

To increase the general government accounting expertise, it is recommended that all the accounting clerical staff receive a refresher course in accounting. As well, it is also recommended that financial officers in all the Ministries receive training on key aspects of financial management and accounting in the public sector.

- ◇ Government Accounting - Clerical

This course will permit the participants to

- review basic accounting principles
- become familiar with the classification of revenue and expenditure items
- learn how to reconcile vote books and bank/MoF statements
- be exposed to the functioning of the budgetary control process

- ◇ Government Accounting - Officers

This course will permit the participants to

- review basic accounting principles
- become familiar with the reform process in finance

- understand the role and responsibilities of the different GoG organizations in financial management

Computer Skills

Each EPMU will be provided with a computer and pertinent software by GEMP. The volume of data manipulated during budget preparation will be given facilitated with the automation of the process. The GoG staff, particularly the EPMU, need to be trained in the general use of computers, in particular, spreadsheet software.

◇ Introduction to Computers

To improve the working level skills of the EPMUs and the clerks who will now have to process vouchers, maintain and extract reports out of the new IBAS.

◇ Excel

To improve the budget and expenditures analysis in the OB and the EPMUs. There were two levels of training in Excel: an introduction to electronic spreadsheet manipulation, and a more advanced course that allowed students to master some analytical formulae across electronic sheets and other features.

◇ Introduction to Word

Introduction to Word will allow students to create simple documents and use some basic formatting functions.

Training Content and Schedule

| Target Group | Content | Number of Persons | Period |
|------------------------------|--|---|---|
| PSM-Training Division | Conducting Classroom Instruction | 5 | June 98 |
| EPMU | Conducting Classroom Instruction Program Budgeting Cycle Strategic Planning & Analysis Budget Preparation Budget Monitoring Commitment Accounting Introduction to Computers Introduction to Excel Intermediate Excel Introduction to Word | 60 | July 98 Sept 98 Dec 98 Aug 98 Dec 98 Jan 99 July 98 Sept 98 Oct 98 Sept 98 |
| Managers | Budget Preparation Program Budgeting Cycle Budget monitoring New Financial System - Overview New Coding Structure Commitment Accounting | 1400 | Sept 98 Sept 98 Dec 98 Dec 98 Sept 98 Feb 99 |
| Finance - Corporate | Conducting Classroom Instruction New Financial System - Overview Coding/Voucher Preparation Commitment Accounting Treasury & Accounting Procedures Government Accounting - clerical Government Accounting - officer Introduction to Computers | 30 100 40 40 40 40 40 30 | June 98 Dec 98 Nov 98 Jan 99 Mar 99 Mar 99 Mar 99 Nov 98 |
| Finance - Ministries | New Financial System - Operations Coding/Voucher Preparation Commitment Accounting Treasury & Accounting Procedures Government Accounting - clerical Government Accounting - officer Introduction to Computers | 200 200 200 200 TBD TBD 40 | Dec 98 Dec 98 Feb 99 Mar 99 Mar 00 Mar 00 Dec 98 |
| OB/State Planning | Conducting Classroom Instruction Strategic Planning and Analysis New Financial System New Coding Structure Intermediate Excel | 6 20 20 20 20 | Sept 98 Dec 99 Mar 99 Sept 98 Mar 99 |

Multi-Year Program Budgeting Training Plan

| Target Group | Content | Number of Persons | Period |
|-----------------------------|---|--------------------------|------------------|
| EPMU | Commitment Accounting Intermediate Excel | 60 | Jan 99 Oct 99 |
| Managers | Commitment Accounting | 1400 | Feb 99 |
| Finance - Corporate | Commitment Accounting | 40 | Jan 99 |
| | Treasury & Accounting Procedures | 40 | Mar 99 |
| | Government Accounting - clerical | 40 | Mar 99 |
| | Government Accounting - officer | 40 | Mar 99 |
| Finance - Ministries | Commitment Accounting | 200 | Feb 99 |
| | Treasury & Accounting Procedures | 200 | Mar 99 |
| | Government Accounting - clerical | TBD | Mar 00 |
| | Government Accounting - officer | TBD | Mar 00 |
| OB/State Planning | Strategic Planning & Analysis | 20 | Dec 99 |
| | New Financial System | 20 | Mar 99 |
| | Intermediate Excel | 20 | Mar 99 |

The following Activity Sheets describe the content of the training programs that are scheduled between 1998-2000

ACTIVITY TRAINING SHEET

| | |
|--------------------------------|--|
| Activity | Conducting Classroom Instruction |
| Location | In-house |
| Audience | PSM, EPMUs and Office of the Accountant General |
| Instructors | Budget Specialist and GEMP Training Specialists |
| Duration | 5 Days |
| Expected Benefits | At the end of the course, participants will be able to effectively use visual aids in their training sessions and create a climate that is conducive to learning. Teaching techniques that participants will learn and practice during the course will also make the new instructors more relaxed and professional when they deliver their own courses. These techniques may also be used when making presentations other than for training purposes. |
| Description and Content | <p>This five-day course prepares participants to develop and conduct two training sessions in a classroom setting on subject matter in which they have expertise. Participants will learn how to prepare lesson plans based on measurable training objectives to ensure that their training sessions are effective and make the best use of time. They will be exposed to a variety of training methods: discovery exercises, cooperative learning approach, individual exercises, lecture and group discussions.</p> <ol style="list-style-type: none"> 1 Prepare a lesson plan 2 Conducting classroom instruction <ul style="list-style-type: none"> • training process component and actors • impact of various training methodologies on the training situation • dynamics involved in team training • participants do a cooperative exercise |
| Evaluation Method | For the evaluation exercise, participants use this lesson plan and incorporate the delivery skills and techniques taught on the last day of training. |
| Timetable | May-June 1998 |

ACTIVITY TRAINING SHEET

| | |
|--------------------------------|---|
| Activity | Program Budgeting Cycle |
| Location | In-house |
| Audience | EPMUs and Line Managers |
| Instructors | Budget Specialist, GEMP and EPMUs |
| Duration | 1 Day |
| Expected Benefits | Better understanding and acceptance of program budgeting |
| Description and Content | To familiarize the participants with the budget cycle and the process involved <ol style="list-style-type: none"> 1 Program budgeting principles 2 Budget manual 3 Budget cycle 4 Implementation timetable |
| Evaluation Method | Quiz at the end of training |
| Timetable | Before December 31, 1998 |

ACTIVITY TRAINING SHEET

| | |
|--------------------------------|--|
| Activity | Budget Preparation and Management |
| Location | In-house |
| Audience | EPMUs and Program Managers |
| Instructors | Budget Specialist GEMP and EPMUs |
| Duration | 2 Days per module |
| Expected Benefits | Better understanding and acceptance of program budgeting |
| Description and Content | <p>To familiarize the participants with the budget cycle and the processes involved</p> <p style="text-align: center;">First Module</p> <ol style="list-style-type: none"> 1 Legislative Authority 2 Parliamentary Control 3 Program Budgeting Principles 4 Budget Cycle 5 Budget Cycle <p style="text-align: center;">Second Module</p> <ol style="list-style-type: none"> 1 Budget Monitoring 2 Reporting |
| Evaluation Method | Performance on case study in relation to the budgeting and expenditure control process |
| Timetable | For program managers, before August 31, 1998 |

ACTIVITY TRAINING SHEET

| | |
|--------------------------------|--|
| Activity | Strategic Planning and Analysis |
| Location | In-house |
| Audience | EPMUs and OB Staff |
| Instructors | Budget Specialist, GEMP, and OB |
| Duration | 1 Day |
| Expected Benefits | Better integration of Government Strategy/Policy with Budget and Expenditure Planning |
| Description and Content | To ensure that Ministerial Financial Planning properly addresses broad strategic issues and ministerial priorities <ol style="list-style-type: none"> 1 Economic Recovery Program 2 Cabinet Decision-Making Process 3 Long Term Expenditure Planning 4 Review and analysis of Strategies and Options 5 Sectoral Strategies 6 Maintenance of Program Integrity |
| Evaluation Method | Quiz at the end of training |
| Timetable | December 31, 1998 |

ACTIVITY TRAINING SHEET

| | |
|--------------------------------|---|
| Activity | New Financial Systems - Overview |
| Location | In-house |
| Audience | MoF staff and Line Managers |
| Instructors. | MISU, GEMP and Accountant General's Office |
| Duration | 1 Day |
| Expected Benefits | Familiarization with the new Integrated Budgeting and Accounting System |
| Description and Content | To familiarize IBAS users with the new processes and procedures <ol style="list-style-type: none"> 1 Overview of System 2 Modules timetable 3 Budget 4 Commitment 5 Expenditures 6 Forecasting methodology 7 Reporting capabilities |
| Evaluation Method | Managers' utilization of financial reports |
| Timetable | Completion of Training by March 1999 |

ACTIVITY TRAINING SHEET

| | |
|--------------------------------|--|
| Activity | New Financial Systems - Operations |
| Location | In-house |
| Audience | Finance staff |
| Instructors | Office of the Accountant General |
| Duration | 1 - 2 Day |
| Expected Benefits | Operationalization of data input into the new Integrated Budgeting and Accounting System |
| Description and Content | To train financial staff on the operations of the new IBAS <ol style="list-style-type: none"> 1 Overview of System 2 Modules timetable 3 Data input 4 New financial forms 5 Reports and monitoring of data input |
| Evaluation Method | Quality of data input in the IBAS |
| Timetable | December 1998 |

ACTIVITY TRAINING SHEET

| | |
|--------------------------------|---|
| Activity | Coding/Voucher Preparation |
| Location | In-house |
| Audience | Finance staff |
| Instructors | Office of the Accountant General |
| Duration | 1 Day |
| Expected Benefits | Better financial management information |
| Description and Content | To improve the quality of the financial information coding on the vouchers <ol style="list-style-type: none"> 1 Modifications to voucher forms 2 Chart of Accounts modifications 3 Corrective Actions |
| Evaluation Method | |
| Timetable | Completion of Training by December 1998 |

ACTIVITY TRAINING SHEET

| | |
|--------------------------------|---|
| Activity | New Coding Structure |
| Location | In-house |
| Audience | MoF and Line Managers |
| Instructors | Office of the Accountant General and EPMUs |
| Duration | 1 Day |
| Expected Benefits | Familiarization with the new chart of accounts and new coding specific to line ministries |
| Description and Content | To facilitate financial transactions in the new IBAS <ol style="list-style-type: none"> 1 Organizational Structure 2 Program Budgeting Structure 3 Authorities Structure 4 Line Item Structure |
| Evaluation Method | |
| Timetable | Completion of Training by December 1998 |

ACTIVITY TRAINING SHEET

| | |
|--------------------------------|---|
| Activity | Treasury and Accounting Procedures |
| Location | In-house |
| Audience | Accounting staff in all Ministries |
| Instructors | Office of the Accountant General |
| Duration | 1 Day |
| Expected Benefits | Participants will be able to follow procedures |
| Description and Content | <p>The course will cover an orientation to the relevant procedures</p> <ol style="list-style-type: none"> 1 payment voucher 2 imprest 3 payroll voucher 4 inter-departmental warrants 5 pensions 6 journal entries 7 cash receipts 8 general ledger entries 9 cash book maintenance 10 financial reports 11 bank reconciliation 12 vote book reconciliation 13 advances 14 deposits |
| Evaluation Method | Verification of accounting documents by the AG Department |
| Timetable | Before March 31, 1999 for current staff On-going training, as required |

ACTIVITY TRAINING SHEET

| | |
|--------------------------------|---|
| Activity | Commitment Accounting |
| Location | In-house |
| Audience | EPMUs and Line Managers |
| Instructors | Office of the Accountant General, GEMP and EPMUs |
| Duration | 1 Day |
| Expected Benefits | Participants will be able to appreciate and apply the basic commitment principle |
| Description and Content | To familiarize participants with the policy and procedures of commitment accounting <ol style="list-style-type: none"> 1 Commitment Accounting Principles 2 Contracting Process 3 Policies and Procedures 4 Forecasting 5 Reporting |
| Evaluation Method | |
| Timetable | Before October 31, 1998, for EPMU and AG staff Before December 31, 1998, for line managers |

ACTIVITY TRAINING SHEET

| | |
|--------------------------------|--|
| Activity | Government Accounting - clerical level |
| Location | In-house |
| Audience | Accounting staff (clerical) in GoG |
| Instructors | Office of the Accountant General |
| Duration | 2 Days |
| Expected Benefits | Participants will be able to describe basic accounting principles and identify the objectives of the budgetary control process |
| Description and Content | To familiarize participants with the basic principles and practices of accounting <ol style="list-style-type: none"> 1 Functions of MoF and Line Ministries 2 Financial Regulations 3 Review of Basic Accounting principles 4 Chart of Accounts Review 5 Accounts, General Ledger Management and Bank Reconciliation |
| Evaluation Method | |
| Timetable | Before March 31, 1999, for current AG staff Before March 31, 1999, for line ministries staff On-going training, as required |

ACTIVITY TRAINING SHEET

| | |
|--------------------------------|---|
| Activity | Government Accounting - Officer level |
| Location | In-house |
| Audience | Accounting staff (officer) in GoG |
| Instructors | Office of the Accountant General |
| Duration | 2 Days |
| Expected Benefits | Participants will be able to describe accounting principles underlying financial management and accounting in the public sector |
| Description and Content | <ul style="list-style-type: none"> • Reform process in Financial Administration <ol style="list-style-type: none"> 1 Program Budgeting 2 Changes in the Allocation Process 3 Changes in the Estimates 4 New Accounting Systems 5 Review of Financial Administration Policies 6 Legislative Changes • Roles and Responsibilities vs Financial Management <ol style="list-style-type: none"> 1 Cabinet 2 Specific Cabinet Committees 3 Ministry of Finance 4 Other Ministries 5 Other Agencies/Regions |
| Evaluation Method | |
| Timetable | <p>Before March 31, 1999, for current AG staff</p> <p>Before March 31, 2000, for line ministries staff</p> <p>On-going training, as required</p> |

ACTIVITY TRAINING SHEET

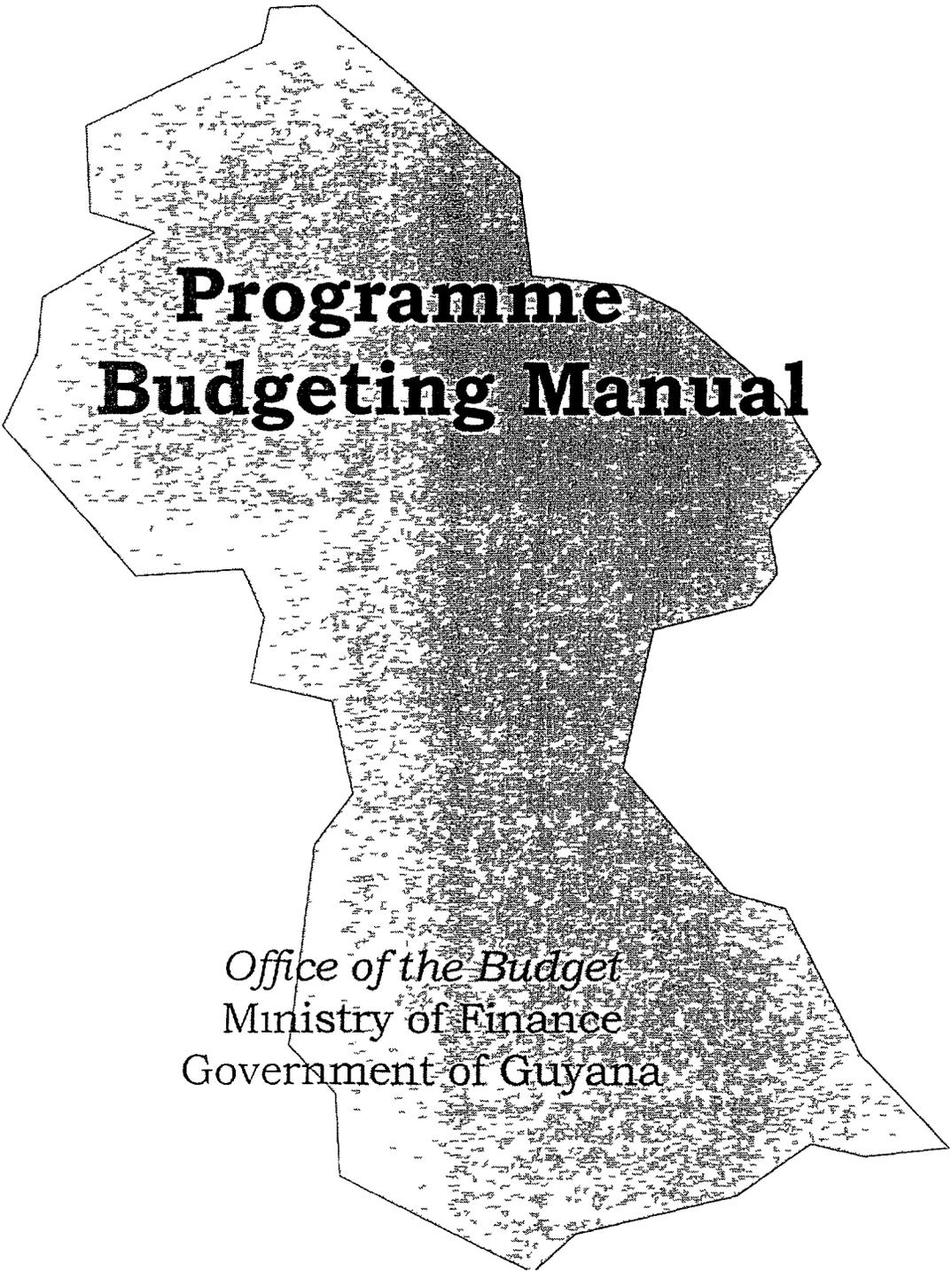
| | |
|--------------------------------|---|
| Activity | Introduction to Excel |
| Location | In-house |
| Audience | EPMUs and OB Staff |
| Instructors | Budget Specialist, MISU |
| Duration | 1 Day |
| Expected Benefits | Increased productivity Familiarisation of spreadsheets and their use in budgeting and accounting |
| Description and Content | Hands on computer training in Excel <ol style="list-style-type: none"> 1 Overview 2 Creating Spreadsheets 3 Basic Concepts 4 Navigational Techniques |
| Evaluation Method | |
| Timetable | Before April 1998, for existing staff in OB and pilot EPMU Before December 1998 for select staff in other EPMU On-going for other staff |

ACTIVITY TRAINING SHEET

| | |
|--------------------------------|--|
| Activity | Intermediate Excel |
| Location | In-house |
| Audience | EPMUs and OB Staff |
| Instructors | Budget Specialist, MISU |
| Duration | 1 Day |
| Expected Benefits | Increased productivity Familiarisation of spreadsheets and their use in budgeting and accounting, automating tables and charts |
| Description and Content | Hands on computer training in Excel <ol style="list-style-type: none"> 1 Linking Worksheets 2 Practice Exercises 3 Linking in same Workbook 4 Linking in different Workbook |
| Evaluation Method | Evaluation after exercise |
| Timetable | Before April 1998, for existing staff in OB and pilot EPMU Before December 1998, for select staff in other EPMU On-going for other staff |

ACTIVITY TRAINING SHEET

| | |
|--------------------------------|---|
| Activity | Introduction to Word |
| Location | In-house |
| Audience | EPMUs and OB Staff |
| Instructors | Budget Specialist, MISU |
| Duration | 1 Day |
| Expected Benefits | Increased productivity Participants will be able to construct simple documents and print them |
| Description and Content | Hands on computer training in Word <ol style="list-style-type: none"> 1 Introduction to word processing 2 Main features of Word 3 Exercises |
| Evaluation Method | Evaluation after exercise |
| Timetable | Before April 1998, for existing staff in OB and pilot EPMU Before December 1998, for select staff in other EPMU On-going for other staff |



Programme Budgeting Manual

Office of the Budget
Ministry of Finance
Government of Guyana

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INTRODUCTION

The purpose of this manual is to provide guidance to all levels of management and administrative staff, in the planning, preparation, implementation and in-year management of Programme Budgeting as introduced in the Government of Guyana (GoG) with the 1998 Estimates for current expenditures. The intended readers are all public servants involved in the programme budgeting process from those charged with responsibility of preparing the worksheets through to the strategic planning activities. It is also expected that readership will include other areas of the GoG including semi-autonomous Agencies and local government personnel.

This manual attempts to answer questions about the Programme Budgeting process in the Government of Guyana from the perspective of a Manager, to outline the underlying principles, and to explain the differences in responsibilities between the significant contributors to the annual GoG Estimates process.

Programme Budgeting (PB) was phased in to the Government of Guyana from line item budgeting to programme budgeting in two pilot Agencies for the 1997 fiscal year, (Ministries of Health and Education). Programme Budgeting has been expanded across all Agencies during the Estimates preparation for the 1998 fiscal year. The Government's intent is to gradually expand the use of PB as an effective expenditure management tool.

The manual outlines the responsibilities and outputs expected from the various people/groups involved in the 1999 and subsequent annual Estimates processes.

- National Assembly
- Budget and Financial Management Committee of Cabinet¹
- Minister of Finance
- Office of the Budget
- State Planning Secretariat (Office of Planning and Development)²
- Public Service Management
- Responsible Minister
- Permanent Secretary

¹ The Budget and Financial Management Committee does not exist presently but an ad hoc committee performing similar functions does.

² The restructuring of the MOF which subsumes the State Planning Secretariat within the Office of Planning and Development is proposed later in 1998.

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PROGRAMME BUDGETING

What is a budget?

In the private and public sectors of our economy, budgets are valuable management tools that enable managers to plan and control expenditures, and to a lesser extent plan and evaluate revenues

In the private sector context a budget is a comprehensive blue print or financial plan for a specific period of time that covers the enterprise, deals with the events that are about to happen, and increases in accuracy and usefulness, with preparation experience

In a public sector context, the budgeting process is more involved because of the fiduciary responsibility to the country's citizens

“Estimates” is the formal term used to describe a Government's detailed financial plan. The GoG's *“Estimates”* are presented annually to the National Assembly. Basically, the Estimates are statements of the allocation of financial resources and the spending limits for providing assistance and services to improve the social and economic well-being of the citizens

The annual Estimates should be the result of a fiscal plan for the Government, and detailed management plans for each Ministry, Department and Region (MDR)

Estimates are inevitably the result of compromise amongst alternative views of the desirable size and composition of government activities. Budgeting in the public sector should be a reconciliation process whereby people - Ministers, members of the legislature, public servants and others - engage in a debate on the relative merits of their views and arrive at the allocation of resources. Cabinet committees should be an essential part of this reconciliation process. Budgeting is also a process which governs the behaviour of public servants while managing and delivering assistance and services to the public, and in the subsequent accounting for public moneys used and the results achieved.

The Estimates are an important management tool for planning, co-ordinating and managing results, and they also serve as a major contributor to financial control.

If used properly the Estimates process can significantly improve spending decisions related to the delivery of programmes and services for the citizens of Guyana by

- forcing public sector managers to anticipate resource requirements earlier
- encouraging clearer explanations about the expected value of assistance and services to the public
- holding managers accountable for allocated resources
- containing spending within predetermined fiscal targets

- Programme Manager
- Sub-Programme Manager
- Activity Manager

This manual is divided into five sections that cover a description of programme budgeting, an overview of financial practices in the GoG and the five steps of the Estimates cycle

| | |
|---------------------|--|
| <i>Introduction</i> | Programme Budgeting - a brief description of the programme budgeting principles and theories |
| <i>Part one</i> | GoG Financial Environment - underlying legislative and public sector financial practices |
| <i>Part two</i> | Strategic Planning - initial macro-planning undertaken by the Ministry of Finance and the Public Service Ministry |
| <i>Part three</i> | Agency Preparation - the calculation of the preliminary allocations for the MDRs, and the planning within each Agency as the activity level budgets are developed within the scope of the allocation |
| <i>Part four</i> | Consultation/ Finalisation - the negotiation processes to establish the final Estimates including resolution of requests above the preliminary allocation |
| <i>Part five</i> | In-Year Monitoring - the releases and quarterly review process including the role of the Expenditure Programme Management Unit within each MDR and the roles of the significant contributors to the GoG's annual Estimates |

Note each section addresses the programme budgeting processes for 1998 and identifies the new processes proposed for 1999 and subsequent years

A glossary of the terms used in this manual will be found in the Appendix I

An effective Programme Budgeting process requires significant management attention in each MDR *PB will not be very effective if treated as another administrative burden imposed by the central Agencies*

Programme Budgeting involves

Planning Fiscal Targets

⇒ the development of the annual fiscal targets, and preliminary allocations, or financial limits, whereby the National Assembly sets the goal for total spending within which the government's priorities and programmes' resource needs should be accommodated

Establishing Allocations

⇒ the concept of determining block allocations for each Agency before any operational planning commences, and expecting the Agency to manage the distribution of the available resources through the programme/ sub-programme and activity management

Empowering Decentralised Financial Management

⇒ decentralisation of the budgetary process and establishment of a transparent responsibility and accountability framework for determining resource allocation and resource utilisation authority within the MDRs

Monitoring for Results

⇒ establishing expected spending outcomes, monitored closely by the implementation of a number of effective, but not overly burdensome in-year reporting mechanisms

The determination of the financial limits at the outset of the budget process requires consideration of the resource requirements for continuing operations, new programme initiatives and any new policies that may have financial implications

To ensure that sufficient lead time is scheduled to obtain each sector's input into the budget cycle and to reconcile programme needs with the Government's pre-determined fiscal targets, *budget preparation should begin as soon as the previous year's Estimates are finalised*

Once Estimates are approved the process continues into the fiscal year with the 'drawing-down' of budget provisions through releases and the monitoring of revenues and expenditures through regular comparative financial reports

A United Nations manual for Programme and Performance Budgeting describes three main elements for such a system. The elements are

1. establishing meaningful programmes and activities in order to show the work objectives of Agencies

The concern for financial control and accountability is traditional under any democratic form of government. The task of maintaining financial control becomes more difficult in the face of increasing transaction volumes and more complex organisations.

A traditional Government budget is annual and incremental in that it departs only marginally from the previous year in the voted provisions for each Agency. The content of a "traditional" budget is in the form of line-items, a series of votes or heads and sub-heads. *A traditional budget is also concerned more with financial inputs and outputs rather than with the results that the inputs are designed to achieve.*

A Budget is a comprehensive plan that covers a large segment or all of an enterprise, always applies to a specific period, deals with activities that are to happen, and increases in accuracy and usefulness, with experience in its preparation.

What is Programme Budgeting?

Programme Budgeting can be described as a systematic effort to allocate resources to Government programmes rather than to organisational entities, with an effective follow-up process that assesses actual performance against defined programme objectives. The lessons learned in the preceding year are systematically brought forward and factored into the planning for the next fiscal year.

Programme Budgeting is not a quick fix for ineffective financial management. The implementation of Programme Budgeting is a multi-year undertaking that is highly dependent upon parallel Treasury reform.

Programme Budgeting makes operating MDRs more accountable for the resources allocated to their Programmes while strengthening corporate level planning and financial controls.

Programme Budgeting provides Ministers and the Agency Budget Committee, an Agency committee of senior management, with the necessary tools to develop detailed operational workplans, a more effective means of articulating programme requirements and achievements, and an effective in-year monitoring process.

The Programme Budgeting cycle covers a two-year period from the initial planning and development cycle commencing at the beginning of year one to the completion of the monitoring period in year two. The twenty-four months involve four basic phases: Fiscal and Management Strategy, Strategic Directions Setting, Estimates Preparation, and In-year Monitoring.

- an activity should represent discrete, measurable program delivery related tasks in support of one sub-programme
- there should be a manager responsible for the activity and the incumbent should report directly to the sub-programme manager and be responsible for all of the tasks associated with the activity

In some cases it is difficult to determine whether a particular budget unit should be identified as a Programme or a Sub-Programme, and sometimes to determine whether a budget unit should be described as a Sub-Programme or an Activity

In such situations, the relative size of the financial resources, the staffing complement, and the scope of the activities in the other budget units within the same Agency should be used to assist the classification process. Generally, there are administrative savings associated with the identification of as few budget units as possible. It should be noted that every PB activity generates administrative work (i.e. activities need to be administered, monitored and reported on). If an Agency identifies PB activities that are limited in their scope for example a one sub-head activity, the cost of maintaining that activity can easily outweigh the benefits derived from breaking down the information to that level.

If implemented properly, Programme Budgeting can disclose considerably more meaningful financial information about the operation of the Government of Guyana than under line budgeting.

The GoG previously assembled the annual Estimates on the basis of 'heads' and sub-heads where the 'head' served as the single level organisational unit that explained where the funds were spent and the 'sub-head' served as the accounting classification that further breaks down the expenditure.

Under Programme Budgeting the GoG will replace the former 'head' organisation unit with the three level 'Programme/ Sub-programme/ Activity' organisation identifier in 1998, and continue to use the accounting 'sub-head' classifications. The GoG recognised 94 heads prior to the introduction of Programme Budgeting. During the preparation of the 1998 Estimates the GoG recognised 119 Programmes, 444 Sub-programmes, and 932 Activities. Both the organisational structure and chart of accounts will be reviewed in 1998 and may change over the ensuing years of programme budgeting.

One of the significant differences between Programme Budgeting and other forms of public sector budgeting is the emphasis on ensuring that the different participants receive the right information. There is an expression "information overload" that describes a situation where a manager cannot make sound decisions because he is in receipt of both relevant and irrelevant financial information. Too much information can be as harmful as too little information. Programme Budgeting tries to ensure that Central Agencies, such as the Office of the Budget receive timely, reliable and useful *Programme level* information and that the operating Agencies (the MDRs) receive timely, reliable and useful *Sub-programme details*.

- 2 bringing the system of accounts and financial management into line with the classification of programmes and activities
- 3 formulating outcomes and results for each programme and activity, that are useful for performance measurement

The Programme Budgeting structure selected by Guyana involves a three level hierarchy of budget units. The budget units focus on grouping common functions rather than following existing organisational lines. The hierarchy can be constructed by identifying the mission or missions of the Agency – the programme level, the primary objectives that serve each different mission – the sub-programme level, and the programme delivery activities – the activity level that support the sub-programmes.

An identifying characteristic of Programme Budgeting is that each 'budget unit' must have a 'manager'. This means an officer who is able to take managerial action and who will be accountable for the results.

Programme refers to the highest level within an Agency where funds can be requested from the National Assembly

- should represent a primary purpose for a Ministry's existence, and it should be focused on delivering a comprehensive service or product directly to the citizens of Guyana
- an Agency may have multiple Programmes, but there should be no overlap of responsibilities between Programmes. The Programme objectives should be clearly articulated in terms of programme delivery expectations
- the executive responsible for the Programme should be identified and charged to the Programme, the incumbent's responsibilities should be consistent with the parameters for the Programme,

Sub-programme refers to the intermediate level where an Agency can allocate funds

- should represent a group of similar initiatives directed at attaining a logical portion of a Programme's objectives
- the manager responsible for the sub-programme should report directly to the Programme manager. The incumbent's responsibilities should be consistent with the parameters for the sub-programme and the incumbent's costs should be fully charged to the sub-programme

Activity refers to the lowest level where an Agency can allocate funds

Delegate Financial Management to First Line Managers

- Programme Budgeting strives to provide as much flexibility as possible to the first line managers that are accountable for the day to day delivery of the Government programmes, without weakening the overall level planning and financial controls
- Activity Managers understand their clients needs The first line managers must be able to articulate their resource requirements and their potential deliverables Once the allocations are approved, the first line managers must be able to execute and modify their financial plans in a timely manner, where necessary, without excessive administrative burden

Central Agency/Agency responsibilities

- The financial responsibilities differ between an operating manager in a line Ministry, the administrative support staff in the line Agency and Central Agency staff
- The primary role of a Programme Manager should be to extract the highest possible performance from the resources allocated to his/ her programme as per the approved Estimates
- The primary role of the Agency's administrative staff is to maintain efficient and effective financial reporting processes to support the programmes and activities
- The primary role of the Central Agency staff is to ensure that Agency expenditures are in line with the approved work plans and to ensure that expected outcomes and objectives of each programme are being met

Performance Measurement

Performance measurement involves disclosing during the budgeting process the purposes and objectives for which funds are requested, and costs of the programmes proposed to achieve the objectives and quantitative data that will be available to measure the accomplishments and the work to be performed under each programme

Performance measurement is concerned essentially with assessing the efficiency of government activities and measuring their performance in physical as well as financial terms Its focus is on the design of classifications, work units and measures of efficiency for evaluating performance

Performance measurement involves five essential tasks

- 1 Programming or the sub-division of the government for information purposes into activities representing identifiable units with similar aims and operations
- 2 Identifying the operational aims of each activity for the budget year

The use of Programme Budgeting information should follow the following matrix

| <i>Information</i> | <i>Primary User</i> | <i>Secondary User</i> | <i>On Exception</i> |
|---------------------|--------------------------------|-----------------------|---------------------|
| Programme Level | Central Agencies (MOF PSM SPS) | Agency Administration | Activity Manager |
| Sub-Programme Level | Agency Administration | Central Agencies | Activity Manager |
| Activity Level | Activity Manager | Agency Administration | Central Agencies |

Programme Budgeting Principles

The responsibilities of the significant participants in the Estimates process may change over time as a result of organisational changes, but the following underlying Programme Budgeting principles should remain

Harmonise financial planning and management

- Programme Budgeting strives to harmonise the financial planning and financial management efforts at all levels within the GoG including the line Ministries Departments and Regions and the central Agencies such as the Office of Budget Each party should clearly know what is expected of them, and when it is due There should be minimal duplication of effort between the contributors, and few surprises

Recognise highest payback opportunities

- Programme Budgeting strives to allocate scarce resources where the highest payback is expected All Programme Budgeting discussions must involve the resource input, the performance output ratio and results A focus on performance measurement is critical during the budget preparation and the in-year monitoring phases

Carry lessons forward to next cycle

- Programme Budgeting is a continuously repeating cycle The lessons learned during one business planning cycle must be carried immediately into the next planning cycle If resources are allocated on the basis of overly optimistic performance expectations, adjustments should be introduced in-year, and the same error should not occur the following year

Allow sufficient time for planning

- Programme Budgeting is an orderly process Sufficient time must be allowed during the business planning cycle to allow all of the contributors to analyse their options and to articulate their requirements

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Part 1 Government of Guyana's Financial Environment

1.1 Legislative Background/ Government Accounting

Public sector budgeting processes are complicated by legislative requirements and accounting practices that differ from the private sector. Guyana's Constitution and the Financial Administration and Audit Act (FAAA) specify that a single fund shall account for all monies belonging to the country.

The definition of the *Consolidated Fund* (CF) is a fund created to receive all revenue raised by and granted to the state. All payments from the Consolidated Fund must be authorised by Parliament. FAAA in Part III section 14 provides that the Consolidated Fund be kept in two accounts - a Current Account and a Capital Account.

Sub-accounting Agencies operate bank accounts for operational needs within the Consolidated Fund. These accounts are operated on an imprest basis under the control of the Accountant General as if the bank accounts were a part of the Consolidated Fund.

Non sub-accounting Agencies pass their payment vouchers to the Accountant General's Office and their needs are met directly from the CF.

The operation of the CF and the sub-accounting Agency bank accounts is controlled by Section 36 of Part V of the FAAA which states that '*authority for expenditure conferred by the Appropriation Act in respect of services shall lapse after the close of that year and any moneys issued from the Consolidated Fund shall be surrendered to the Consolidated Fund*'.

The Appropriation Act is a control imposed by Parliament under the authority of the constitution whereby Title 8 - Finance Part 217(1) states, *inter alia*, that '*No moneys shall be withdrawn from the Consolidated Fund except inter alia, where the issue of those moneys has been authorised by an Appropriation Act*'.

Government financial operations start with the enactment of an appropriation law by the Parliament of Guyana. Expenditure controls are amplified in the Constitution in Article, (217 (3)) which states that '*No moneys shall be withdrawn from any public fund other than the Consolidated Fund unless the issue of these moneys has been authorised by or under an Act of Parliament*' and in paragraph (4) states that '*Parliament may prescribe the manner in which withdrawals may be made from the Consolidated Fund or any other public fund*'.

Section 218 (3) of the Constitution provides the necessary procedures that govern instances where votes are found to be insufficient or unanticipated or have been overspent. In both instances a supplementary estimate or a statement of excess shall be laid before the Assembly.

- 3 Budgeting and accounting so that the separate costs and revenues of each activity are shown
- 4 Measuring the outputs and performance of activities so that these can be related to their cost, and to operational aims
- 5 Using the resultant data to establish standards and norms so that costs and performance can be evaluated and government resources used more efficiently

The GoG's interest in Programme Budgeting reflects a desire to increase Programme Manager accountability for the use of financial, human and physical resources allocated to their Programmes, and an increased focus on delivery of the results promised during the business planning/ Estimates preparation

The GoG efforts at Agency empowerment and a standardisation of the administrative processes are driven by the objective of improved financial controls and the need to provide increased assurance that "value for money" is being achieved

Although it is essential that some level of performance measurement be introduced to the Programme Budgeting process in Guyana, the implementation will likely commence in a phased manner with the preparation of the 1999 Estimates. The 1998 Estimates will not include performance indicators

"The switch to programme budgeting has been necessitated by our desire to promote more effective allocation and management of national financial resources "

1997 Budget Speech

Minister of Finance Bharrat Jagdeo

1 2 Operating Agency Financial Management

Agencies/ Programmes/ Sub-Programmes and Activities need timely access to accurate financial information in order to manage existing resources, to develop realistic operational plans, and to advance appropriate funding requests to Parliament for the future

The effectiveness of Programme Budgeting in Guyana will be determined to a large extent by the quality of the financial information available to Programme Managers from department accounting systems (automated vote books) and the central Treasury System. The goals for satisfactory line MDR financial management include

Transparency The objective is to make visible all of the financial information required by Parliament. This includes not only information disclosed in the *Estimates* and *Public Accounts*, but also the component management data that builds to the aggregate data submitted to Parliament.

Accountability The requirement for financial accountability is closely related to that of financial transparency in that it centres around the identification of financial information in relation to each manager of an activity or unit of responsibility. The financial resources allocated to each activity manager must be carefully determined in relation to each activity element for which they have been assigned. This must be done in a way that ensures that manager's commitment to the budget and its constraints. An accounting must then be rendered that discloses each manager's actual performance in relation to the commitment accepted. Whenever possible, the accounting should show accomplishment in relation to costs consumed as opposed to cash disbursed only.

Agencies are primarily accountable through their respective Ministers, to Parliament in terms of the data approved in the *Estimates*. The authority thereby granted by Parliament has to be delegated, for operational reasons, within the Agencies. This makes delegation and accountability a necessary requirement since it ensures that the detailed accounting reports provided, validate the aggregate accounting approved by Parliament. A basic principle acknowledged by this approach is that, while authority can be delegated by any duly authorised officer of the government, responsibility cannot be similarly transferred.

Control Financial control is an integral part of accountability. In the manner that internal control procedures permit the transfer of government funds to Agencies, the presence of a formal internal control structure sanctions subsequent transfer of funds or, more accurately, the spending of funds by the activity cost centres. Internal controls through segregation of duties and a system of formal checks and balances are used to provide assurance that Government's assets have been used for properly authorised purposes. Managers are the critical link in an effective control system, for it is the manager who authorises those actions that result in expenditures and it is the manager who must take any necessary corrective action. The term 'manager' should be interpreted to cover all cost-incurring levels of authority from the actions of a minister of the government to the lowest level of supervision vested with the authority to incur costs in the name of the Government.

by the Prime Minister, or designate

Article 216 of the Constitution requires public funds to be deposited into the Consolidated Fund (subject to some exemptions) This forms the basic principle underlying parliamentary control of public money and provides the foundation for the Government of Guyana accounting and financial reporting policies and practices

The exceptions refer to “below-the-line” accounts that may be required to account for funds that cannot be reflected immediately in the CF As an example the Government would reflect receipt of an advance for a multi-year project in a “below-the-account” until such time as the project costs were incurred and reported in the public accounts

The government’s accounting policies and procedure reflect the needs of the people of Guyana to be informed on the financial affairs of the country’s governance There is also a companion need for the public service, through the Parliament and the Auditor General, to inform the people on their stewardship The handling of the funds received into their trust and paid from it, require that both be compared with a predetermined plan of specific actions previously approved by the country’s Parliament

The following accounting principles and practices are used to record and report the Government’s business transactions

- the Government of Guyana is defined as an accounting entity
- the classification of financial transactions in accordance with a uniform classification of accounts called the “Chart of Accounts” - established by the Accountant General’s Office
- accounting for revenues from all sources assented by Parliament
- accounting for expenditures, both recurring and capital in accordance with prescribed procedures of the Government
- accounting for fixed assets, acquired property of government and liquid assets defined as financial claims advances and accounts receivable
- accounting for all liabilities defined as any financial obligation of the Government of Guyana for services or goods received into Government operations
- accounting for appropriations approved by Parliament in annual budgets

*‘No moneys shall be withdrawn from any public fund other than the Consolidated Fund unless the issue of these moneys has been authorised by or under an Act of Parliament’
Article 217 (3)*

financial administration Part II of the Act provides the general guidelines for administration of the Ministry of Finance

The Minister of Finance has responsibility for the management and direction of the administrative affairs of the Ministry of Finance, the management of the Consolidated Fund and supervision, control and direction of all matters relating to the financial affairs of the country not by law assigned to any other Minister

The Minister of Finance has sole general authority to recommend the necessary regulations related to financial management, obtain approval thereof, and through policies, regulations and procedures direct the financial administration of Government

The Ministry of Finance provides the leadership in the development and implementation of the overall economic and fiscal strategy of the country The Ministry of Finance undertakes expenditure planning and management of funding resources for the public sector It co-ordinates the planning and preparation of the annual budget estimates, subsequent implementation, and application of financial control over disbursements from the Estimates within the purview of the Minister

A 1997 Ministry of Finance Organisation Chart from the 'Proposed Restructuring Ministry of Finance' report outlines the organisation as follows⁴

- Office of Management
- Office of Treasurer
- Office of the Budget
- Office of Planning and Development (formerly State Planning Secretariat)

The Office of the Budget, the Office of Planning and Development (SPS) and the Public Service Ministry comprise *the Central Agencies financial management of the GoG* in the programming budgeting context The roles and responsibilities of these and other central Agencies such as the Auditor General and the Accountant General are highlighted in Chapter V

The Financial Administration and Audit Act provides the statutory basis for most of the financial practices followed by Agencies and departments and the allocation of responsibility for financial administration

1.4 Budget Cycle

Public sector budget cycles normally include four basic phases Fiscal and Management Strategy, Strategic Directions Setting, Consultation/ Finalisation of Estimates, and Implementation or In-year Monitoring

⁴ The restructuring of the MOF proposed along the following lines is used below in this document The roles and responsibilities of these new divisions are described in Part V on Roles and Responsibilities

The following groups of departmental officials are identified as having important roles to play in MDR financial management

Agency Budget Committee (ABC)

The Agency's Agency Budget Committee will likely include the Minister, the Permanent Secretary, Deputy Permanent Secretary - Finance and selected senior Programme Managers from within the Agency. The committee will be charged with representing the Agency's corporate interests. This committee approves all Estimates submissions from the Agency prior to consideration by the Office of the Budget.

The senior Agency officers identify initiatives, set priorities, balance financial management objectives, resolve conflicting activities and needs, as they relate to the operations of large units or programmes of the government and each Agency. The Secretary to the Treasury designates the senior accounting officer in each Agency (Section 4 of Part II of the FAAA). In most instances this is the Permanent Secretary, who will delegate authority to Deputy Permanent Secretaries, while, in other Agencies of the GoG several variations of the delegation of accounting functional responsibility can be found. It is expected that the committee will hold frequent meetings during the third and fourth quarters of the year to co-ordinate the preparation of the Agency's Estimates submission.

Programme Management Team (PMT)³

The existence of this committee will depend on the complexity of the Agency's programme structure and on the range of the Programme responsibilities. If the committee formally exists, it should include the designated Programme Manager and all of the Sub-Programme managers.

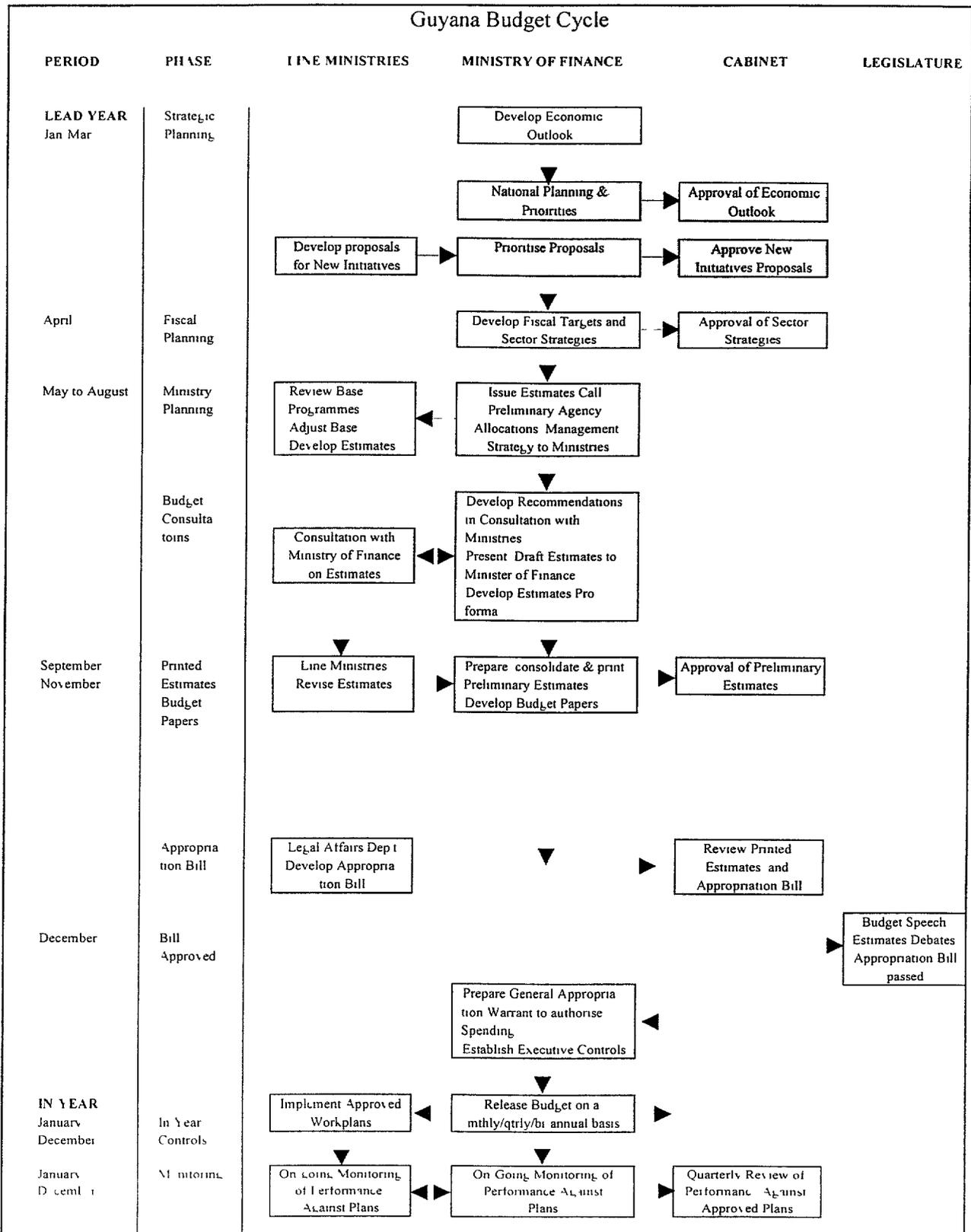
The role of these officers is to manage the human, physical and financial resources allocated to the Programme, and to ensure that the Programme operates in compliance with Government policies and the approved Estimates. This committee approves all Estimates submissions prior to release to the Agency Budget Committee.

The goals for satisfactory and effective line financial management include transparency, accountability and control

1.3 Central Agencies Financial Management

The *Financial Administration and Audit Act* provides the statutory basis for most of the financial practices followed by Agencies and departments and the allocation of responsibility for

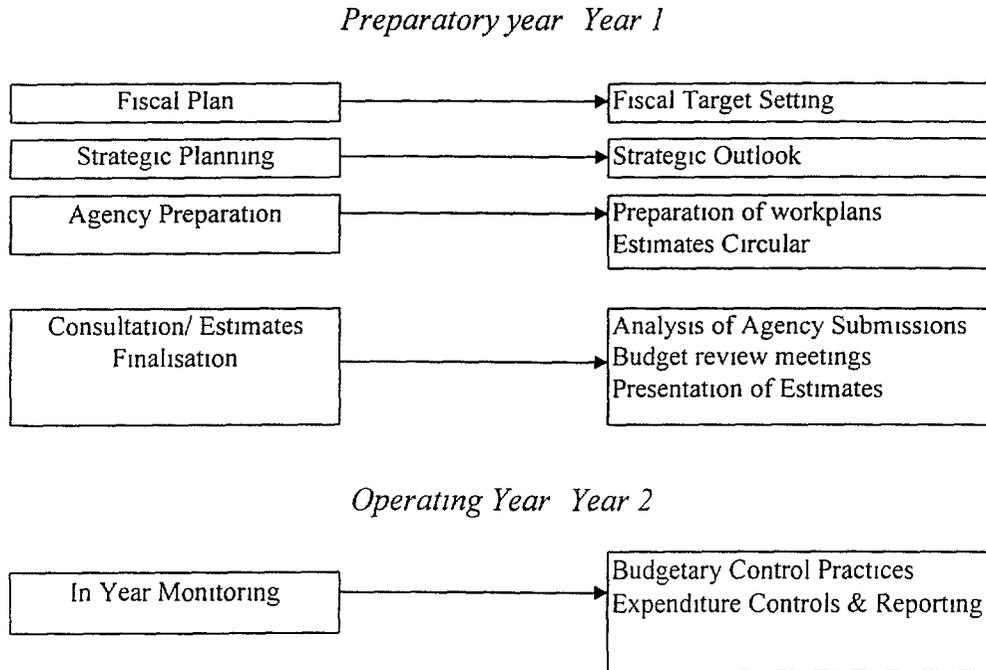
³ Programme Management Teams are not in operation but are being proposed in 1998 for any Agency with multiple Programmes



The Government of Guyana's previous budget cycle spanned an 18-month period, while under programme budgeting it will start about 6 months earlier and span a 24-month period concluding with the reporting of the Public Accounts

The Budget Cycle is a continuous series of events and activities designed to achieve harmonisation between the available resources, the potential performance at the activity level, and the needs of the citizens. The following sections present a summary of the significant activities and contributors involved in each phase of the cycle. The flow chart identifying these activities in a relational manner is presented on the next page. The highlighted areas represent future reforms in the programme budgeting system.

This manual examines the budget activities under the following headings



2.1 Fiscal Planning

Timeline Prior to any strategic planning

Role of MOF

The fiscal plan establishes targets and a strategy for the Government of Guyana with respect to budgetary revenues, budgetary expenditures, and budgetary surplus/deficit. The fiscal plan is normally a multi-year plan which would outline strategies for the broad fiscal targets (overall deficit reduction, and overall bottom lines) for all years in the multi-year plan. *The fiscal plan is the articulation of the government's fiscal strategy and overriding document for all strategic planning and budgetary decisions.*

Fiscal Planning can be described as a forward-looking appraisal of the financial aspects of a Government. It leads to formulating decisions about what amount can be raised through existing and new revenue streams, what amount should be spent on capital, what amount should be spent on recurrent expenditures, and what amount should be borrowed. It provides an aggregate plan for the economy on all matters including expenditure targets, revenue targets and debt servicing targets. Fiscal targets are established as financial parameters or spending limits for Government operations in advance of any detailed MDR planning.

The Fiscal Plan usually is a "rolling plan" covering the next five years. In the normal cycle of events, the Budget & Financial Management Committee of Cabinet will approve resource levels for significant Government sectors when it approves the Fiscal Plan each year.

The Fiscal Plan for the next year is approved after a series of meetings during which the Cabinet Committee considers the most recent updates of economic and fiscal outlooks submitted by the Planning Secretariat and the MOF. The latter will indicate the status of revenues and expenditures and identify immediate and medium term impacts of Government operations on the Fiscal Plan. Other Cabinet Ministers are frequently called upon for specific input to matters arising from their areas of interest.

The multi-year Fiscal Plan establishes, with the input of forecasted revenues and expenditures, total resource levels categorised along the major areas of government operations. Resource requirements will be based on estimates provided by the Agencies charged with the responsibility to continue on-going approved programmes, and includes reserves or contingencies to allow for increases in coming years.

The multi-year fiscal plan establishes, in light of forecasted revenues and expenditures, total resource levels categorised along the major economic functional areas of government operations.

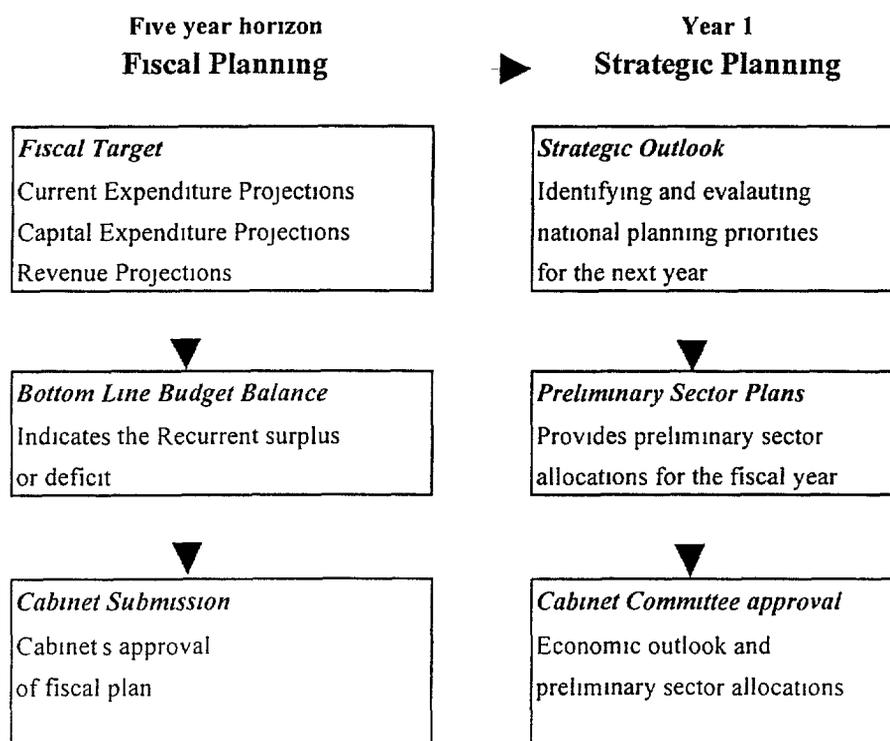
Part II - PLANNING

The Planning phase of the budget cycle begins in Year 1 from January to April. The corporate strategic and Agency operational level planning must commence at least 12 months in advance of the tabling of the Estimates. This is to ensure that sufficient lead time is allowed for adequate input from programme managers as well as from the other central Agencies, and to ensure that there is an equitable reconciliation process between legitimate programme needs and the Government's fiscal targets.

The determination of the Government's financial limits at the outset of the planning process forces an early estimation of the financial implications of any proposed policies, measures and initiatives for the next year, and it focuses the subsequent operational planning.

However in a full implementation of programme budgeting, the planning phase is really a two phase process. The first phase is called fiscal planning and covers a five year plan⁵ which is reviewed on an annual basis. The second phase is the strategic planning and has a one year focus. The diagram below shows the relationship between the two phases.

Planning phases



⁵ Multi-year fiscal planning does not currently exist but it is being proposed in 1998

imposed and/or discretionary effects. The automatic effect represents the revenue that comes about simply because of the growth in the tax base for example an increase in import duties as a result of higher imports. Imposed effects result from statutory changes in the tax system. Discretionary growth in revenue usually results from temporary or elementary changes in the tax system (i.e. surtaxes), a revision in existing rates, a change in the application of a specific type of tax, or the introduction of a new tax within existing law.

The response or repercussion of tax legislation and its application to developments in the economy can be summarised by a concept referred to as “buoyancy”. Buoyancy is the ratio of the percentage change in actual tax collections over the data period to the percentage change in Gross Domestic Product (GDP),

- the current year’s projection as the Revised Base

Recurrent Expenditure Projections

Timeline Year 1 - March

Role of MOF

- 1 Request from Agencies a projection for year-end expenditures
- 2 Conduct a trend analysis on the last 3 years’ actuals and current year’s projections compared with Estimates on Recurrent Expenditure to determine for each programme
 - absorption capacity in terms of utilisation of resources,
 - reasons for significant fluctuations in year-by-year amounts,
 - reasons for significant fluctuations in major components of Expenditure - Debt Servicing Costs, Salaries, Wages, Pensions, Grants and Contributions (Non-discretionary costs), etc
- 3 Compute the average year-by-year increase for Recurrent Expenditure
- 4 Use the above analysis to compute the projection for Recurrent Expenditure (ensure that conservatism in growth is reflected in the calculation)
- 5 Compare this amount with the GDP to ensure the ratio falls within that obtained under Economic Indicators under 2.1.1 Setting Fiscal Targets

2 1 1 Setting Fiscal Targets

Timeline Year 1 - March

Role of MOF

This section will be expanded as a result of additional strategic planning experience during the preparation of the 1999 Estimates

The Macro-Economic Policy Unit of the Ministry of Finance will utilise economic indicators and economic models to project the economic conditions for the next year. The Office of the Budget will also refer to Donor Medium-to-Long-Term Strategy Reports and the Central Bank's projections

The following indicators will be considered by Cabinet

- Growth Rate for the Gross Domestic Product (GDP), and Inflation
- Ratios for
 - ⇒ Recurrent Expenditure to GDP,
 - ⇒ Capital Expenditure to GDP,
 - ⇒ Total Expenditures to GDP,
 - ⇒ Total Debts to GDP, and
 - ⇒ Debt Servicing to total Recurrent Expenditure
- Previous year information and data should indicate trends. If any trend presents a material deviation from desired norms, the data and trend analysis should be extended up to five years to assist rationalisation of the current trend

Cabinet must decide if a deficit or a surplus is warranted, and the relative size. The following information can be used to determine the Government's "Bottom Line" and the macro revenue and expenditures targets for the next year

Revenue Projections

Timeline Year 1 - March

Role of MOF

1. Conduct a trend analysis of the last 3 years' actuals and current year's projections to compare with the Estimates (for existing Revenue Measures) to determine
 - comparability of experience of previous years
 - percentage of year-by-year increase
 - average of the 4 year increase
 - factors which contributed to the explanation of reason for year-by-year or average increase. An increase in revenue over a particular period can reflect automatic

2 1 2 Computation of the "Bottom Line"

- 1 Projected Revenue - Projected Recurrent Expenditure = Recurrent Surplus or Deficit
- 2 Projected Revenue - (Projected Recurrent Expenditure + Capital Expenditure Government's Contribution only) = "Bottom Line", that is, Budget Balance, Recurrent Surplus or Deficit

Fiscal targets are established as financial parameters or spending limits for Government operations on capital and current expenditure projections and revenue forecasts in advance of any detailed MDR planning

2.2 Strategic Planning

2 2 1 Budget and Financial Management Cabinet Committee (FMC)⁶

The Budget & Financial Management Committee is a Cabinet Committee comprised of senior ministers whose primary role is to set national planning objectives consistent with the Government's fiscal strategy. The Committee will establish an institutionalised mechanism for discussions on fiscal and budgetary matters at Cabinet level. An ad-hoc cabinet committee currently performs this function. It is proposed that the roles and the responsibilities for the Budget and Financial Management Committee be formalised during 1998.

The Cabinet Committee on Budget and Financial Management may have its mandate defined as

| | |
|----------------------|---|
| Budget | All matters relating to annual and multi-year budget issues including revenues |
| Financial Management | All matters relating to Financial Management, Personnel Management, Administrative Policy, and Alternative Service Delivery |

Proposals are being developed to have the Budget and Financial Management Committee of Cabinet be established by legislation i.e. the Financial Administration and Audit Act of Guyana.

⁶ An ad-hoc committee performing this function exists, in 1998 this committee will be formalised along the roles and responsibilities outlined in the manual

Capital Expenditure Projections

Timeline Year 1 - March

Role of SPS

- 1 For each Agency, identify the projects with carry-over financial implications in the next fiscal year. Such projects, referred to as On-Going Projects, should be summarised on a schedule including but not limited to information such as start date, proposed date of completion, percentage of completion, original cost, current cost to complete, and current estimates total costs.
- 2 Determine the portion of the total cost of the project to be spent during the next fiscal year. Allocate each project's cost to revenue, loans and development aid forecasts and identify any unfunded portions.
- 3 Identify the total number of projects, which the Agency plans to undertake during the next fiscal year. This information can be obtained from the Strategic Outlook.
- 4 For each Agency, determine the required capital outlay for on-going and new projects.
- 5 Allocate the upcoming fiscal year's costs supported by allocations from revenue, loans and development aid budgets.
- 6 For each Agency compute the total cost of on-going and new projects for the next fiscal year. This is the Preliminary Allocation for Capital Expenditure and is included in the Estimates Circular.
- 7 The allocation will determine the total required from Recurrent Revenue as the Government's contribution towards Capital Projects.
- 8 The allocation will determine the total amount of recurrent expenditures related to a capital project.
- 9 Compare this amount with the GDP to ensure the ratio falls within that obtained under Section 2.1.1 Setting Fiscal Targets.

2 2 2 Strategic Outlook

Timeline Year 1 - January-March 31

Role of Macro level planning at MOF

The strategic planning phase of the budget cycle (Jan-March) will be undertaken by the Ministry of Finance through the Office of the Budget and the State Planning Secretariat and involves identifying, evaluating and prioritising the national planning priorities for the next several years, but with particular emphasis on the next year. This phase determines the strategic corporate plans and the macro pro-forma financial statements for the total government for the next year.

The activities in the strategic planning phase are identified below, *activities (4) and (5) would occur under a mature programme budgeting system*

- 1 Use of the macro-economic models to develop budget plans
- 2 Identification of strategic directions
- 3 Setting fiscal targets
- 4 Assessing inputs from Line Agencies regarding the outlook for the continuation of current year's activities and information about planned new initiatives for the upcoming year
- 5 Identification of potential new recurrent expenditure initiatives, new revenue measures and new capital projects

This strategic planning phase results in the Office of the Budget recommending preliminary recurrent, capital and revenue targets to the Budget & Financial Management Committee of Cabinet for the significant sectors of the economy.

Preliminary fiscal targets are helpful in constraining unrealistic demands and focusing sector planning efforts, if the resulting decisions are communicated to the interested Agencies and the Programme Managers.

The strategic planning phase sets the pace and tone for Government-wide support and partnership in the development of the budget.

The phase requires collaborative input from the Public Service Management, the State Planning Secretariat, the Office of the Budget, the Macro-Economic Policy Unit, the Bank of Guyana, all line Agencies and the Budget & Financial Management sub-committee of Cabinet in order to achieve harmonious targets and objectives.

The responsibility for co-ordinating and completing this phase of the budget cycle rests with the Office of the Budget.

7 An ad-hoc strategic outlook process exists but this process will be formalised in 1998

The Act would create a Committee to be chaired by the Minister of Finance and be served by such members of Cabinet as appointed by the President

The terms of reference of this Committee would include the following

- financial management including budget estimates expenditures account fees revenues etc
- establishment of the government's multi-year expenditure plan and annual current and capital spending targets,
- review and approval of departmental multi-year strategic plans and budgets to ensure they are consistent with government's policy and expenditure targets,
- periodic review of ongoing programmes to determine opportunities for reductions and reallocation to higher priorities, service and productivity improvements, requirements for remedial actions and (if warranted) new resources to maintain critical service requirements,
- administrative Policy in the Public Service,
- determination of the Human Resource Requirements of the Public Service,
- personnel management, including training, development of personnel, pay regulation hours of work etc

The committee will review and approve the following at various times during the cycle

- the national planning priorities each year,
- the macro fiscal plan for the country - including revenue, existing recurrent expenditure, new recurrent, capital expenditure and borrowing/surplus levels each year,
- the annual macro Sector Plans,
- preliminary Agency base recurrent expenditures, revenue and capital allocations
- selection of New Recurrent Initiatives,
- selection of Capital Projects,
- final Estimates package

Cabinet Committees are set up to establish an institutionalised mechanism for budget and financial management discussions at Cabinet level

classifications Defence and Security Education, Health, Economic Services, Other Government Services, and Debt Servicing - but these can be readily changed The following chart reflects the possible alignment of Agencies to a sector

GoG AGENCIES BY ECONOMIC CLASSIFICATION

| GoG SECTORS | NUMBER | AGENCY |
|---------------------------|------------------|--|
| DEFENCE AND SECURITY | 01-02 | Guyana Defense Force |
| | 01-03 | Guyana National Service |
| EDUCATION | 07-01 | Ministry of Home Affairs |
| | 10-01 | Ministry of Education |
| | | Ministry of Youth, Culture and Sports |
| HEALTH | 09-01 | Ministry of Health and Labour |
| ECONOMIC SERVICES | 08-01 | Ministry of Agriculture |
| | 12-01 | Ministry of Finance |
| | 14-01 | Ministry of Trade Tourism and Industry |
| | 14-01 | Ministry of Public Works, Transport and Hydraulics |
| OTHER GOVERNMENT SERVICES | | Ministry of Housing and Water |
| | 01-01 | Office of the President |
| | 01-04 | Ministry of Information |
| | 02-01 | Office of the Prime Minister |
| | 03-01 | Parliament Office |
| | 04-01 | Office of the Auditor General |
| | 04-02 | Office of the Ombudsman |
| | 04-03 | Public and Police Service Commission |
| | 04-04 | Teaching Service Commission |
| | 04-05 | Public Prosecutions |
| | 04-06 | Public Service Appellate Tribunal |
| | 04-07 | Elections Commission |
| | 06-01 | Ministry of Foreign Affairs |
| | 05-01 | Ministry of Legal Affairs |
| | 05-02 | Supreme Court of Judicature and Magistrates |
| | 11-01 | Ministry of Human Services and Social Security |
| 15-01 | Local Government | |
| DEBT SERVICING | 16-01 | Public Debt |

Note Sector categories and Agencies are subject to change Regions have been omitted since they span so many sectors

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The products or milestones during the strategic planning phase include the following

- 1 The Office of the Budget (OB) in collaboration with the stakeholders identified above develops the economic outlook for the upcoming fiscal year. This may result in a formal economic forecast, or it may lead directly to sector planning recommendations which include Revenue, Recurrent Expenditure and Capital Expenditure targets
- 2 Budget & Financial Management Committee reviews fiscal and economic projections for next year and approves total Government revenue, recurrent and capital expenditure targets - separating base recurrent expenditure totals from any allocation for new initiatives

The following steps in the planning phase demonstrate the kind of activities that should take place when programme budgeting matures over the next year

- 1 Agencies develop initial proposals for New Initiatives including performance result assurances, which are reviewed and prioritised by the Office of the Budget
- 2 Budget & Financial Management Committee makes preliminary the selection of proposed new initiatives and the sponsoring MDRs are directed by the Office of the Budget to conduct further research and incorporate same into final submission. The Office of the Budget also informs the MDRs to cease any planning on initiatives deferred to some later year
- 3 Preliminary allocations and strategic plans are developed in collaboration with interested line Agencies by the Office of the Budget for the major sectors of the economy (See Section 2.6)
- 4 The Budget & Financial Management Committee of Cabinet (FMC) reviews the sectoral plans prepared by the Ministry of Finance, and finalises the preliminary sector allocations

The Strategic Plan involves identifying, evaluating and prioritising the national planning priorities for the next several years, but with particular emphasis on the next year

2.3 Developing Preliminary Sectoral Plans

Timeline Year 1 - March end

Role of MOF

The preliminary sector allocations indicate the total projected amount of funds that will be available to each sector for the next fiscal year. Developed as part of the Strategic Outlook, the preliminary allocation provides a basis for advising Agencies of anticipated budget limitations and serves as a basis for negotiation and discussion. The GoG recognises the standard IMF

2.4 Potential Budget Cycle Enhancements

The following processes, not currently implemented, will be considered for subsequent annual business planning exercises

New Initiatives

Timeframe Year 1 - February

Role of MOF/ Agencies

The identification of potential new recurrent and capital initiatives and any spending reallocations required to finance those initiatives will generally occur during the Strategic Planning phase. Agencies are expected to identify any new initiative proposals to the Ministry of Finance based upon the Government's stated national objectives.

New Initiatives, it should be noted, can include both "new" initiatives and increases in current programmes. The first responsibility for resource requirements of new initiatives should come within the Agency.

The responsibility for New Initiatives proposals within each Agency rests with the Agency Budget Committee (ABC). The ABC should look to the Expenditure Planning and Management Unit (EPMU) within the Agency to research options and to draft internal proposals for new revenue, recurrent and capital, under the Committee's direction.

Once the ABC endorses a potential new initiative, a brief outline of the proposal including a summary of the resource implications and the expected benefits should be sent to the Office of the Budget. The Office of the Budget and the Agency will then collaborate on a submission to the Budget & Financial Management Committee. The detailed planning for a new initiative should occur later during the Agency planning phase after the initiative has received preliminary approval from the Budget & Financial Management Committee of Cabinet.

The steps to develop new initiatives are detailed below.

Centre Steps February

- 1 The Office of the Budget should disclose by the end of February general funding information for the next year for new initiatives by sector and the basis on which proposals will be ranked.

Agency Steps February - March

- 1 Agencies should seek direction from Government's development strategy, the latest economic outlook statement and the sector plans as prepared by the Ministry of Finance and amended and approved by the FMC for their new initiatives, plus any related policy papers issued by the Planning Secretariat and the Macro-Economic Policy Unit.

- 2 Agencies should solicit input from other MDRs in the same sector.

REMINDER

- Fiscal Planning establishes priorities with respect to budgetary revenues expenditures and surplus/deficit
- The fiscal plan is the driving force for all strategic planning and budgetary decisions
- The “Bottom Line” is the budget balance/deficit or surplus that GoG would like to achieve after fiscal revenue and expenditure projections
- The Strategic Outlook determines the strategic plans for the total government for the coming fiscal year
- The Strategic Planning phase involves the development of strategic directions and budget plans
- Preliminary Sector Plans indicate the total projected amount of funds that will be available to each sector for the next fiscal year
- *New Initiatives proposals are usually brought forth during this phase in order to be approved by the FMC*

Guyana
Estimates (Year)
Strategic Outlook
Request for New Initiatives - Recurrent Expenditures

In the event that a change to the Preliminary Allocation is required, the following format could be used to develop the request for New Initiatives

Activity

Issue Note

Describe the issue increase in workload, one time costs only, programme expansion or growth, operation costs requirements for the Capital Projects

Background

- Description of service/request
- History of Issue
- Has policy been approved?
- Current year funding allocation

Substantiation/Economic Benefits

- Full description and justification of request
- Implementation plans, if applicable (how and when)
- Number of jobs created, impact on productivity, linkage to other productive areas of the economy such as those of the services or goods sectors

Expected Results

What quantifiable result do we expect to achieve?

Impact

- Legislative implications (change to existing or requires new legislation)
- Impact on the target group

Financial Implications

- Financial Implications
- Allocate the increase to the appropriate chart of account

| Activity | PE \$/# | Wages \$/ | Chart of | Detail | Amount |
|-------------|----------|------------|----------|--------|--------|
| Information | of staff | # of staff | Account | | |

Total Operating Costs

Number of staff personal emoluments wages other charges and commencement date for costs

- 3 Programme Managers should identify the objectives expected to be derived from the proposed measure
- 4 Programme Managers should identify the resource requirements, the revenue opportunities for the initial fiscal year and at least two additional years Ensure that the sponsoring activity has the management capacity to achieve the above objectives
- 5 Programme Managers should quantify the economic and client benefits to be derived from the New Initiatives Determine how the actual benefits will be measured if the measure is approved/ funded
- 6 The Office of the Budget should determine if this initiative can be managed within existing resources, perhaps by reallocation
- 7 The Office of the Budget should confirm the development time to ensure that adequate provision is made for start-up and operating costs - including all related personal emolument charges
- 8 The Agency Budget Committee should identify in its submission to the Office of the Budget the approximate incremental resources to be used, under the following headings
 - Staff (Number / classification)
 - Salaries/Wages (Monthly salary with benefits and allowances)
 - Equipment (Types)
 - Services (internal and external to Government)
 - Duration of Initiative (Dependencies/other contributors)
- 9 The Agency Budget Committee should outline a corrective action plan if the deliverables fail to materialise
- 10 Upon receipt of a promising proposal for a new initiative, the Office of the Budget will work with each Agency to develop a formal submission to the Budget & Financial Management Committee The authorship/responsibility for the FMC submission rests with the Agency *Note the submission at this stage should not require detailed costing*
- 11 The Office of the Budget will consolidate all of the new initiative proposals received by sector, assess each against the predetermined evaluation criteria and propose a ranking for the Budget & Financial Management Committee

- Remove from the year-end projections any amounts funded as one-time expenditures to arrive at the Revised Base for each Agency

Non-Discretionary Costs Increases

- Salaries Wages, Pensions, Debt Servicing Costs, Regional and External Contributions, Insurance, Social Security Contributions, and Rents are some of the Non-Discretionary Costs
- For each Non-Discretionary cost, determine the level of increase required for the up-coming year In some instances, this may be determined by statute and/or collective bargaining agreements

Residual Amount

The formula for calculating the residual amount available for new initiatives appeared on the previous page

The Residual Amount, if any, may be allocated to Sectors, or to Agencies or to specific Programmes

Budget & Financial Management Committee Submission

Timeline Year 1 - April

Role of MOF/FMC

The Budget & Financial Management Strategic Planning document is prepared by the Office of the Budget in collaboration with the Macro-Economic Planning Unit and the State Planning Secretariat to seek approval of the following documents (1) macro-economic outlook, (2) the proposed fiscal plan and the (3) proposed new initiatives recommended for further study that have been developed as part of the Strategic Planning stage by the Agencies The Budget & Financial Management Committee should attempt to approve the above before the end of April

The following items should be included in the Cabinet Submission

- 1 An overview of the proposed strategic sector plans for the next several years
- 2 Description of the significant Revenue, Capital Expenditure and Recurrent Expenditure initiatives that support the proposed fiscal plan
- 3 A brief explanation of the methodology used to develop each of the components of the fiscal plan

Additional Analysis for Revenue Target Setting

Timeline Year 1 - February

Role of MOF/OB

- 1 Examine existing Revenue measures and determine the potential for increased revenues. The information gathered from Agencies in their Request for New Initiatives should indicate new or additional revenue sources
- 2 Examine current revenue measures with growth potential and prepare schedules estimating the increased revenue potential
- 3 Compute the "Projection for Revenue Target" (PRT) using the four-year average percentage increase. This should be fine-tuned by the information gathered in the above analyses and limited by an appropriate level of conservation defined in consultation with the Agencies

$$\text{Revised Base} \times \text{PRT Adjustment} = \text{Revenue Target}$$

- 4 Compare this amount with the GDP to ensure that this ratio is consistent with the projection as formulated by other donors as noted in 2.3.2 (i)
- 5 Compute the percentage of increase over the Base Estimates

Sectoral Recurrent Expenditures for Sector plans

Timeline Year 1 - March end

Role of MOF

The section discusses how the residual amount available for new initiatives is derived from the total recurrent expenditure target for the sector derived from the fiscal plan after considering base programme requirements, non-discretionary cost increases and the requirements for a contingent reserve. The formula to compute the Residual Amount is

- 1 Base Programme + Non-Discretionary
Cost Increases = Unavoidable Expenditures
- 2 Total Planned Recurrent Expenditure
- Unavoidable Expenditures = Residual Amount

The Base Year

The Base Year refers to the current year's level of activity. Base Year recurrent expenditures information is achieved by

- Obtaining from each Line Agency projections for total expenditure for the current year as at year end

Part III AGENCY PREPARATION

Timeline Year 1 - May to August

Role of Agencies

This section of the budget cycle addresses the activities that occur primarily within an Agency in support of the annual Estimates Circular from the Ministry of Finance. The significant Agency Preparation Phase spans the months of May to August in Year 1.

This phase requires the institutional setup of Agency Budget Committees within the Agency and involves the following activities:

- Agencies seek direction from the Office of the Budget and the Budget and Financial Management Committee about developing detailed costing for new initiatives
- Agencies reconfirm their programme structures in terms of identifying the appropriate programmes, sub-programmes and activities, and ensuring the objectives of each support the Government's national planning priorities (Note there are administrative burdens associated with the identification of unnecessary activities)
- As soon as the Budget and Financial Management Committee of Cabinet approves the preliminary Agency allocations, the Ministry of Finance issues the Estimates Circular letter and communicates the preliminary allocation numbers. The preliminary allocations should be released by the beginning of July.
- Upon receipt the Agencies allocate the Agency allocation to the respective programmes to commence detailed planning.
- Each activity manager within the Agency completes the Programme Budgeting worksheets. The sub-programme managers and the programme managers, in turn, refine the activity requirements in light of the Agency allocation and the sector plans.

- 4 Bar Charts graphs or tables showing the Fiscal Targets in a historical perspective and other indicators in relation to the Gross Domestic Product
- 5 Proposed preliminary allocations by sector
- 6 Comparative analysis of non-discretionary costs
- 7 Tentative new initiatives including description, benefits and financial implications

Once the Budget and Financial Management Committee approves the document, the plan is then used by the Ministry of Finance in Circular Preparation and Agency Preliminary Allocation setting. The details of circular development are discussed in the next chapter.

3.1 Agency Budget Committee

An Agency Budget Committee should operate in each Agency comprising of the Minister, Permanent Secretary, Deputy Permanent Secretary, Principal Assistant Secretary of Finance, at least two significant Programme Managers and a member of the Agency EPMU

The role of the committee is to pro-rate the MDRs preliminary allocation to the internal programmes consistent with the Government's sectoral plans, to assess completed activity budget requests, to review new initiatives, and to approve submissions before release to the Ministry of Finance (OB)

The Agency Budget Committee should serve as the final arbiter for internal MDR budget issues

The Agency Budget Committee will review and approve

- Programme structures
- New initiatives proposals
- Programme/ Sub-Programme / Activity Budgets

The Agency Budget Committee should

- Send representatives to all formal meetings with Ministry of Finance on Budget Estimates
- Co-ordinate final adjustments to Agency Estimates
- Conduct internal quarterly In-Year Reviews
- Send representation to all MOF Quarterly review meetings

3.2 Reconfirm Programme Structure

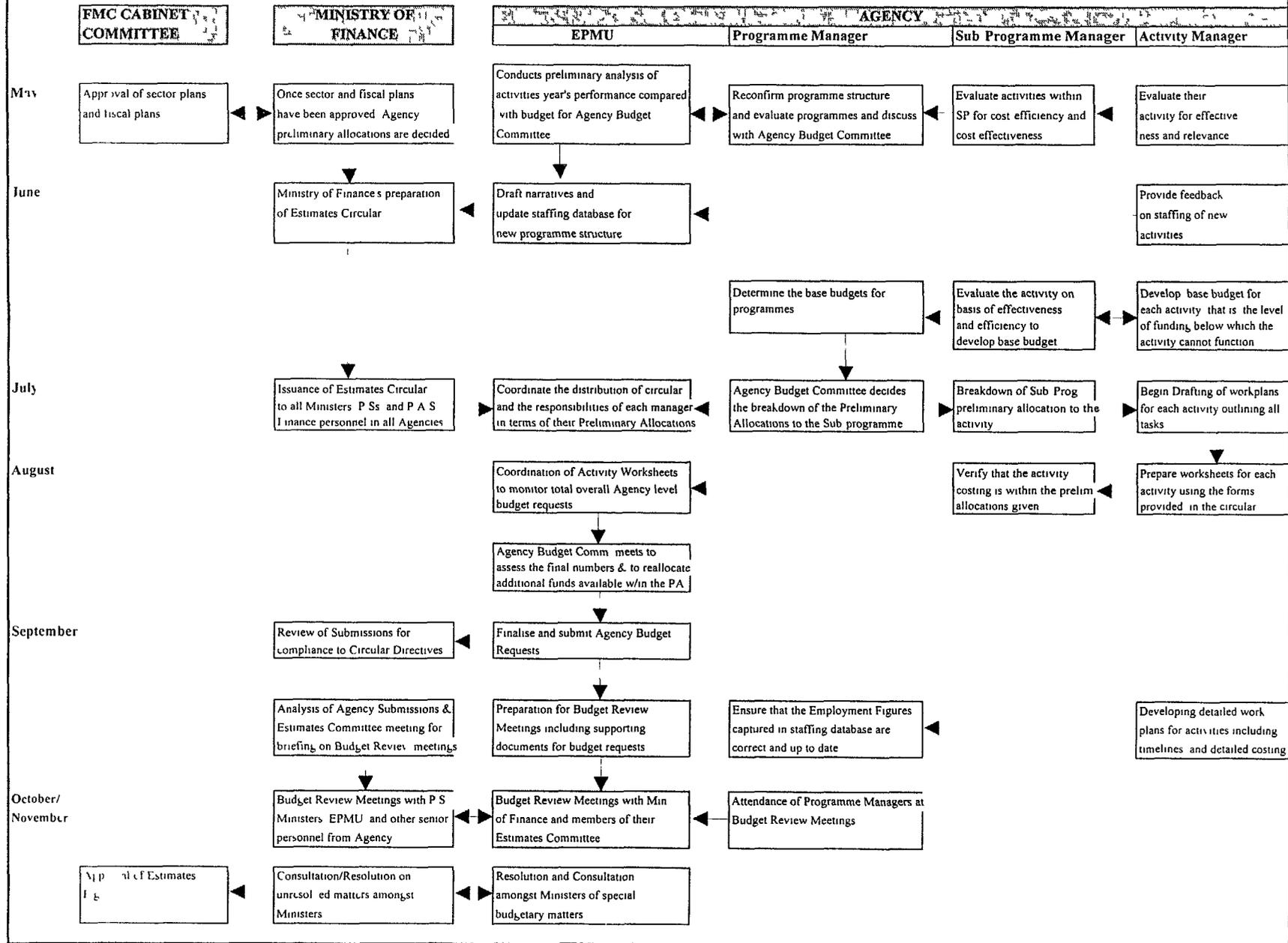
Timeline At the time of New Initiatives and budget preparation

Role of Agencies

An Agency's Programme structure may change from year to year as the priorities change. The reconfirmation of the Agency's Programme structure provides an opportunity for a fundamental examination and reappraisal of the *ROLE AND MISSION* of each Programme and the outputs from each activity. This activity can take place before the MOF issues the Estimates Circular.

The Agency Budget Committee should assess the needs that each Activity is expected to address against the most recent national strategies and the sector plans

AGENCY PREPARATION OF ESTIMATES MAY TO AUGUST OF YEAR 1



nb

- Alternatives - Are there more cost-effective and alternative programmes which might achieve the objectives and intended impacts and effects?
- Are there more cost-effective ways of delivering the existing programme?

3.3 Developing Preliminary Allocations

Timeline Year 1 - May/June

Role of MOF

Each year, the staff within the Office of the Budget commence the build up of the preliminary Agency allocations by analysing the current year to date and the recurrent spending patterns for the prior two years of actual expenditures by Programme, and by estimating an appropriate *revised base funding level* by Programme for the next year

Revised base funding refers to the funding below which a programme cannot achieve its objectives. The base funding level is arrived at after critical evaluation of the programme and its funding. A fully mature system of programme budgeting will eventually require the sharing of information between MDRs and MOF on the ongoing service delivery and its financial requirements as justified by performance measurement on an annual basis.

An Agencies' preliminary allocation may comprise up to three factors

$$\begin{aligned} \text{Preliminary Allocation} = & \text{Revised Base Funding Level} \\ & + \text{Non-Discretionary Costs Increases} \\ & + \text{New Approved Initiatives} \end{aligned}$$

For analysis purposes, the Office of the Budget separates the current year's recurrent expenditures between Personal Emoluments and "Other Charges" for each Agency. For those Agencies that received changes to the current year's base funding level, the portions attributed to Personal Emoluments and Other Charges should be noted.

The base funding amounts per programme are consolidated to the Agency level. The sum of the Agency preliminary allocations must be reconciled with the total amount available for recurrent spending in the next year fiscal plan. When the final amounts are established by Agency, the OB presents their recommendations to FMC for consideration, amendment and eventual approval.

The base recurrent allocations are then communicated to the respective ministers of the line Agencies. These base recurrent allocations are known as the preliminary Agency allocations.

Upon receipt of the Agency allocation, the Agency's ABC analyses the requirements of the Agency's programmes in a manner similar to the OB and reallocates the available funding to the Programme level.

- the requirement for each activity should be re-substantiated and the relevance of previous strategies targets, and priorities should be confirmed against current needs,
- assurance should be sought that the activity objectives are harmonised to the Government's agenda and sector plans,
- the objectives, functions and scope for each activity should be reconfirmed,
- a work plan should be documented for each activity in the coming year, ensuring the objectives are expressed in terms of the priorities assigned to each major Programme,
- key result statements should be defined for each programme, sub-programme and activity along with the criteria to measure the results,
- the Agency Budget Committee should endorse the proposed Programme/Activity format for the Agency before submitting the structure to the OB for FMC Cabinet approval

Programme Evaluation Issues

A necessary component of the process of reconfirming programme structures is a critical evaluation of the current programmes and their objectives. The following are some guidelines/questions that will help assess the programmes' effectiveness

- Continued Relevance of Programme - Does the programme continue to be consistent with departmental and government-wide priorities and to address, realistically, actual need?
- Programme Rationale - To what extent are the objectives and mandate of the programme still relevant?
- Are the activities and outputs of the programme consistent with its mandate and plausibly linked to the attainment of the objectives and the intended impacts and effects?
- Programme Success - In what manner and to what extent is the programme meeting its objectives, within budget and without significant unwanted outcomes?
- Impacts and Effects - What impacts and effects, both intended and unintended, resulted from carrying out the programme?
- In what manner and to what extent does the programme complement duplicate, overlap or work at cross-purposes with other programmes?
- Programme Cost-Effectiveness - to what extent is the current programme the most appropriate efficient means for achieving the objectives relative to alternative design and delivery approaches?

include projects/tasks outputs volumes, unit cost for outputs and results. It must remain consistent with the objectives of the Programme. When completed, the work plan provides the basis for assessing operational accomplishment during the year in relation to the costs of resources provided.

The work plan is required to indicate the criteria by which progress will be evaluated. The criteria should be measurable outputs that can be directly related to staffing and other cost components. The worksheets for each activity are consolidated to arrive at the total worksheet for the Programme.

3.6 Preparation of Draft Estimates

Timeline Year 1 - July to September

Role of MOF

Before the Budget can be presented to Parliament the Office of the Budget is involved in an extensive consultation process that commences with the issue of a circular or call to all of the Agencies of government to prepare draft estimates. These draft estimates must provide for revenues and expenditures for the activities and costs that each Agency manages and over which they exercise control.

The Budget Circular is issued annually by the Secretary to the Treasury, Ministry of Finance to all Permanent Secretaries, Heads of Departments, Regional Executive Officers and heads of any other government Agency that reports revenue, or has recourse to financial support from the Consolidated Fund of the GoG. The Circular, is usually issued by June 1st, and requests estimates of current expenditure, current revenue and capital expenditure.

Each Agency is required to deliver to the Office of the Budget, two copies of its draft estimates by a date specified in the Circular. The package is called the "Current Budget and Revenue Budget submission". At the same time, two copies of Capital Expenditure submissions are to be hand delivered to the Chief Planning Officer, State Planning Secretariat. Failure to file their submission by the specified due date places an Agency at risk in that the MOF may not be able to meet with the Agency to discuss its draft submission due to time constraints and other factors.

Upon receipt, the draft Estimates are compared by the Office of the Budget (OB), against the government's intended allocation for the Agency and reviewed in terms of consistency with GoG policies, plans, strategic objectives and over-funding requests.

When the analysis of the Agency's draft Estimates is complete, the OB is ready to discuss the impact of the estimates with each Agency.

Budget Review Meetings are held with each Agency by the Ministry of Finance. The process provides a thorough review and assessment by the Central Estimates Committee from the Office of the Budget and representatives of the Agency Budget Committee on the budget submissions.

Upon receipt of the internal Agency Programme allocation each Programme manager must analyse the requirements of his/her sub-programmes in conjunction with the Sub-programme managers and reallocate the available funding at the sub-programme level

Upon receipt of the internal Agency Sub-Programme allocations each sub-programme manager must analyse the requirements of his/her activities in discussion with activity managers and reallocate the available funding at the activity level

Upon receipt of the internal Agency activity allocations, each activity manager must analyse the requirements of his/her activity and distribute the available funding to the appropriate chart of accounts within the activity

The development of Preliminary Allocations occurs after the Budget and Financial Management Committee's approval of the sector allocations and provides a benchmark funding level by Programme in the Estimates Circular

3.4 Activity Management

Timeline Year 1 - July

Role of Agency

The preparation of the Agency Estimates Submission requires each Activity within a Programme to develop its own worksheet, which is eventually aggregated to the Programme Level. It is essential that the Activities are accurately costed to ensure that there are sufficient resources available within the Agency's allocation next year to carry out the assigned tasks.

Each activity budget should be developed by the activity manager within the scope of the preliminary allocation determined by the sub-programme manager, and drawn up in accordance with the instructions in the Estimates Circular. Any request for funds in excess of the preliminary allocation should be argued separately. Numbers and classifications of people, the amounts for equipment, materials, supplies and other resources required to achieve the objectives of the Activity should be clearly specified.

The Sub-programme manager must ensure that the activity work plans are attainable and the cost estimates by Chart of Accounts are realistic.

3.5 Work Plans

Timeline Year 1 - August

Role of Agency

A Work Plan is required for each Activity. A work plan is a specific statement of the annual work load outlining all tasks to be undertaken in the operating year. Elements of the work plan

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3 7 1 Guidelines For Managers

The permanent secretaries should pass on the following general guidelines to programme, sub-programme and activity managers when they are charged with the preparation of a budget submission

- 1 Managers assigned responsibility for financial resources should be involved in all aspects of the preparation of their budgets to ensure their commitment to them
- 2 Programme Managers should work with their sub-programme and activity managers to standardise the accurate and efficient preparation of budgets
- 3 Budget worksheets should be reviewed in detail by the next level of management to ensure that they reflect programme and sub-programme work plans, that proposals are realistic and justified and that the method of computing costs are reasonable
- 4 Managers must monitor up to three budgets at all times (execution of current budget, input for next budget and planning for the subsequent budget) The chart at the end of this section indicates the simultaneous activities

Programme Structure

The Estimates Circular requests Line Agencies to provide the following

- A Mission Statement for the Agency as a whole This statement provides the fundamental purpose of the Agency It should identify the purpose, service recipients, the objectives the Agency is working towards achieving
- Information indicating the relevance of any change to the Programme/Activity Format in the context of the Agency's purpose and mission

The information listed below is required for each Programme Narrative

- *Programme s Objectives* - the fundamental purpose of the Programme
- *Sub-programme s Objectives* - sub-programmes that follow from a given programme and its objectives
- *Activities* Activities that would allow the Programme and Sub-Programme to achieve their objectives This would be the lowest level of cost centre
- *Key Responsibilities* - the key operational functions undertaken to achieve the Programme's Objectives
- *Scope* - the Programme magnitude or workload
- *Key results* expected to be achieved during the upcoming fiscal year

(See Section 4 3)

Policy guidelines in the Circular will vary from year to year depending on the particular thrust of the government's plans. The 1998 Circular contained documents and forms, similar to those listed on page 45

3.7 Estimates Circular

Timeline Year 1 - June-July

Role of MOF

The Estimates Circular refers to the document sent out by the MOF in July of each year to the Permanent Secretary, Heads of Agencies, Departments, REOs and the Accounting Officer of each Agency. It informs the Agencies of their Preliminary Allocation and requests the Agency to develop their annual Estimates within the specified allocations for Recurrent Expenditures, Revenue and Capital Expenditures. The preparation of the Estimates Circular and the Agency preliminary allocations usually precedes the approval of the FMC of the fiscal plan and sector allocations etc (explained in detail in the previous chapter)

The preliminary allocation method requires Agencies to employ management strategies to realise their financial targets - such as Personal Emoluments, Other Charges etc. This part of the Budgetary Process should be reviewed each year for relevancy and possible improvements.

The following material is meant to be a guide in preparing the Agency's response to the annual Estimates Circular (Note: For a listing of the relevant forms see the end of this section)

The Government's Chart of Accounts should be reviewed annually to determine its ability to capture and report useful Programme/ Sub-Programme and Activity information. The existing chart of accounts under line item budgeting will be continued into 1998 (Note: The Chart of Accounts will be reviewed in 1998 with a view to consolidating a number of sub-heads into more meaningful categories for Estimates purposes, without losing access to the detailed accounts for Public Accounts reporting purposes). Once revised, standard definitions will be developed for both current and capital accounts.

In general, the circular should provide the following information/ instructions

- Macro-economic assumptions
- Guide to working within allocations
 - Recurrent expenditure
 - Capital expenditure
 - Recurrent Revenue
- Preparation guidelines for all forms
- Schedule of events/ due dates

Recurrent Revenue

The following information is requested by MOF for recurrent revenues

- Review of all revenue streams in terms of the past year's performance and an overview of the next year stating reasons for variances from targets and additional resources required to boost revenue collections
- Assumptions on which the next year's Revenue estimates are based
- Recommendations related to inefficient revenue streams that should be abolished or increased Provide background (i.e. when last changed and what is the current level) relating to the fee/ levy/ licence proposed

Schedule of Events, Due dates and Reports

- Ministry of Finance identifies the deadlines for the receipt of the information to be submitted to the Ministry of Finance by each Agency, usually by the end of August
- These deadlines allow the Ministry of Finance sufficient lead time to analyse the information and format it for the Estimates Committee Meetings

Estimates Forms

The following is a list of forms used by the Ministry of Finance as part of the Estimates Circular for the 1998 Draft Estimates. A description and summary of each form is detailed in the following matrix. Agencies are requested to complete their Estimates using the following forms to provide supporting information.

The amounts required for Other Charges for the upcoming year's Estimates should be calculated using the worksheets provided. Other Charges are to be calculated for the Agency as a whole and then for each Programme and its Activity (if any exists)

Recurrent Expenditure

The following information will be provided or requested by MOF, Office of the Budget, with the annual Estimates Circular

- preliminary allocation for each Agency
- list of the staff included on the OB database for Personal Emolument cost purposes. The Agency should amend any incorrect information and return to the Ministry of Finance
- if there are any new posts or appointments missing from the Personal Emoluments list, copies of appointment forms should be submitted
- indicate on the Personnel Emolument list the Activity where each new staff member is assigned or old staff member is reassigned

Issue Notes⁸

- any request for an increase over the Agency's Preliminary Allocation must be accompanied by Explanatory Notes
- The issue notes are to indicate the total increase being requested, where the additional funds will be used, why the funds cannot be found internally, and what the implications will be for non-funding

Capital Expenditure

Based on previous circulars, at a minimum, the State Planning Secretariat should provide/request the following information

- total amount allotted to the Agency for capital expenditure in the preliminary allocation for on-going and new projects
- Agency to submit information on the capital requirements for proposed new projects. Each project must be accompanied by a project profile which includes purpose description, and cost
- Agency to submit information on the recurrent costs related to any proposed capital projects

⁸ Issue notes exist in the 1998 Estimates process but will be replaced by New Initiatives in the 1999 Estimates process

| | |
|----------|--|
| BUDCAP-C | Detailed explanation of proposed project |
| BUDCAP-D | Information of foreign funded projects |

Note Circular forms have not been included in this manual but are available at Office of the Budget in the Ministry of Finance

REMINDER

- 1 Agencies should set up an Agency Budget Committee as early as possible for both budget preparation and monthly expenditure monitoring purposes
- 2 Agencies must reconfirm their programme structure annually to ensure that all programmes, sub-programmes and activities continue to address the priorities of the Agency
- 3 Each programme should be evaluated with respect to its relevance in the government's priorities, and its cost effectiveness
- 4 Preliminary Allocations should comprise the base funding level non-discretionary cost increases and any allowance for new approved initiatives
- 5 Agencies should breakdown the preliminary allocation to the activity level before any detailed planning starts
- 6 Activity managers should be responsible for the preparation of their own worksheets
- 7 Detailed workplans should be prepared for each activity outlining all the tasks to be undertaken in the operating year and the expected accomplishments
- 8 Programme and sub-Programme Managers should ensure that the consolidation of Activity level budget requests is done accurately within the approved allocations and that all additional funding being requested is properly documented and requested in the form of New Initiatives proposals
- 9 ABC and EPMU should ensure that all forms are completed, all instructions are complied with and all deadlines are adhered to in accordance with the MOF circular

| Name of Form | Description |
|---|---|
| Documents to be submitted | A check list of all documents to be submitted |
| Transmittal Statement (general) | Certification of submitted budget and number of pages submitted |
| Transmittal Statement (Region Specific) | Certification by Regions that their sector budgets have been discussed with related subject Agency |
| Preliminary Allocation | Line Agency s Preliminary Allocation for Recurrent Expenditure Capital Expenditure and Recurrent Revenue Recurrent Expenditure is broken down into Personal Emoluments and Other Charges Capital Expenditure is broken down into On-Going and New Projects |
| Schedule of Events/Reports | Due dates for the submission of information by the Line Agencies to the Ministry of Finance (MoF) |
| Programs & Activities | Completed by the MoF and the Line Agency The MoF identifies each Programme number and name, and the Activity # and name for each Programme (where Activities exist) The partly completed form is then sent to the Line Agency where the Budgeted Estimates for the upcoming year the current year and the previous year are completed A separate form is to be completed for each Programme This form is used for Recurrent Expenditure and Recurrent Revenue |
| BUDREV1 Details of Current Revenue 3 Year Summary | Estimated current revenues and arrears |
| BUDREV2 Details of 1997 Current Revenue | Revenue collections for Jan-July and monthly projections |
| BUDREV3 Details of Current Revenue Assumptions | Explanation for variations in 1997 Revised Estimates and 1998 Estimates |
| BUDEXP1 Activity Budget Worksheet | Lowest level of costing |
| BUDEXP1(b) Details of Current Expenditure of Organisations/Institutions | Comparison of Estimates with Revised Estimates Budget and Actual |
| BUDEXP2 Sub Programme Budget Worksheet | Preparation of Sub Programme estimates at the Chart of Account level |
| BUDEXP3 Programme Budget Worksheet | Preparation of Programme Estimates at the Chart of Accounts level |
| BUDEXP4 Agency Budget Worksheet | Preparation of Agency s Estimates at the Chart of Account level |
| BUDEXP5 Issue Note | Provide information on new initiatives or expansions to existing programmes or an explanation for requests above preliminary allocation |
| BUDOC1 Details of Other Charges | Details of Chart of Account Code 301 |
| BUDOC2 Details of Other Charges | Details of Chart of Account Code 304 002 |
| BUDOC3 Details of Other Charges | Details of Chart of Account Code 305 |
| BUDOC4 Details of Other Charges | Details of Chart of Account Code 310 |
| BUDOC5 Details of Other Charges | Details of Chart of Account Code 311 |
| BUDOC6 Details of Other Charges | Details of Chart of Account Code 312 |
| BUDOC7(a) Details of Other Charges | Details of Chart of Account Code 314 - 004 in-year |
| BUDOC7(b) Details of Other Charges | Details of Chart of Account Code 314 004 projections |
| BUDEC1 Staff List | Personal Emolument Names of Staff |
| BUDCAP A | Economic and financial information of each project |
| BUDCAP-B | Capital request capital expenditures to date and past year capital expenditures |

Part IV CONSULTATION/FINALISATION

This phase covers the budget consultations during September to December between the MDRs and the Central Agencies related to the optimum revenue, recurrent, and capital allocations for the next year. This phase commences after the MDRs have submitted their Programme Budgeting activity worksheets and concludes with the presentation of the Estimates to the National Assembly.

Each participant in the consultation process must be aware of and respect the role of the other contributors to the Estimates process. It is important that all of the contributors execute their responsibilities without infringing on the responsibilities of others.

Central Agency personnel must diligently study the proposals from the MDRs and support the country's interests as a total enterprise as defined in the sector plans and preliminary allocations. Line Agency personnel must articulate their programme needs and assured deliverables/ outputs in a manner that will be readily understood by analysts not necessarily familiar with the detailed Programme operations.

If executed properly, the consultation phase will add significant value to the budgeting process. If executed improperly, budget discussions can lead to a perception of Central Agency autocratic decision making and a sense of frustration within the MDRs.

This phase requires the institutional setup of a Central Estimates Committee in the Ministry of Finance and involves the following main activities:

- 1 Analysis of Budget Submissions by Office of the Budget
- 2 Budget Review Meetings between the Agency and the Central Estimates Committee
- 3 Final Negotiations and consultations on Budgetary Requests
- 4 Presentation of the Estimates
- 5 Preparation of the Appropriation Bill
- 6 Budget Address presented by the Minister of Finance

3 8 Potential Agency Preparation Enhancements

The following processes will not be implemented for the 1999 Estimates, but will be considered for subsequent annual business planning exercises

Introduction of Agency Revenue Targets and Submissions

The Office of the Budget will allocate revenue targets to some Agencies on the expectation that some of their revenue streams should increase over the base year

- Compute the Agency share of Revenue Increase

Compute the Revenue Increase for each source of Revenue separately Aggregate the Revenue Increase for all sources to arrive at the Agency's Total Increase for Revenue

Use the percentage increase computed in the Revenue Section to allocate any remaining increase to other existing Revenue Measures

- Compute each Agency's Revenue Target

Base Estimates + share of Increase

This amount is to be included in the Agencies Estimates Circular to establish the

Preliminary Allocation for Recurrent Revenue

- If any changes are proposed by the Agency to the Preliminary Allocation, copies of the working papers used to estimate the change must be submitted with the Revenue Estimates

4.1 Central Estimates Committee

The Central Estimates Committee is a technical working committee comprising of personnel from the Office of the Budget, State Planning Secretariat and Public Service Management. The committee meetings are chaired by the Director of the Budget Office while dealing with recurrent expenditure and revenue issues, and the Chief Planning Officer of the State Planning Secretariat while dealing with capital expenditure issues.

The role of the Central Estimates committee is to evaluate the MDR budget submissions within the context of the approved sector plans and the preliminary allocations, to engage in direct dialogue with senior representatives from the respective Agency Budget Committees, and to provide other analytical services related to the development of the annual Estimates as directed by the Budget and Financial Management Committee of Cabinet.

The committee must provide advice as to whether the Agencies' submissions are within the framework of the nation's sector plans, and the preliminary Agencies allocations. In situations where there are perceived differences, the committee is expected to engage in direct consultations with the Agencies to develop recommendations with respect to their budgetary requests. On critical issues, the Minister of Finance and his counterpart from the Agency may be required to provide policy direction.

4.2 Analysis of Agency Submissions

Timeline Year 1 - September/October

Role of MOF

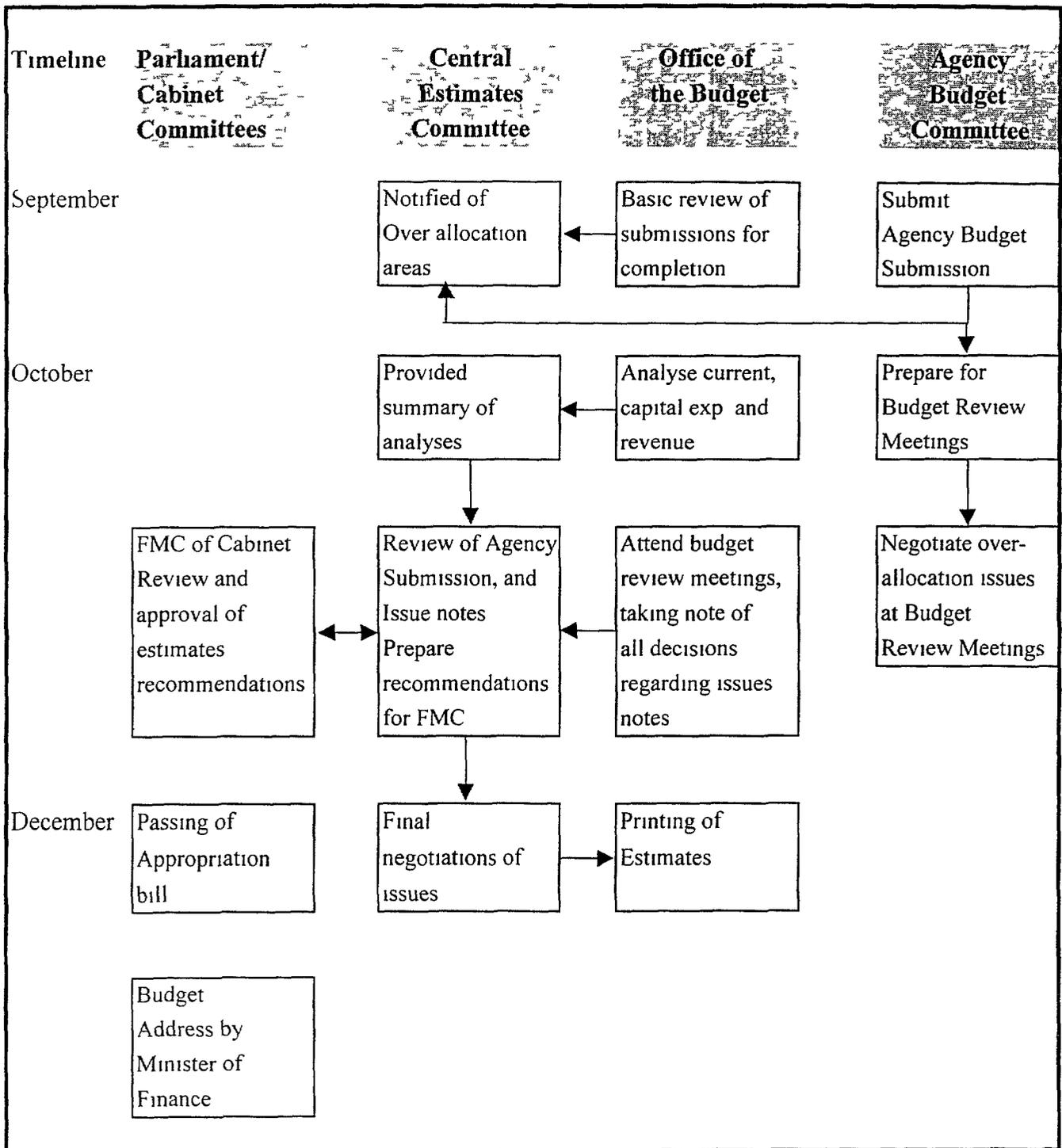
MDRs should not be assured that they will necessarily receive their original preliminary allocations. The Central Estimates Committee must complete a comparative assessment of all of the worksheets received in response to the Estimates Circular.

It is possible that the preliminary allocations for a particular Agency will be reduced during this phase, if during the analysis of all of the other worksheets, it is found that the funds can be better spent on an activity within another Agency.

It is also possible that decisions may be taken to increase or reduce the Government's overall fiscal targets because of late breaking changes in the economy and it may recommend that some allocations be increased and others decreased. The end product should be the development of the optimum expenditure plan for Guyana.

The Central Estimates Committee analyses the over Preliminary Allocation issues during this phase and participates in direct discussions with Agency personnel to ensure that Government's priorities and programme's resource needs are accommodated.

CONSULTATION/FINALISATION OF ESTIMATES - Year 1 September to December



- Based on the outcome of the meeting with the Agencies' Budget Committees, follow up with the Agency personnel to adjust the Agency's Estimates accordingly. If the issue is not resolved, the Agency's request and the Central Estimates Committee recommendations are presented on the Recommended Over-Allocation Issues form to be discussed with the Secretary of the Treasury, the Minister of Finance and the Budget and Financial Management Committee
- When agreement has been reached around the MDR recurrent allocations, develop graphs and charts to show the following information to the Budget and Financial Management Committee at the government level
 - Chart showing the Major Components of the upcoming fiscal year's Recurrent Expenditure
 - Charts showing the composition of the Total Revenues to Total Expenditures by year after the Ministry of Finance Recommendations
 - Charts showing a four-year comparison of Recurrent and Capital Expenditure
 - Chart showing a four-year comparison of Domestic and Foreign Debt Stock Portfolio
 - Chart showing a four-year comparison of Domestic and Foreign Debt Servicing Costs
 - Listing of Staff through the staffing database
 - Charts showing the categorisation of expenditures by economic classification
 - Analysis of wages proportion by IMF economic classification/sectoral breakdown from staffing database (See Page 28)

4 2 2 Capital Expenditure Analysis

Timeline Year 1 -September/October

Role of SPS

Economists in the State Planning Secretariat analyse Capital Expenditure requests from Agencies in the following manner

- Establish where possible a mutual ranking of existing and new projects that satisfy the preliminary allocation in order of their importance to the country. Analyse the explanatory notes, conduct independent research and prioritise each project
- Establish where possible a mutual ranking of existing and new projects that exceed the preliminary allocation in order of their importance to the country. Analyse the explanatory notes, conduct independent research and prioritise each project

The Office of the Budget will schedule Central Estimates Committee meetings with each Agency. The analysis addresses primarily issues with policy, staffing and financial implications. Options are discussed for resolution with the Agency's Agency Budget Committee. Negotiations take place with the intent of funding those activities which yield the desired benefits at the least possible cost. This process of comparing the relative cost-benefit of all of the GoG PB activities establishes a platform on which rational selections can take place.

The Central Estimates Committee's recommendations on an Agency's Estimates request are subsequently presented to the Secretary of the Treasury, the Minister of Finance and the Budget and Financial Management Committee.

Upon receipt of each Agency's Estimates Submission, the Estimates Monitoring Forms for Current and Capital Expenditure and Revenue are completed by personnel in the Office of the Budget in advance of each Central Estimates Committee meeting. (Note: The State Planning Secretariat handles the analysis of the requests for Capital Expenditure.)

4.2.1 Current Expenditure Analysis

Timeline: Year 1- September/October

Role of MOF

Each OB analyst will be assigned to co-ordinate the Estimates liaison with specific Agencies. The recurrent expenditure submissions are handled by the OB analysts in the following manner:

- Identify MDR Estimates submissions that appear to exceed Preliminary Allocations
- Identify MDR Estimates submissions that do not appear to support current year sector plans. (Such requests will be identified as potentially "out-of-scope" submissions)
- For each Agency, analyse the increase to determine proportionate changes in Personal Emoluments and Other Charges. Seek Public Service Management comments on all significant personnel changes.
- Review the Issue Notes, analyse requests for incremental funding and prioritise the requests. Note issues that are affected by policy changes, staffing and workload implications. Compile a listing of such items for review between the Central Estimates Committee and the Agency's Budget Committee.
- On the Recommended Over-Allocation Issues form, state the Agency's request and its overall impact on Total Current Expenditure and an assessment of the benefits. Obtain any additional information from the MDR to fully brief the Estimates Committee.
- Schedule a meeting with each Agency Budget Committee to discuss any over-allocation, out-of-scope, new initiative issues and develop proposed resolution(s) for the meeting.

| Name of Form | Form # | Description |
|--|---------------|---|
| Recurrent Expenditure - Part I | 1 | Analysis of the Change (if any) for each Agency between the Preliminary Allocation and the Estimates Submission |
| Recurrent Expenditure - Part II | 2 | Analysis of the change (if any) for each Agency between the Preliminary Allocation and the Estimates Submission |
| Resource Allocation by Services | 3 | Analysis of the breakdown by Agencies of the total expenditure on General Social and Economic Services |
| Policy Issues | 4 | Listing of the Policy Issues and concerns the Ministry of Finance plans to discuss with the Estimates Committee at the Estimates Committee Meetings |
| Recommendation on Over-Allocation Issues | 5 | Ministry of Finance's recommendation for each Agency whose Estimates Submission exceeds its Preliminary Allocation |
| Financial Summary | 6 | Overall financial summary of Government's operations for the upcoming year the current year and the previous year |
| Budget Notes - Recurrent Expenditure | 7 | Each Programme s Recurrent Expenditure Estimates for the upcoming and current year broken down by the 29 Object Codes Also provides the Programme/Activity Staff Listing for the upcoming and current fiscal year |
| Budget Summary by Programmes | 8 | Overall Agency s Recurrent Expenditure Estimates by Programmes It gives the comparison between the upcoming year the current year and the previous year Format also used for Recurrent Revenue Estimates |
| Recurrent Expenditure Estimates Monitoring | 9 | Analysis of any change in the Agency s Recurrent Expenditure Preliminary Allocation and Estimates Submission |
| Capital Expenditure Estimates Monitoring | 10 | Analysis of any change in the Agency s Capital Preliminary Allocation and Estimates Submission |
| Recurrent Revenue Estimates Monitoring | 11 | Analysis of any change in the Agency's Recurrent Revenue Preliminary Allocation and Estimates Submission |
| Recurrent Expenditure Change | 12 | Analysis of any change in the Agency s Estimates Submission after the Agency's presentation to the Estimates Committee |
| Recurrent Revenue Notes | 13 | Breakdown of the Programme s Recurrent Revenue Estimates by Object and Detail Object Codes for the upcoming year and current year |
| Capital Expenditure Part I | 14 | Detailed analysis of each Agency s Capital Expenditure for the upcoming year by projects The total cost of each project is broken down by the 3 sources of funds Revenue Loans and Development Aid |
| Capital Expenditure Part II | 15 | Analysis of the Agency s Capital Expenditure for the current and the previous year broken down by projects |
| Recurrent Expenditure Growth Analysis | 16 | Analysis of the growth in Recurrent Expenditure between the Preliminary Allocation and the current year s Estimates and the Ministry of Finance Recommendation and the Preliminary Allocation |
| Staff Requirements | 17 | Increase in the total staff requirement for the upcoming fiscal year over the current year |

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- For each project, state the impact of implementing and deferring the project. Give particular emphasis to the marginal projects that have not been included within the preliminary allocation.
- Analysis of capital expenditures by sectors.

4.2.3 Forms

The following forms aid the Ministry of Finance when analysing the Agency's Estimates Submissions. A summary description of each form is detailed overleaf. These forms are located at the end of the chapter. These forms should be used as tools to formalise and standardise the analysis of Agency Submissions.

4.4 Presentation of the Estimates

Timeline Year 1 - November/December

Role of MOF

Once the Budget and Financial Management Committee has approved all of the Agency Estimates for the next year, the Office of the Budget compiles the draft Estimates into three volumes. The layout of each volume is reviewed annually and approved by the Minister of Finance. Each volume is presented to the Secretary to the Treasury and the Minister of Finance for a final review before presentation to Parliament.

The Draft Estimates include the plans, represented in financial terms, under consideration by all of the Agencies in the public sector. The Draft Estimates disclose forecasts for current expenditures, revenues and capital expenditures supported by summary information intended for members of Parliament and other interested parties to focus questions on issues of interest.

The Estimates provide a comparative analysis of the strategic and economic outlook with fiscal targets. Parliament undertakes its own intensive review and after the Parliamentary Debates, the budget is voted on, and approved by the National Assembly. Upon approval by Parliament the budget has legal effect and becomes the governing financial guideline for operations of the government for the following year.

The Printed Estimates are the official documents outlining the allocation of the Government's budget by Agency, Programmes and Activities for the upcoming fiscal year. It provides a comparative analysis of the upcoming fiscal year resources against prior year. It also provides information on Agency's Objectives, Responsibilities, and Results to be achieved.

After the session of the National Assembly, the Printed Estimates are finalised. If there are no changes stipulated during the parliamentary debate the Estimates take legal effect. If there are changes, there is a distinction between the "as presented" and the "as passed". As passed copies of the Estimates are usually printed after Parliamentary approval and represent the changes requested by Parliament.

- 1 The Draft Estimates are used by the National Assembly for the Parliamentary Debate and are tabled in three volumes⁹
 - Volume I - Current and Capital Revenue and Expenditure information of the Central Government operations, macro-economic tables, etc
 - Volume II - Agency Programme Narratives
 - Volume III - Capital Profiles
- 2 The three volumes contain the details as shown on the following pages

⁹ For 1998 a fourth volume containing 1997 Revised Current Estimates was prepared to facilitate the change from line item to programme budgeting format

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4.3 Budget Review Meetings

Timeline *Year 1 - October*

Role of MOF/Agencies

Person to person budget review meetings are held with each Agency, usually one month after the submission of Agency Budgets. During each Agency's review meeting, representatives from the Agency Budget Committee should explain their funding requests, provide an overview of the Agency's operations for the upcoming year and describe the nature and implications of any over-allocation issues (requests that exceed the preliminary allocation).

After hearing the Agency's justification for any new, over-allocation, and out-of-scope issues, the Central Estimates Committee enters into discussion with the Agency about suitable options.

The general guidelines for the budget meetings with the Agencies are as follows:

- An economist/programme officer at the Ministry of Finance takes minutes of the proceedings of each meeting. The minutes are circulated to all Central Estimates committee members, attendees from the Agency Budget Committee, and discussed in detail with the Director, Office of the Budget.
- Within one week of the Budget Review Meeting, a recommendation for each Agency's submission is prepared, circulated to the Agency, the Central Estimates Committee, and the Minister of Finance. If a contentious issue is not resolved satisfactorily through negotiation, the matter is referred to the Minister of Finance who will consult with the Minister of the Agency involved.
- If ministerial consultation is not successful, the matter will be referred to the Budget and Financial Management Committee for resolution.
- The OB analyst assigned to the Agency will ensure that the necessary changes are made to each Agency's Estimates to reflect the Budget and Financial Management Committee decisions.

All of the Recurrent Expenditure, Capital Expenditure and Revenue Estimate forms affected by the negotiated changes are then updated by the Agency, sign-off again and resubmitted to the Office of the Budget.

| <i>Item</i> | <i>Name</i> |
|---------------|--|
| Section Three | Central Government Capital Appropriation Expenditure |
| 20 | Central Government Capital Appropriation Expenditure |

| <i>Item</i> | <i>Name</i> |
|--------------|---|
| Section Four | Appendices |
| | <i>Macro-economic Framework</i> |
| 21 | Appendix A - Central Government Summary of Expenditures (some Information to come from Table 8 (Central Government Abstract of Current Expenditure by Chart of Accounts) |
| 22 | Appendix B - Central Government Financial Operations (Economic Classification) (some Information to come from Table 8 (Central Government Abstract of Current Expenditure by Chart of Accounts) |
| 23 | Appendix C - National Accounts Aggregates of the Economy |
| 24 | Appendix D - Gross Domestic Product at Current Factor Cost |
| 25 | Appendix E - Gross Domestic Product at 1988 Prices by Industrial Origin |
| 26 | Appendix F - Real Output Index |
| 27 | Appendix G - Balance of Payments (Analytic) Summary |
| 28 | Appendix H - Monetary Survey |
| 29 | Appendix I - Urban Consumer Price Index |
| | <i>Subsidies and Contributions</i> |
| 30 | Appendix J (a) - Subsidies and Contributions to Local Organisations |
| 31 | Appendix J (b) - Subsidies and Contribution to International Organisations |
| | <i>Public Debt</i> |
| 32 | Appendix K - Central Government Debt Service Payments |
| 33 | Appendix L (a)- |

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Volume 1 Estimates of the Public Sector Current and Capital Expenditure and Revenue

| Item | Name |
|-------------|---|
| Section One | Public Sector Tables |
| 1 | Table 1 - Consolidated Fund Current Account - Information to come from Table 8 (Central Government Abstract of Current Expenditure by Chart of Accounts) |
| 2 | Table 2 - Consolidated Fund Capital Account |
| 3 | Table 3 - Central Government Summary of Revenue and Expenditures - Information to come from Table 8 (Central Government Abstract of Current Expenditure by Chart of Accounts) |
| 4 | Table 4 - Central Government Current Revenues by Type |
| 5 | Table 5 - Central Government Abstract of Revenue by Head |
| 6 | Table 6 - Central Government Details of Revenue Estimates |
| 7 | Table 7 - Central Government Abstract of Current Expenditure by Agency |
| 8 | Table 8 - Central Government Abstract of Current Expenditure by Chart of Accounts |
| 9 | Table 9 - Central Government Abstract of Capital Expenditure by Division |
| 10 | Table 10 - Central Government Summary of Capital Expenditure by Sector and Type of Financing |
| 11 | Table 11 - Central Government Specific Sources of Financing of Capital Expenditure |
| 12 | Table 12 - Central Government Financial Operations (Accounting Classification) - Information to come from Table 8 (Central Government Abstract of Current Expenditure by Chart of Accounts) |
| 13 | Table 13 - Public Corporations Financial Operations |
| 14 | Table 14 - Public Corporations Cash Flow |
| 15 | Table 15 - Non-Financial Public Sector Summary Accounts |
| 16 | Table 16 - State Owned Enterprises Capital Expenditure |

| Item | Name |
|-------------|--|
| Section Two | Central Government Current Appropriation Expenditure |
| 17 | Summary of Estimates by Agency /Chart of Accounts |
| 18 | Summary of Estimates by Programme/ Chart of Accounts |
| 19 | Agency Summary by Programme (including Staffing Details, Mission Statement Narrative will not be included as per pilot) |

- These tables will pull Revised 1997 and Budget 1997 figures from the Releases Database December 1996 figures will be added to existing Revised 1996 figures from the 1997 Estimates

Volume 3 Central Government Development Programme Capital Projects Profiles

- contains all the one page capital project profiles of all Agencies, Departments and Regions

4.5 Preparation of the Appropriation Bill

Timeline Year 1 - December

Role of MLA

The Appropriation Bill is the law authorising the Minister of Finance to charge amounts to the Consolidated Fund. This allows the Agencies of government assigned the responsibility for specific programmes to receive and authorise the use of funds and to implement the various initiatives and projects.

For this purpose the Minister presents to Parliament an Appropriation Bill setting in summary the requirements of each Agency. Any amounts already provided for by any other law are excluded from this Bill. The Appropriation Act constitutes statutory authority for the withdrawal of funds from the Consolidated Fund up to the limits approved by Parliament for each department.

The Appropriation Act limits the amounts to be withdrawn by each department. These limits must not be exceeded except with the specific approval of Parliament.

The Ministry of Legal Affairs to the scheduled date prepares the Appropriation Bill for the Budget Address to Parliament. It covers the following:

- Short note
- Issue of current and capital estimates
- Appropriations

A Cabinet Submission is prepared and submitted for approval containing the following:

- Draft Estimates - Recurrent Expenditure
- Draft Estimates - Recurrent Revenue
- Draft Estimates - Capital Expenditure
- Appropriation Act

The Appropriation Act is then introduced at the Session of the National Assembly.

| | |
|----|--|
| | Statement of Outstanding Loans and Credits Contracted by Public Corporations and Guaranteed by the Government of Guyana or Contracted by the Government of Guyana and Utilised by Public Corporations |
| 34 | Appendix L (b) - Summary of Statement of Outstanding Loans and Credits Contracted by Public Corporations and Guaranteed by the Government of Guyana or Contracted by the Government of Guyana and Utilised by Public Corporations |
| 35 | Appendix M - Details of Public Debt |
| | <i>Other</i> |
| 36 | Appendix N - Revised List of Approved Appointments, the Holders of Which May be Eligible for Annual Allowances on Retirement |
| 37 | Appendix O - Revised List of Approved Appointments the Holders of which May be Eligible for Annual Allowances on Retirement |
| 38 | Appendix P - List of Pensionable Posts under Agencies |
| 39 | Appendix Q - Schedule of Salary Scales in the Public Service |
| 40 | Appendix R - Details of Pensions and Gratuities |
| 41 | Appendix S - Listing of Heads and Agencies |

Volume 2 Programme Budgeting Narratives

| <i>Item</i> | <i>Name</i> |
|-------------|-----------------------|
| 1 | List of Abbreviations |
| 2 | Agency Narratives* |
| 3 | Programme Narratives* |

- The Agency and Programme Narratives will be collated by Agency

- Fiscal and Financial Targets
- Fiscal Measures
- Conclusion

The Minister of Finance prepares the Budget Address. Technical inputs are sought from the Office of the Budget, Bank of Guyana, Statistical Bureau and the Macro-economic Division of the State Planning Secretariat. Other Departments and Statutory Corporations also facilitate the preparation of the Budget Address by making presentations to the Ministry of Finance in respect of the performance and prospects of the various sectors of the economy.

The House resolves itself to the Committee of Supply to debate the Estimates. At the conclusion of this the Bill is passed and assented to by the President at which point it becomes an Act.

4 6 The Budget Address

Timeline Year 1 - December

Role of MOF

The Budget Address is delivered by the Minister of Finance at the Annual Parliamentary Session and provides the basis for the Parliamentary Debate in respect of the Estimates and the Appropriation Bill. It is customary for the Minister of Finance to request an adjournment of Parliament after the presentation of the Address to allow Members of the House adequate time to prepare their contributions to the Debate which usually includes comments and views in respect of the Estimates and the Budget Address and may also include alternative budgetary proposals, or suggestions for changes.

The Budget Address usually provides a comprehensive overview of the performance and prospects of the economy and of public finances. The main areas usually covered in the Address are as follows:

- 1 outlines some of the key objectives and priorities that Government intends to focus on in the upcoming fiscal year
- 2 provides an overview of developments in the regional and international economies that are of relevance to Guyana
- 3 assesses the economic performance of Guyana by reference to key economic indicators and the output of various sectors
- 4 reports on the fiscal performance of Government in the previous year and sets out the proposed changes in the pattern of Government expenditure for the upcoming fiscal year
- 5 identifies important capital projects to be implemented in the upcoming year and proposes new fiscal or revenue raising measures for the upcoming fiscal year

Recent Budget Addresses delivered by the Minister of Finance have been presented under the following headings -

- Introduction
- The International Economy
- The Regional Economy
- Comparative analysis of regional and national development
- Performance of the Economy over the past year
- Goals and Targets for Upcoming year

Part V - IN-YEAR CONTROLS AND MONITORING

This phase starts the second year of the budget cycle and spans the entire year. The Monitoring phase monitors and manages the expenditures of the Agencies in accordance with the budgeted amounts and planned outcomes.

This phase involves the following underlying processes and activities:

- 1 Budgetary control processes
- 2 Vote Book
- 3 The Warrant Process
- 4 Expenditure Control Practices
 - Cash Releases
 - Additional Funding Procedures
 - Timeline for In Year Processes
- 5 Financial Reporting and Basic Analysis
 - In Year Quarterly Reviews
- 6 Supplementary Budgets
- 7 Roles and Responsibilities of all the principal actors in the budgeting process

SIMULTANEOUS MULTI-YEAR BUDGETING ACTIVITIES

| | | | | | | | | | | | | | |
|---------------------------|-----|-----|--------------------------------------|-----|-----|-----|-----|-----|-----|-----|-----|----|----|
| ← YEAR 1 - BUDGET 1997 | | | | | | | | | | | | | |
| FINALISATION OF ESTIMATES | | | IMPLEMENTATION OR IN-YEAR MONITORING | | | | | | | | | | |
| 1997 | | | | | | | | | | | | | |
| Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | | |
| 14 | 15 | 16 | | | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 |

Activities

| | | | | | | | | | | | | | | | | | | | | | | | |
|------------------------------|-----|-----|--------------------------------|-----|-------|-----|--|-----|-----|-----|-----|-------|--------------------------------------|-----|-----|-------|-------|-----|-------|-----|-----|-----|-----|
| YEAR 2 -BUDGET 1998 | | | | | | | | | | | | | | | | | | | | | | | |
| STRATEGIC DIRECTIONS SETTING | | | FISCAL AND MANAGEMENT STRATEGY | | | | CONSULTATION & FINALISATION OF ESTIMATES | | | | | | IMPLEMENTATION OR IN-YEAR MONITORING | | | | | | | | | | |
| 1997 | | | 1998 | | | | | | | | | | | | | | | | | | | | |
| Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
| 1 | 2 | | 3 | 4 | 5-6-7 | | 8-9 | 10 | 11 | 12 | 13 | 14-15 | 16 | | 17 | 18-19 | 20-21 | 22 | 23-24 | 25 | | | |

Activities

| | | | | | | | | | | | | | | | | | | | | | | | |
|------------------------------|-----|-----|--------------------------------|-----|-------|-----|--|-------|-------|-----|-----|-----|--------------------------------------|-----|-------|-------|-------|-------|-----|-----|-----|-----|-----|
| YEAR 3 -BUDGET 1999 | | | | | | | | | | | | | | | | | | | | | | | |
| STRATEGIC DIRECTIONS SETTING | | | FISCAL AND MANAGEMENT STRATEGY | | | | CONSULTATION & FINALISATION OF ESTIMATES | | | | | | IMPLEMENTATION OR IN YEAR MONITORING | | | | | | | | | | |
| 1998 | | | 1999 | | | | | | | | | | | | | | | | | | | | |
| Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
| 1 | 2 | | 3 | 4 | 5-6-7 | | 8-9 | 10-11 | 12-13 | 14 | 15 | 16 | | 17 | 18-19 | 20-21 | 22-23 | 24-25 | | | | | |

Activities

LEGEND

| Activity No | Description |
|-------------|--|
| 1 | Economic Outlook Statement |
| 2 | National Priorities Announced |
| 3 | Preliminary Recurrent Capital and Revenue Targets approved by Sector (Fiscal Plan) |
| 4 | Call for New Initiatives |
| 5 | New Initiatives approved for further study |
| 6 | Base Preliminary Agency allocations approved |
| 7 | Annual Estimates Call letter |
| 8 | Review of priorities by Cabinet possible changes to Fiscal Plan |
| 9 | Estimates Circular |
| 10 | Agency/Central Estimates Committees review (Budget Review meetings) |
| 11 | Agency Allocations revised |
| 12 | Estimates sent to Budget and Financial Management Committee of Cabinet |
| 13 | Cabinet approves Estimates level |
| 14 | Main Estimates approved by Priorities and Planning Sub Committee |
| 15 | Main Estimates tabled in Parliament |
| 16 | Vote of Interim Supply |
| 17 | Full Supply voted |
| 18 | Call for Supplementary Provisions |
| 19 | OB review Supplementary Provisions |
| 20 | Supplementary Provisions tabled in Parliament |
| 21 | Supplementary Provisions voted in Parliament |
| 22 | Call for final Supplementary Provisions |
| 23 | Review of final Supplementary Provisions |
| 24 | Final Supplementary Provision tabled and voted |
| 25 | Public Public |

| | | | | | | | | | | | | |
|------------------------------|-----|-----|--------------------------------|---------|-----|-----|--|------|-------|-------|-----|--|
| YEAR 4 - BUDGET 2000 → | | | | | | | | | | | | |
| STRATEGIC DIRECTIONS SETTING | | | FISCAL AND MANAGEMENT STRATEGY | | | | CONSULTATION & FINALISATION OF ESTIMATES | | | | | |
| 1999 | | | | | | | | | | | | |
| Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | |
| 1-2 | | | 3 | 4-5-6-7 | | | 8 | 9-10 | 11-12 | 13-14 | 15 | |

Activities

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5 1 Budgetary Control Process

A budget is a documented plan of action with related resource requirements. At the level of the central Government, the budget serves 3 purposes: (1) to determine resource requirements, (2) to provide a basis for authorisation of planned expenditures, and (3) to serve as a basis to exercise expenditure control. This section explores the second and third purposes.

There are three levels of expenditure or budgetary control, each of which are directly related to the levels of spending authority within the Government:

- 1 Parliament through appropriations and votes
- 2 Ministry of Finance through the executive controls and cash releases system
- 3 Agencies through vote book / ledger controls

The ultimate authority in financial administration and budgetary control in government rests with Parliament through appropriations and votes. The Accountant General maintains the In-Year expenditure controls and the Auditor General acts as "Parliament's Policeman" in ensuring that approved votes are not exceeded. Each year, the Auditor General reports directly to Parliament on the Government's Public Accounts and highlights areas where funds have not been prudently spent.

Appropriations

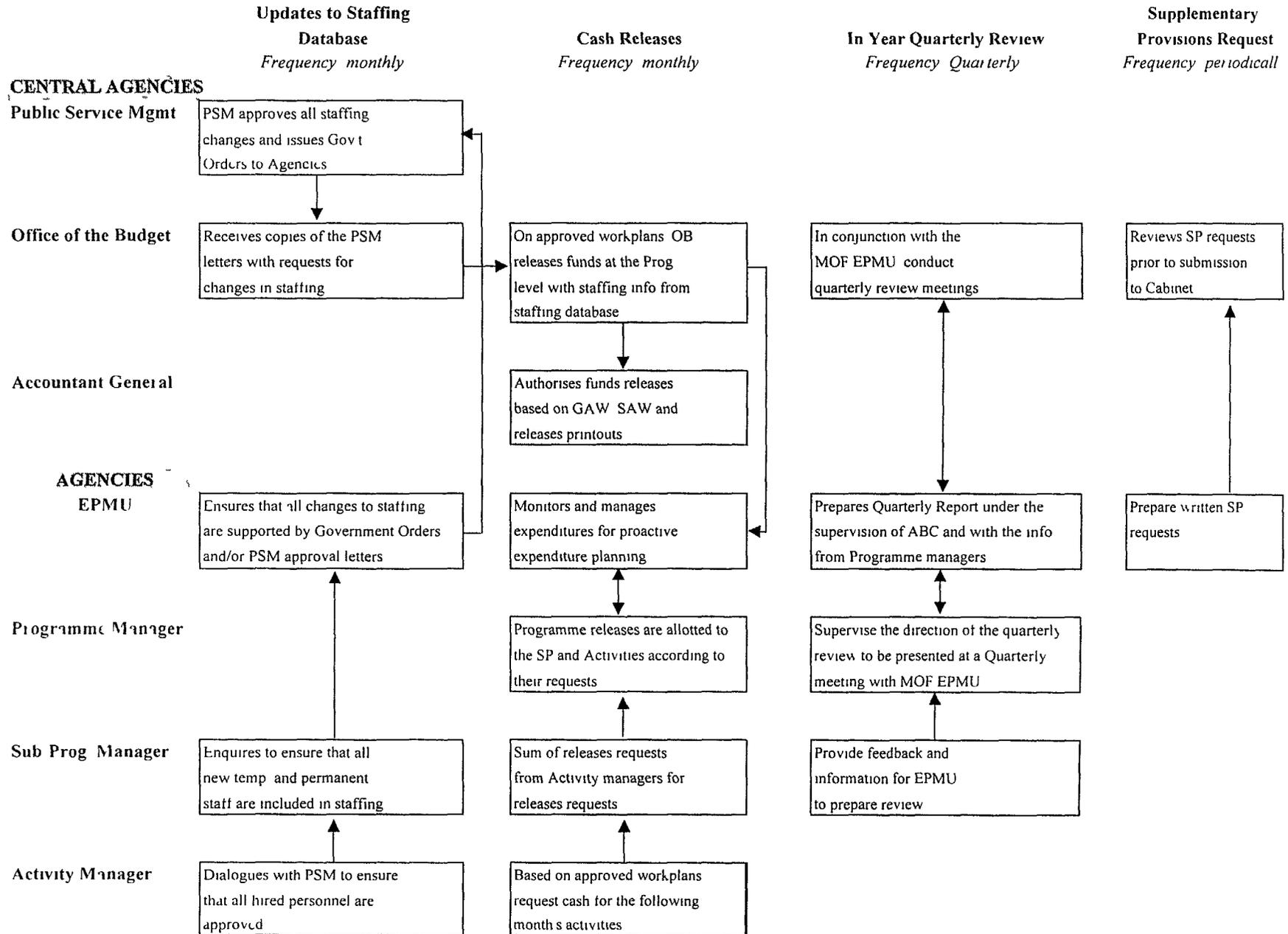
An appropriation is defined as any authority of Parliament to pay money out of the Consolidated Revenue Fund. Once Parliament authorises the payment of money from the Consolidated Revenue Fund, the authorisation becomes an Appropriation Act which represents the means by which Parliament grants expenditure authority to Agencies.

Votes

Funds are allotted by vote to each programme in accordance with the Chart of Accounts. After the budget debate, the Parliamentarians vote to pass the Appropriation Act and each Chart of Account for a Programme is granted a "Voted Provision". This indicates the maximum amount of funds that the Programme is allowed to spend on that Chart of Account during the fiscal year.

If a programme has a shortfall in funds, funds can be transferred between sub-programmes and activities within the same sub-head. If reallocation is not possible, then the Agency must seek to reallocate funds from another Chart of Account within the same Programme through the virement process.

IN YEAR MONITORING - JANUARY TO DECEMBER OF YEAR 2



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| <i>Category of Expenditure</i> | <i>Chart of Accounts Classification</i> |
|--|---|
| Employment Charges - Statutory Payments | Line Items 001 002 |
| Employment Charges - Wages and Salaries | Line Items 101 to 106 |
| Employment Charges - Employment Overhead Expenditure | Line Items 201 to 204 |
| Employment Charges - Revision of Wages and Salaries | Line Item 111 |
| Other Charges - Goods and Services | Line Items 301 302 303 304 305 306 307 308 309 314 |
| Transfer Payments | Line Items 003 004 310 311 312 313 314 004 205 |
| Public Debt – Statutory | Line Items 401 to 404 |
| Public Debt – Non Statutory | Line Item 411 |

Capital Expenditures

Capital expenditures are similarly classified into the following broad categories¹⁰

| <i>Category of Expenditure</i> | <i>Project Codes</i> |
|---|----------------------|
| Building Repair and Maintenance | 12000s |
| Roads, Bridges and Airstrips | 14000s |
| Sea Defences/ Justice Improvement Project | 15000s |
| Developmental Works | 17000s |
| Social Impact Amelioration Programme (SIMAP) | 19000s |
| Transportation | 24000s |
| Equipment | 25000s and 26000s |
| Infrastructure Development and Water Supply Improvement | 28000s |
| Hydropower, Geodetic and Surveying works | 33000s |
| Public Administration Project | 34000s |
| Institutional Strengthening | 44000s |
| Administration | 47000s |

As soon as funds are committed/owed because of a recurrent or a capital transaction the values should be recorded in the MDRs vote book. In terms of the manual vote books, each programme has a separate Vote Book, and each Chart of Accounts/Project code has a separate ledger page within that vote book.

The following information is recorded in the Vote Books

- Voted Provision

¹⁰ Note 1) In some places these categories carry different codes

2) The capital programme is under review with the view of integrating it with the current programme

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There are strict restraints on the authority granted through the Appropriation Act. The stated appropriations or voted provisions cannot be exceeded or spent for any purpose other than as approved by Parliament.

It is unlawful for a GoG public servant to authorise an expenditure in excess of the voted provision, or to reduce the balance available in the appropriation so that it would not be sufficient to meet the commitments or future obligations charged against it.

5.2 The Vote Book and Related Procedures

A vote is a proposed expenditure in the Appropriation Act and is included in the Estimates (Main or Supplementary) as a specific amount and for a specific purpose. The Appropriation Act provides legislative authority for expenditures for the purpose and within the limits specified for each vote. A vote book is maintained by each Agency to indicate the balance of available funds under each programme, and to ensure that the voted provision is not exceeded.

An automated vote book system is being developed to record the votes at the activity level in the Agencies. The automated vote book system will be implemented in two pilot Agencies (Ministries of Health and Education) during 1998 and eventually expanded to other Agencies.

The new computer based vote book system called the Automated Vote Book (AVB) is intended to replace the existing manual vote book ledgers within all the Agencies. The aim of the AVB is to satisfy the financial control requirements prescribed by the Accountant General's Office and to provide managers at the sub-programme and activity level with management information.

There are several types of Votes which are passed by the Appropriation Bill. For the purposes of this manual, only two types, Recurrent and Capital Expenditures will be reviewed.

Recurrent Expenditures

Recurrent expenditures are used for paying recurring or repetitive expenditures such as salaries and maintenance works. The primary difference between a recurrent and a capital expenditure is that a capital expenditure should result in some significant residual asset that survives beyond the current fiscal year. There are eight categories of recurrent expenditures which are currently sub-divided into 54 Chart of Accounts. The budgetary expenditures for most programmes are categorised by the existing chart of accounts for recurrent expenditures: employment expenses, other charges and public debt. Statutory accounts start with 00 as defined in the framework that follows.

prepared in the Office of the Budget and signed by the Secretary to the Treasury and the Minister of Finance

There are seven types of warrants used by the GoG for the purposes of current and capital expenditures

- 1 General Appropriation Warrants
- 2 General Statutory Warrants
- 3 Supplementary Appropriation and Statutory Warrants
- 4 Virement Warrants
- 5 Contingencies Fund Advance Warrants
- 6 Interim General Appropriation and General Statutory Warrants
- 7 Deposits Fund Advance Warrant

General Appropriation and General Statutory Warrants are the most frequently used type of Warrant. They provide authority for the monthly release of funds from the Consolidated Fund to the various Agencies. *General Statutory Warrants* authorise the release of funds from the Consolidated Fund for statutory expenses. Although on occasion there is a need for more than one warrant because some Agencies are not prepared for releases, they are usually all prepared before the start of the salary pay period.

Supplementary Statutory Warrants provide the authority for an increase in statutory expenditures. If the amounts budgeted are insufficient to meet statutory expenditures, then a Supplementary Statutory Warrant will be prepared. Unlike Supplementary Statutory warrants, *Supplementary Appropriation Warrants* for non-statutory expenditures, these Warrants do not need Parliamentary approval as statutory expenditures are constitutionally guaranteed.

Virement Warrants are a certificate of authorisation for the transfer of funds from one chart of account to another chart of account within a programme. Virement Warrants are prepared on an ad hoc basis as required by Agencies' requests. These virements are signed by the chairman of the virement committee which presently is the Secretary of the Treasury.

Contingencies Fund Advance Warrants are prepared by the Office of the Budget and authorise Agencies to receive money from the Contingency Fund. Contingency Fund Advances are approved by the Minister of Finance as required throughout the fiscal year. Contingencies Fund Advance Warrants must be cleared in Parliament before the fiscal year ends so that Parliament sanctions the advances and the Fund could be replenished.

Consolidated Fund Contingency Fund Warrant The Contingency Fund is replenished periodically in Parliament. Therefore this Warrant is usually issued to authorise the release of funds from the Consolidated Fund to replenish the Contingency Fund. Under the FAAA the

- Virements
- Supplementary Provisions
- Contingency Fund Advances
- Year to Date Releases
- Incurred Liabilities
- Cleared Liabilities (i.e. Expenditures)
- Year to Date Expenditures plus Outstanding Liabilities

Agencies use their Vote Books to determine two important balances

- 1) *Balance on Releases* is the amount of cash that Agencies have remaining from the approved cash releases to date for each Programme and Chart of Account. Balance on Releases is calculated by subtracting the Year to Date Expenditure plus Outstanding Liabilities from the Year to Date Releases
- 2) *Balance on the Voted Provision* indicates the outstanding uncommitted funds for each Chart of Account within the Programme. Agencies must check the Balance on the Voted Provision before incurring new Liabilities to ensure that the Votes are not exceeded. Balance on Voted Provision and CFAWs which is the Revised Provision and Accumulated CFAWs (Voted Provision plus Year to Date Virements plus Year to Date Supplementary Provisions plus Accumulated CFAWs) minus the Year to Date Expenditure and Liabilities

At the end of each month, Agencies use their Vote Book Ledger to prepare their expenditure statements for the Office of the Budget

Spending Authorities

Responsibility for the control and spending of public money is placed on Ministers and Permanent Secretaries by Parliament through the appropriation acts. The Minister and Permanent Secretary normally authorise responsible officials (Programme Managers, DPS Finance) to exercise these responsibilities on their behalf.

5.3 *The Warrant Process and Types*

Warrants provide the legal authority for the Accountant General to release funds from the Consolidated Fund to the Agencies based on a schedule outlined in the Warrant. Warrants are

5 4 1 Cash Releases

Controls within OB

The control of cash is a central concern to the GoG as in-year spending decisions are contingent upon month to month revenue receipts and expenditure needs

The Office of the Budget employs a monthly cash release process to monitor liquidity and to ensure that the fiscal target can be adjusted, if necessary

The flow of information between the Office of the Budget and the Agencies regarding the monthly release of funds is as follows

- 1 Quarterly, Agencies prepare cash-flow requests which are reviewed by the OB on a quarterly basis
- 2 Monthly, Agencies submit expenditure statements to the OB based on expenditures and liabilities incurred in the previous month The expenditure statement is derived from the vote books maintained at the Agencies
- 3 Monthly, the OB prepares Warrants which authorise the Accountant General to release money from the Consolidated Fund to the various Agencies

In Year Controls within Spending Agencies

In Agencies, budgetary control involves managing programme expenditures in relation to the approved activity level work-plans developed by Agency personnel during the business planning process, the approved voted provisions for each Chart of Accounts per Programme, and the monthly cash releases per Programme It is the Programme Managers' responsibility to ensure that the total expenditures and commitments by the sub-programmes and activities that make up the Programme do not exceed either the cash releases for the month, or the total voted provision by chart of accounts

If the Programme operations are complex the Programme Manager may decide to formally prorate the monthly cash releases between the various sub-programmes

The Programme Manager should ensure that all of the sub-programme managers and activity managers are fully aware of the limits and current status of their voted provision by chart of accounts

Activity Managers should be the first control point to avoid over-spending At the activity level managers should maintain the following information to ensure that the internal budgetary controls are working

- a detailed report of commitments up-to-date
- detailed expenditure reports provided monthly

upper limit on the Contingency Fund is 2% of the previous year's expenditures. When this amount is depleted, parliamentary approval may be given to replenish it to the limit.

Interim General Appropriation and General Statutory Warrants are prepared during the interim period between the end of the fiscal year and the time that the Estimates for the upcoming year are tabled and approved in Parliament.

Deposits Fund Advance Warrant are authorisations for payment out of the Deposits Fund. These warrants are issued upon approval by the Minister of Finance. Unlike other Funds, payments from the Deposits Fund need to be repaid within 12 months of the date of payment.

5.4 Expenditure Control Practices

Once the Appropriation Act has been passed by Parliament, the Office of the Budget monitors the capital and recurrent expenditure targets.

Funds are released to Agencies on the basis of cash flow forecasts, which are updated each quarter. Systems controls ensure that the monthly Agency cash releases do not exceed the voted provisions and are consistent with their work plans and the cash flow forecasts.

In-Year Monitoring at the Agency Level occurs through the following means:

- 1 Agencies delegate expenditure authority to specific individuals by translating budget allocations into spending authorities.
- 2 Agencies adjust their work plans to ensure that they fit within the approved budget. If necessary, Agency staff modify the work plans throughout the year based on subsequent budget revisions and liquidity constraints.
- 3 The funding of tendered items must be flexible so that payment can be rescheduled if procurement is delayed (Contracts at tender board for recurrent works).
- 4 Agency work plans are monitored through quarterly expenditure reviews. Office of the Budget staff meet with Agencies to assess their financial performance. Quarterly reviews consider the following trends in expenditure and revenue collection, procurement schedule for tendered contracts, adequacy of physical input and output assumptions, unit costs and inflationary assumptions (as needed).

5.4.3 Timeline for In-Year Releases

| Month | Cash Releases |
|---------------------|--|
| January to March | <ul style="list-style-type: none"> Fiscal year begins January 1 The Ministry of Finance issues the current year's directive to Line Agencies on Expenditure Control Practices Interim Warrants are issued to authorise expenditures until the Appropriation Act is passed Implementation of work-plans begins Cash-flows for the year are sent into OB Funds are released monthly on the basis of cashflows and work plans discussed during the first quarterly meeting with the Office of the Budget EPMU (Agency) along with Agency Budget Committees in Agencies co-ordinate the In-Year First Quarterly Review for presentation to OB The Ministry of Finance monitors the Agencies' actual performance against plans and takes corrective actions necessary to minimise deviations from plans or to cope with emerging potential pressures Budget and Financial Management Cabinet Committee receives quarterly reviews of all Agencies' actual performance against plans |
| April to June | <ul style="list-style-type: none"> Funds are released monthly on the basis of cashflows and work plans discussed during the second quarterly meeting with the Office of the Budget The Ministry of Finance monitors the Agencies' actual performance against plans and takes corrective actions necessary to minimise deviations from plans, or to cope with emerging potential pressures Cabinet receives quarterly reviews of all Agencies' actual performance against plans |
| July to September | <ul style="list-style-type: none"> Funds are released monthly on the basis of cashflows and work plans discussed during the third quarterly meeting with the Office of the Budget The Ministry of Finance monitors the Agencies' actual performance against plans and takes corrective actions necessary to minimise deviations from plans, or to cope with emerging potential pressures Cabinet receives quarterly reviews of all Agencies' actual performance against plans |
| October to December | <ul style="list-style-type: none"> Funds are released monthly on the basis of cashflows and work plans discussed during the fourth quarterly meeting with the Office of the Budget The Ministry of Finance monitors the Agencies' actual performance against plans and takes corrective actions necessary to minimise deviations from plans or to cope with emerging potential pressures Cabinet receives quarterly reviews of all Agencies' actual performance against plans Cashflows for the following year are prepared and entered into the system |

5.5 Reporting and Basic Analysis Process

Financial reports summarise the transactions that flow through the Agency vote books and represent the application of various management decisions during the financial period. A major objective of financial reports is to provide useful information for evaluating how effective management has been in achieving the organisation's goals.

There are three main types of information for government financial reporting: data on cash receipts and disbursements; data on budgetary plans; and data on undischarged commitments and

- variance analysis between planned and actual expenditures, and
- any adjustments to the voted provisions

At the Programme level, Agencies will use their vote books to determine their cash position (Balance on Releases) and overall budget position (Balance on Voted Provision)

5 4 2 Additional Funding Procedures

Occasions will arise requiring a programme manager to request additional funds to achieve the desired results of a particular activity. There are several methods in which an Agency or programme manager can obtain approval for the necessary funds. These are as follows:

1 Internal Reallocation of funds

An Agency can reallocate funds between sub-programmes and activities within the same sub-head/ (Line Item) without the approval of Ministry of Finance. This is reflected on the internal sub-programme and activity level cashflows kept at the Agencies. Programme level releases should not be affected.

2 Virement of funds

An Agency can apply to the Ministry of Finance for permission to vire (transfer) funds between subheads within a programme. If the virement is approved, a virement warrant is prepared and signed by the Secretary to the Treasury.

3 Contingency Fund Advance Warrant (CFAW)

If an Agency requires funds for an emergency expenditure or a critical programme (e.g. repairs to the Sea Wall or a health epidemic), they can request that funds be released from the Contingency Fund. A Contingency Fund Advance Warrant provides the legal authority for the immediate release of the Funds. However, the Contingency Fund must be replenished by converting all CFAWs into Supplementary Provisions.

4 Supplementary Provisions

If the Agency requires additional funds for an amendment to its programme, it can request from MOF that they be granted a Supplementary Provision. A Supplementary Provision is a "mini budget" and needs to be passed by Parliament. However, since the Supplementary Provision process takes about three-four months, the CFAW has been created as a fast-track process for emergency cases.

Prior to each review the Agency EPMUs should seek up to date spending and workplan information from the Agency Programme Managers prior to fully briefing the Agency representatives before the Quarterly Review and for developing corrective options if necessary

The EPMUs should also be responsible for following up on decisions taken by the Agency Budget Committees

The Agency Quarterly Review will be presented by the Agency Budget Committee to the Central Estimates Committee

Minutes of the quarterly review meetings should be recorded – including agreements on changes and actions to be taken by the Agencies

5.6 Supplementary Budgets

During a fiscal year, some unforeseen events or emerging issues may give rise to additional costs. There may also be circumstances when the government sees fit to alter its expenditure plans as reflected in the tabled Estimates. The authority to cover such adjustments to the Estimates is sought through Supplementary Estimates. In the GoG, Supplementary Estimates are managed through Parliament's approval of Supplementary Provisions. The amount of the approved Supplementary Provision approved in Parliament is contingent upon Finance Ministry's approval of Contingency Fund Advance Warrants during the year and any additional supplementary funds other Agencies may require.

Departments and Agencies can submit Supplementary Provision requests throughout the year. These are normally tabled periodically in Parliament before the end of the fiscal year.

5.7 Roles and Responsibilities

5.7.1 Office of the Budget

The Constitution (title 8 Section 218 (2) et seq) provides the authority for the preparation of annual estimates, supplementary estimates and the interim release of funds for expenditures to carry on the services of the Government. Execution of this authority is vested with the Ministry of Finance and the *Office of the Budget* has been designated as the unit within the Ministry functionally responsible for the design and implementation of the annual Estimates process.

The Director of Budget is responsible through the Secretary to the Treasury to the Minister of Finance.

liabilities In some situations non-financial information such as measurement of resource utilisation, results evaluation and cost distributions are also useful for decision-making

In-Year Monitoring Processes require that the following reports be prepared by the Agencies on a timely basis for the OB

- Quarterly cash flow statements by programme which represent the manner in which expenditures are expected to be spent over the course of the year must be produced for the quarterly review meeting with the Office of the Budget These cash flow statements are used as the control measures during releases Sub-programme cash flows should be prepared by Agencies for their own internal purposes
- Monthly financial statements should be prepared for each Programme from the chart of accounts within 5 days after period end in a manner consistent with instructions from the Accountant General's Office, certified by the Accounting Officer, and provided to the OB, Accountant General and Auditor General

In addition, the following reports should be prepared for internal Agency use

- Activity Manager Reports should contain summary and detailed information on the activity's objects of expenditure in comparison to the work plan and the allocation
- Sub-Programme Manager's Report summarises financial transactions on all activities within the sub-programme by activity and by object of expenditure (chart of account) in comparison to the work plans and the allocations
- Programme Manager's Report summarises financial transactions by sub-programme within the Programme by object of expenditure in comparison with the work plans and the allocations
- D P S Finance s Report Responsible for maintaining voted provision and allotment control for the Agency This responsibility is normally delegated to the D P S Finance as the chief accounting officer by the Minister and the Permanent Secretary

In-Year Quarterly Reviews

The Agency Budget Committee in each Agency is responsible for the conduct of ongoing internal reviews and for preparing the Agency for the Quarterly Reviews with the Ministry of Finance The Office of the Budget will provide the Agencies with financial information that should serve as the basis for the Quarterly Reviews The Reviews should be conducted with the view of assessing expenditures and outputs to work plans The Committee is also responsible for addressing corrective actions for over-expenditures and deviations from approved work plans

Investment Program Department, the Private, Public and Third Sector Enterprise Support Department

Policy Analysis Department

- sectoral and social policy and analysis
- external trade policy and analysis
- fiscal and monetary policy and analysis
- financial programming and forecasting
- national development strategy

Development Projects and Public Sector Investment Program Department

- resource mobilisation, monitoring and evaluation
- development programming and implementation
- formulation of 3-year rolling investment programme
- develop a matrix of loan and grant conditionalities
- evaluation of projects

Private Public and Third Sector Enterprise Support Department

- private sector support
- public enterprise support
- third sector organisations support
- research and publishing information to private sector associations
- develop a framework for the privatisation of state enterprises

5 7 3 Office of Treasurer

The major goals of the Office of the Treasury (OT) are to guarantee and secure national revenue maintain expenditure controls and to provide appropriate systems for revenue collection and accountability This is done through formulating policies and procedures to guarantee the health and trustworthiness of the principle system managed by the MOF, managing public accounts central files, and government payroll, issuing regulatory guidelines to government Agencies providing systems to ensure highest accounting standards in government Agencies, conducting tender and procurement of government services/works and ensuring compliance with standards and procedures and reviewing and initiating legislation and other reforms to improve management and good practices in revenue collection

In the proposed restructured organisation of the MOF the OT will consist of the Accountant General Department the Financial Policy Legislation and Regulatory Department and the Procurement Department The following principle activities were identified for each department

The purpose of the Office of Budget is to support the sound management of public finances in Guyana through the preparation of appropriate annual Estimates of revenue and expenditure for approval by the National Assembly and the monitoring of the revenue and expenditures and the related performance by the MDRs against the budget throughout the year

The Office of the Budget prepared a report in 1997 which identified OB related activities. The following activities were identified

Budget Management

- budget planning
- budget implementation
- budget preparation

Expenditure Programme Monitoring

- programme budgeting implementation
- liaison with line Agency Expenditure Programme Management Units
- performance indicator development

Debt Management

- external Debt
- internal debt
- donor funding

Fiscal and Monetary Policy

- long term budget forecasts
- analysis and forecasting

5.7.2 State Planning Secretariat (Office Of Planning And Development)

The major goals of the OPD are the formulation and implementation of the public sector investment programme, policy analysis and programming and monitoring of public sector enterprises. This is done by providing the policy framework for medium term economic prospects, developing, maintaining and updating the three year rolling investment programme, providing regular economic review and analysis of the economy, providing oversight of public enterprises and advising the Minister and providing policy options for private sector development

In the proposed restructured organisation of the MOF the OPD will consist of three main divisions: the Policy Analysis Department (PAD), the Development Projects and Public Sector

- formulate interpret and implement policies on condition of service
- liaise with unions

Public Service Management supports the sound management of human resources through the preparation of the appropriate staffing levels for the annual Estimates and monitoring of the use of human resources by Programmes during the year

Public Service Management reviews the MDR requests for personal emolument funding and provides recommendations to the Priorities and Planning Committee through the Office of the Budget

Public Service Management reviews the staffing implications of all new proposed initiatives in detail and provides consulting services to the sponsoring MDR where appropriate

5 7 5 Roles of Auditor General's Department

The Auditor General plays an important part in gathering, analysing and reporting upon management activities in the government. The Auditor General's Department has two main roles: verifying that the Public Accounts are accurate and assessing the operations of government departments.

The Auditor General has the authority under the Financial Administration and Audit Act (FAAA) to review the internal operations of the government departments and assess whether they are operating in an economical, efficient and effective manner. The Auditor General is authorised by Section 223 of the Constitution to have access to all books, records, returns, reports and other public documents and to audit the accounts of all government departments, statutory bodies and public corporations.

The Auditor General works independently from all government departments and is not subject to the direction or control of any other person or authority in the performance of his/ her duties. The Auditor General is appointed by the President on the recommendation of the Public Service Commission for the purpose of assisting Parliament/National Assembly in the monitoring of the annual Estimates.

The accounts to be audited by the Auditor General include the following:

- (a) central government
- (b) statutory boards and public corporations,
- (c) special funds,
- (d) trust funds

The Auditor General submits his report on the annual Estimates/ Public Accounts to Parliament through the Minister of Finance. The report is presented within 9 months after the close of the fiscal year and the Minister tables the report to Parliament at his earliest opportunity. The

Accountant General Department

- public financial accounting
- debt servicing division
- pensions and accounting support
- data processing

Financial Policy, Legislation and Regulatory Department

- financial policy formulation
- preparing and disseminating legislation and regulations

Procurement Department

- tendering and contracting
- development and assistance
- research and data base management

5 7 4 Public Service Management

The PSM is responsible for managing the public service of Guyana through the provision of professional personnel, training and human resource related consultancy services to MDRs. This is accomplished through four areas:

Administration

- training and personnel management policies and practices
- research and implement public service reform

Training

- formulate policies on training and development
- utilisation of scholarship to reflect policy and sectoral priorities
- planning, analysis and research

Management Services

- organisational development consultancy services
- facilitate cultural communications and performance level changes

Central Personnel

- personnel systems and procedures

The Accountant General is charged under the authority of the Minister by way of warrants to release funds to Agencies bank accounts. The Accountant General's Office must ensure that funds are received by the MDRs on a timely basis so that programmes/ activities are able to spend the needed funds within the monthly reporting period.

The functions attached to the Office of the Accountant General make him

- the principal accounting officer responsible for the operations of the Consolidated Fund and the Contingency Fund,
- the receiver of all revenues and other public moneys
- the government paymaster,
- the Chief Accountant responsible for the compilation of the government's accounts,
- custodian of public moneys, securities and other financial instruments

As the principal accounting officer, it is his duty to ensure that no withdrawals are made from the Consolidated Fund or from the Contingencies Fund, except on the authority of the Minister of Finance. In this capacity he may refuse any withdrawal from the Consolidated Fund or the Contingencies Fund that has not been authorised by warrant under the hand of the Minister.

As receiver of revenue, he must also ensure that all revenue and other public moneys paid to him/ her are securely lodged in the Consolidated Fund. The responsibility for collecting revenues and other debts owed to government, however, remains with the accounting officer concerned.

No payment can be made out of the Consolidated Fund either directly or indirectly unless it is specifically permitted by the Accountant General. In carrying out this responsibility, he has the right to reject any payment which he considers unauthorised by the Minister, is invalid or improper or which is based on inaccurate or incorrect information. The right of the Accountant General to reject a payment for any of the above reasons does not absolve an accounting officer from responsibility for the correctness or validity of a payment made by the Accountant General based on a claim, invoice or other payment instrument submitted by that accounting officer.

The accounts of the government are maintained by the Accountant General who is also authorised to set the accounting standards for each accounting officer. This function requires the Accountant General to inspect the accounts in each Department and to issue accounting instructions to all accounting officers or directly to accounts staff.

The Accountant General is the custodian of all public moneys and other financial instruments including stamps, securities, etc. No moneys must be kept outside his control except where specific approval is given by him for accounting officers or sub-accountants to operate separate bank accounts or petty cash accounts for specific purposes.

Report usually covers

- overspending or expenditures for unauthorised purposes,
- expenditures not authorised or properly certified,
- public money not accounted for and not paid into the CF,
- accounts not properly maintained,
- procedures insufficient to safeguard public money, and
- uneconomical or inefficient spending

In carrying out his function, the Auditor General is empowered to seek explanations in respect of any transaction or record from the Accountant General or any other accounting officer and to report on his findings, either at the time the annual accounts are submitted to Parliament or at any other time if a special report is warranted

Where necessary, the Auditor General may appoint a private auditor to assist the Office of the Auditor General or to conduct an audit on behalf of the Office of the Auditor General for entities where the Government has a controlling interest. The cost of such audits will be borne by the entity

The existing Financial Administration and Audit Act outlines the authority and responsibilities attached to the Office of the Auditor General. A separate National Audit Act was drafted in 1994 and presented to Parliament. This act, which is still under review, proposes a non-judicial public audit body with additional authority to conduct performance and value of money audits

5 7 6 Roles of Accountant General's Department

The Accountant General has a key role to play in the system of budgetary control. As the custodian of the Consolidated Fund and the keeper of Government's central accounts, it is his/her responsibility to ensure that all payments from the fund are valid and authorised by appropriation and that no payment from the fund will cause an excess over the sums authorised by appropriation or by any warrant issued by the Minister of Finance

The Accountant General must also keep accurate accounts of all payments made by him from the fund in a form that is consistent with the details of the estimates and that is reconcilable with the records kept by the spending departments

Similarly, the Accountant General must maintain accurate account of revenues received in a form similar to the details contained in the estimates and that can be reconcilable with the records kept by the collecting departments

- Preparing Agency Estimates analysis for Budget Review Meetings
- Conducting Agency training for budget operations
- Monitoring Agency budget/ information system (information technology advances)
- Liaison with the MISU accounting systems - integration issues
- Supporting the Agency Quarterly Reviews, taking minutes at internal meetings and ensuring that corrective actions are implemented

5 7 9 Responsibilities of Permanent Secretaries and Regional Executive Officers

Secretary to the Treasury

The Secretary to the Treasury (ST), like other Permanent Secretaries, is charged with responsibility to supervise, under the general direction and control of the Minister of Finance, the work of the Ministry of Finance. At the same time, the ST operates in the capacity of the Minister's delegate in the execution of financial policy and planning. The ST is authorised under the FAAA to issue instructions and directives on behalf of the Minister and to take steps to ensure that directions or instructions given and regulations made by the Minister are observed by the appropriate officials and other persons affected by such directives, instructions or regulations.

In the execution of his/her functions, the Secretary to the Treasury is entitled to access to any government premises, property or records and to any information he may require relating to public funds or property, and may delegate this authority to any officer.

All withdrawals from the Consolidated Fund must be recommended by the Secretary to the Treasury prior to the approval by the Ministry of Finance.

Permanent Secretaries/REOs

Permanent Secretaries / Heads of Departments and Regional Executive Officers (REOs) are designated by the Secretary to the Treasury to be accounting officers in respect of each head of revenue and expenditure contained in the annual estimates when these estimates are laid before Parliament. Where there is more than one Department in an Agency, each headed by a Permanent Secretary, the Minister designates each Permanent Secretary to be accounting officer for that part of the head of revenue or expenditure for which that Permanent Secretary is functionally responsible. It should be noted that appointed principle receivers of revenue need not be accounts officer and vice versa.

An accounting officer is responsible for ensuring the efficient management of public funds entrusted to him/her and for maintaining proper accounting for such funds. In carrying out this function he/she is answerable directly to the Public Accounts Committee for any discrepancy in

5 7 7 Management Information System Unit

The Management Information Systems Unit (MISU) is responsible for computer-based systems support to the administrative office, sub-treasuries and sub-accounting offices in the Regions Agencies and overseas missions of the Government of Guyana MISU is a unit of the Accountant General's Department, housed at the Ministry of Finance, and provides data management, systems engineering, technical support and documentation for the GoG MISU also supports the Payroll and Pension Systems and is currently developing a government accounting system

The Accounting system under development is comprised of an accounting and a budget module The budget module contains the sub-modules for Main Estimates preparation and the In-Year Budgeting System A staffing database is also being maintained by Office of the Budget which will feed employment information on a monthly basis into the relevant components of the Budget module

The accounting module will interface on a monthly basis with the In-Year Budget Operations The Accounting system is expected to facilitate all non-sub-accounting Agencies with direct access to the system through an on-line telephone link to the Ministry of Finance It is anticipated that the computerisation of both modules will reduce the volume and maintenance of the manual compilation and computation of information

5 7 8 Expenditure Planning and Management Units (EPMU)

Expenditure Planning and Management Units will be established in each of the major Agencies in the GoG An Expenditure Planning and Management Unit (EPMU) has recently been established within the MOF, MOH, and MOE The plan is to increase the number for the 1999 business planning/ Estimates period The economists/analysts assigned to the EPMUs will enhance the fiscal and expenditure planning capacity in the GoG The EPMUs have been charged with a series of ongoing tasks to sustain the business planning process and promote budget and financial management sustainability These tasks included

- Researching and assessing new initiatives
- Researching and assessing cost saving, redundancy and downsizing opportunities
- Refining the internal PB breakdown structure for Agency Allocations
- Co-ordinating the annual activity level budget worksheet process
- Preparing expenditure forecasts and revenue forecasts for the Agency
- Preparing Agency position papers for priority setting exercises

An accountable officer is defined as any officer responsible, either directly or by delegated authority, for the collection, receipt, custody, issue or payment of public moneys, stores, stamps, securities, or negotiable instruments or of any other moneys or property entrusted to government

An accountable officer who is not himself an accounting officer may be held jointly responsible with an accounting officer for any act leading to the inefficient use, loss, wastage or failure to collect or secure public moneys or property

5 7 11 Role of Activity Managers

Many aspects of financial administration are the responsibility of the activity managers to whom financial authority is assigned¹¹ The basic role of these officers is to manage the financial, human and physical resources to obtain output or benefits that are consistent with and contribute to the objectives of the programmes or sub-programme They are called upon to perform this role in a manner that maximises benefits and minimises costs The responsibilities of such managers are discussed throughout the manual and are summarised below

| | |
|--|---|
| <i>Measuring Inputs and Results</i> | Identifying within their areas of responsibility, the various projects, processes and operations for which costs and output data can be meaningfully measured |
| <i>Forecasting Requirements</i> | Forecasting human and physical resources for which finances are required in relation to planned accomplishments |
| <i>Variance Analysis</i> | Ascertaining the causes of significant variances between planned and actual costs in relation to output |
| <i>Corrective Action</i> | Initiating appropriate action in response to problems indicated by variances to adjust the level of resources, or to reduce costs or to increase efficiency |
| <i>Defining Financial Management Information</i> | Informing financial officers of requirements with respect to format, content, and timeliness of financial reports |
| <i>Using Available Financial Information</i> | Utilising financial reports in the management of their operations and reviewing the reports to see that are in line with known events |
| <i>Confirming Costs charged to</i> | Identifying the cost information required and verifying the |

¹¹ There should first be an established delegation of spending Authority This is proposed for in 1998 for all Agencies

the accounts for any irregularity, waste or loss in the use of public funds or property and for failure to collect revenues or other debt owing to government

An accounting officer may, with the prior approval of the Secretary to the Treasury, appoint an officer under his/ her control to be collector of revenue in respect of any item of revenue for which he/ she is responsible, and in so doing must clearly define in writing the full extent of authority delegated by him/her and the duties assigned to the collector of revenue in that regard. However, the accounting officer remains personally accountable for the due collection of the item of revenue in respect of which authority to collect was delegated.

A Permanent Secretary/ REO, in the performance of the general duties attached to that office, is responsible to his/ her Minister for the supervision of the Department to which he/she is assigned. But as accounting officer, the PS/REO is directly answerable to the Public Accounts Committee for the management of the funds in respect of the head of expenditure or part thereof for which he/she is designated accounting officer. It may sometimes happen that the Permanent Secretary/REO as accounting officer disagrees with direction given by his/her Minister concerning the management of such funds. In this event, the Permanent Secretary/accounting officer must carry out the Minister's direction, but since the PS/REO is directly responsible to the Public Accounts Committee he/she must record this disagreement in writing and should act only on the written instruction of the Minister. Copies of this disagreement and the Minister's instructions must be sent to the Secretary to the Treasury and Auditor General, and should be held as evidence in response to any questions raised by the Public Accounts Committee.

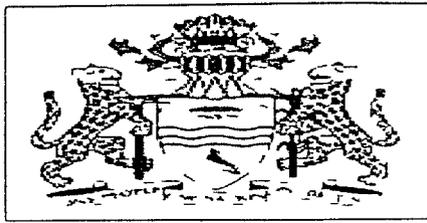
5 7 10 *Responsibilities of Accounts Officers*

Accounts Officer

Each department should establish an accounting unit which should be under the overall supervision of the Permanent Secretary/accounting officer. Each such unit should be headed by an accounts officer who shall be responsible for ensuring that all payments from appropriations made to that department and all commitments entered into are valid, and within the amounts voted, that all revenues received and payments made are correctly accounted for, that departmental accounts are maintained in accordance with any instructions issued by the Accountant General, and that financial reports as required from time to time are submitted regularly to the Permanent Secretary/accounting officer.

The accounts officer is responsible to the Permanent Secretary/accounting officer of his/her department in the performance of his/her general duties as accounts officer, but he is also subject to any instructions given by the Accountant General regarding the application of Treasury procedures.

Accountable Officer



Guyana

NO 1/1997

Original

Duplicate

Triplicate

Quadruplicate

Date 97/12/01

**CONSOLIDATED FUND
CONTINGENCIES FUND WARRANT**

Minister of Finance

To The Accountant General

You are hereby authorised in accordance with Section 25 (1) of the Financial Administration and Audit Act, Chapter 73:01, to withdraw from the Consolidated Fund the **sum of three hundred and eighty-two million one hundred and sixteen thousand seven hundred and eighty-three dollars (\$382,116,783)** in accordance with Resolution No xxxvi which was passed in the National Assembly on 1974-06-12 for the purpose of funding the Contingencies Fund

*Secretary to the Treasury
Ministry of Finance*

145

DEPOSIT FUND ADVANCE WARRANT

Original
Duplicate
Triplicate
Quadruplicate

1998-12-

MINISTER OF FINANCE

TO THE ACCOUNTANT GENERAL

You are hereby upon my personal responsibility, authorised to pay the sum of nineteen million, eight hundred and forty thousand dollars (\$20,000,000) as specified in the Schedule below for the purpose indicated in accordance with Section 23 (2) of the Financial Administration and Audit Act 73:01

SCHEDULE

=====

| PARTICULARS | | AMOUNT |
|--|--|------------|
| To make payment to KD Process International Limited until funds are made available by the EEC Advance will be repaid by the 13th Repairs to Engines for Beechcraft King Air 200 - 8R - GFB | Project Manager, Infrastructure Rehabilitation Programme | 20,000,000 |

Signature of Officer submitting
Schedule of Advance Warrant

DATE

M

Date

SUPPLEMENTARY STATUTORY WARRANT

Minister of Finance

TO THE ACCOUNTANT GENERAL

You are hereby authorised in accordance with Section 18 of the Financial Administration and Audit Act Chapter 73 01 to withdraw from the Consolidated Fund, monies to provide for expenditure charged upon the Fund by the Constitution and by various Acts of Parliament as mentioned in the Schedule below for the year 1998

SCHEDULE

AGENCY 01-01 Office of the President
PROGRAMME 1 Head Office Administration
REASON

| <u>PARTICULARS</u> | <u>SUBHEAD/SUBCODE</u> | | <u>AMOUNT G\$</u> |
|--------------------|------------------------|-----|-------------------|
| | 002 | 000 | 5 000 |
| | TOTALS | | 5,000 |

Secretary to the Treasury

1998 04 29

VIREMENT WARRANT

DATE 17-Apr-98

Warrant No 3 / 98

File No. 15/2/47

To
(ACCOUNTING OFFICER)

Authority is hereby granted for virement of the amount provided on the Subhead of the Head shown in the Schedule hereunder relating to the Current Annual Estimates of Expenditure as passed by the National Assembly for the financial year 1998

Agency 05-02 - Supreme Court

Programme 1 - Supreme Court of Judicature

Description of Subhead

| | 1998 Voted Provision | Virements already authorised | Virement now authorised | Revised Provision | Reason for Virement |
|---|-------------------------|------------------------------------|-------------------------------|----------------------|---|
| <i>[a] [SUBHEAD INCREASED]</i> | | | | | |
| 106 001 Contracted Employees | 881 | 0 | 1 208 | 2 089 | Payment of salaries to contracted employees |
| | | | <u>Total Increase</u> | <u>1 208</u> | |
| <i>[b] [SUBHEAD DECREASED]</i> | | | | | |
| 102 000 Senior Technical | 0 | 0 | -258 | -258 | |
| 103 000 Other Technical and Craft Skilled | 1 994 | 0 | -950 | 1 044 | |
| | | | <u>Total Decrease</u> | <u>-1 208</u> | |

You are required to make entries in your Vote Account Books and to ensure that expenditure is not incurred in excess of the Revised Authorised Estimates in respect of each Subhead of each Programme as shown above

c c Accountant General
Auditor General
Manager D P U

Chairman, Virement Committee
Ministry of Finance

8/98

**Republic of Guyana
Estimates (Year)
Staff Requirements**

| Agency | Staff Upcoming Year | Staff Current Year | Increase/ (Decrease) |
|--------------|------------------------|-----------------------|-------------------------|
| | | | |
| TOTAL | | | |

Appendix IV
List of Warrant Types
Section 5.3.2

Republic of Guyana
Estimates (Year)
Agency Name and Number
Capital Expenditure
Part II

| Project Number | Approved Current Year \$ | Revised Current Year \$ | Total Expenditure to end of prev year \$ | Actual Previous Year \$ | Project Balance \$ | Source of Funding |
|--|------------------------------------|-----------------------------------|--|--------------------------------------|------------------------------|----------------------|
| Revenue Loans Development Aid | | | | | | |

**Republic of Guyana
Estimates (Year)**

Recurrent Expenditure Growth Analysis

| Agency | Preliminary Allocation over Current Estimates | | Ministry of Finance Recommendations over Preliminary Allocations | | Total Growth over Current Estimates | |
|--------------|--|---|--|---|--|---|
| | \$ | % | \$ | % | \$ | % |
| | | | | | | |
| TOTAL | | | | | | |

Republic of Guyana
Agency Number and Name
Revenue Estimates (Year)
Recurrent Revenue Notes

| PROGRAMME NUMBER AND NAME | | | |
|---------------------------|--------------------------------|------------------------|-----------------------|
| Item No | Details of Revenue | Estimates | |
| | | Upcoming Year \$ | Current Year \$ |
| | | | |
| | Total Recurrent Revenue | | |

Republic of Guyana
Estimates (Year)
Agency Name and Number
Capital Expenditure
Part I

| Project No | Details of Expenditure List of Projects | Estimated Expenditure (Upcoming Year) | | | | |
|------------|--|---------------------------------------|---------------|-------------|--------------------------|--------------------------|
| | | Project Total Cost \$ | Revenue \$ | Loans \$ | Development Aid \$ | Total Estimates \$ |
| | | | | | | |
| | TOTAL | | | | | |

Republic of Guyana
Estimates (year)
Agency Name and Number
ESTIMATES MONITORING
Recurrent Revenue

| DESCRIPTION | SOURCE OF REVENUE | | | |
|------------------------------|-------------------|--|--|--|
| PROGRAMME/ACTIVITY | | | | |
| TOTAL PRELIMINARY ALLOCATION | | | | |
| ADJUSTMENTS | | | | |
| TOTAL ADJUSTMENTS | | | | |
| ESTIMATES SUBMISSION | | | | |

155

Republic of Guyana
Estimates (year)

Recurrent Expenditure Change As At

| AGENCY | ESTIMATES SUBMISSION \$ | CABINET DECISION \$ | INCREASE/ (DECREASE) \$ |
|--------------|-------------------------------|---------------------------|-------------------------------|
| | | | |
| TOTAL | | | |

Republic of Guyana
Estimates (year)
Agency Name and Number
ESTIMATES MONITORING
Recurrent Expenditure

| Items | Staff | Salaries Number | Wages | Other Charges | Total Expenditure |
|--|-------|--------------------|-------|------------------|----------------------|
| Base Current Estimates adjusted for one time costs and year-end projections Priorities (New Initiatives etc) Growth allocation of increases for increased costs of living | | | | | |
| Preliminary Allocation | | | | | |
| Adjustments (Estimates Submission) Programme/Activity (List Items) Total Adjustments | | | | | |
| Estimates Submission | | | | | |
| Adjustments (After Estimates Committee Review) Programme/Activity (List Items) | | | | | |
| Total Adjustments | | | | | |
| Revised Estimates | | | | | |

Republic of Guyana
Estimates (year)
Agency Name and Number
ESTIMATES MONITORING
Capital Expenditure

| Items | Total Cost | Financing (Upcoming Year) | | | |
|---|------------|---------------------------|-------|--------|-------|
| | | Revenue | Loans | Grants | Total |
| On-Going Projects | | | | | |
| New Projects | | | | | |
| TOTAL PRELIMINARY ALLOCATION | | | | | |
| ADJUSTMENTS (List Projects) | | | | | |
| On-going Projects | | | | | |
| New projects | | | | | |
| PROPOSED NEW INITIATIVES (List Projects) | | | | | |
| ESTIMATES SUBMISSION | | | | | |

Republic of Guyana
Estimates (year)
Agency Name and Number
Budget Notes - Recurrent Expenditure

| Programme Number and Name | | | | | | |
|---------------------------|------------------------------------|------------------|-----------------|--------------------------------------|-------------------|------------------|
| Item No | Details of Expenditure | Estimates | | Filled Staff Positions (Designation) | Upcoming Year (#) | Current Year (#) |
| | | Upcoming Year \$ | Current Year \$ | | | |
| | | | | | | |
| | Total Recurrent Expenditure | | | Total Staff | | |

Republic of Guyana
Estimates (year)
Agency Name and Number
Recurrent and Non-Recurrent Expenditure

Budget Summary by Programmes

| Agency Objective | | | | | |
|------------------|------------------------|------------------------|-----------------------|--|------------------------|
| Item No | Details of Expenditure | Estimates | | Increase/ Decrease from Current Year \$ | Previous Year \$ |
| | | Upcoming Year \$ | Current Year \$ | | |
| | Programmes | | | | |
| | TOTALS | | | | |

Republic of Guyana
Estimates (year)
RECURRENT EXPENDITURE
Recommendation for Over-Allocation Issues

| Agency | Over (Under) Allocation | Comments | Recommendations | | |
|--------------|-------------------------------|----------|-----------------|----------|------------------|
| | | | Staff | | Other Charges |
| | | | # of | Salaries | |
| | | | | | |
| TOTAL | | | | | |

Notes Highlights an option to resolve the issue and the recommended option to be presented to the Estimates Committee

Republic of Guyana
Estimates (year)
Financial Summary

| | ESTIMATES | | | Actual Previous Year |
|----------------------------|------------------|--------------|--------|----------------------------|
| | Upcoming Year | Current Year | Change | |
| Recurrent Estimates | | | | |
| Recurrent Revenue | | | | |
| Recurrent Expenditure | | | | |
| Surplus/(Deficit) | | | | |
| Capital Estimates | | | | |
| Capital Revenue | | | | |
| Local Revenue | | | | |
| Capital Revenue | | | | |
| Loans | | | | |
| Development Aid | | | | |
| Capital Expenditure | | | | |
| Revenue | | | | |
| Loans | | | | |
| Development Aid | | | | |
| Surplus/(Deficit) | | | | |
| Total | | | | |
| Surplus/(Deficit) | | | | |

Republic of Guyana
Estimates (year)
RESOURCE ALLOCATION BY SERVICES

| Services/ Ministry | Recurrent Expenditure | % of Total Recurrent Expenditure | Capital Expenditure | % of Total Capital Expenditure | Total xpenditur | % of Total Expenditure \$ |
|------------------------------------|--------------------------|---|------------------------|---|--------------------|------------------------------------|
| General Services - Agency Name | | | | | | |
| Social Services - Agency Name | | | | | | |
| Economic Services - Agency Name | | | | | | |
| TOTAL EXPENDITURES | | | | | | |

Republic of Guyana
Estimates (year)
POLICY ISSUES

| Policy Issue | Description/ Comments | Cabinet Decision |
|---------------------|----------------------------------|-----------------------------|
| | | |

Republic of Guyana
Estimates (year)
RECURRENT EXPENDITURE - PART I

| ITEMS | Preliminary Allocation \$ | Estimates Submission | | | | | Ministry of Finance Recommendations | | | | | |
|--------------|------------------------------|----------------------------|---|----------------|---------------------|--|--|----------------------------------|---------------------|--|---|--|
| | | Estimates Submission \$ | Increase/Decrease over Preliminary Allocation | | | Ministry of Finance Recommended Allocation \$ | Increase/(Decrease) over Estimates Submissions | | | Increase/Decrease | | |
| | | | Total Change \$ | Salaries \$ | Other Charges \$ | | Total Change \$ | Salaries (Including Wages) \$ | Other Charges \$ | Recommendations over Preliminary Allocations \$ | % | |
| Agency | | | | | | | | | | | | |
| TOTAL | | | | | | | | | | | | |

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Republic of Guyana
Estimates (year)
RECURRENT EXPENDITURE - PART II

| Agency | Salaries | Wages | Other Charges | Preliminary Allocation | Revised Estimates | Total Change | | Increase/(Decrease) | | | | | | |
|--------------|----------|-------|---------------|------------------------|-------------------|--------------|--|---------------------|---|-------|---|---------------|---|--|
| | | | | | | | | Salaries | | Wages | | Other Charges | | |
| | | | | | | | | \$ | % | \$ | % | \$ | % | |
| | | | | | | | | | | | | | | |
| TOTAL | | | | | | | | | | | | | | |

Note Revised Estimates Agencies' submissions adjusted to reflect Estimates Committee Decisions

Subhead 314, Other consists of five sub-items

- 001 - National and Other Events (Schools Athletic Championships, observances of national celebrations, awards and prizes etc)
- 002 - Dietary (provision of meals to patients and students in some boarding schools)
- 003 - Refreshments and Meals (refreshments for meetings other than meetings held by the RDC, etc)
- 004 - Old Age Pensions (include pensions and public assistance of the Ministry of Labour)
- 005 - Other (this should be a very negligible amount which must be explained in the Notes to your estimates)

Appendix III

*Analysis of Agency Submissions
List of Forms for Estimates Analysis
Section 4.2.3*

DETAILS OF CURRENT EXPENDITURE CHART OF ACCOUNTS - OTHER CHARGES (Section 3 7)

Total Other Charges is divided into fourteen sub-heads numbering from 301 through to 314 Several of the subheads are further divided into sub-codes/items

Subhead 301 Expenses Specific to the Agency

- to be used by the Ministry of Local Government and the Regions only In the case of the Ministry of Local Government, it should be used to reflect the emoluments of regional and local government officers In the case of the Regions, it should be used to reflect expenses specific to the RDCs (example, expenses of meetings of the RDCs, travel of the Regional Chairman

Subhead 302, Materials, Equipment and Supplies contains four items

- contains four items 001 - Drugs and Medical Supplies (first-aid kits, sutures, needles, etc),
- 002 Field Materials and Supplies (tents, small stoves for outdoor use, surveyor's tools, etc),
- 003 Office Materials and Supplies (stationary - paper, pens, staplers etc)
- 004 - Print and Non-Print Materials (books, journals, periodicals, magazines, maps, charts, newspapers, etc)

Subhead 303, Fuels and Lubricants

Subhead 304, Rental and Maintenance of Buildings, contains three sub-items

- 001 - Rental of Buildings (include the actual rent to be paid),
- 002 - Maintenance of Buildings (include only minor repairs and refurbishment to any part or all of the building, but exclude the cost of any additions and major (over \$2 million) alterations and rehabilitation to the building),
- 003 - Janitorial and Cleaning Supplies (toilet paper mops, brooms disinfectant, smell-o-pine, etc)

Subhead 305, Maintenance of Infrastructure contains five sub-items

- 001 - Maintenance of Roads (include cost of minor repairs such as, weeding the shoulders, filling potholes and resurfacing parts of the road as part of annual maintenance activities, exclude road rehabilitation works),
- 002 - Maintenance of Bridges (minor repairs to shoulders, rails, foundation and other parts of the bridge, where these works are not associated with road maintenance exclude construction of a new or major rehabilitation to an old bridge,
- 003 - Maintenance of Drainage and Irrigation Works
- 004 - Maintenance of Sea and River Defences
- 005 - Maintenance of Other Infrastructure (footpaths pavements fences etc)

Subhead 306 - Electricity Charges

Subhead 307, Transport, Travel and Postage, contains five items

- 001 - Local Travel and Subsistence
- 002 - Overseas Conference and Official Visits (to be used by the Accountant General only)
- 003 - Postage, telex and Cablegrams
- 004 - Vehicles, Spares and Services (spares for and servicing of all types of vehicles including off the road vehicles, boats and canoes)
- 005 - other (includes the temporary hire of vehicles, boats, etc)

Subhead 308, Telephone Charges Exclude any costs connected to the purchase and installation of new switchboards, paging equipment, radio equipment, etc

Subhead 309, Other Services Purchased contains four items

- 001 - Security Services (cost of engaging a security guard services company or the Police)
- 002 - Equipment Maintenance (servicing typewriters, computers and other office equipment)
- 003 - Cleaning & Extermination Services (cost of engaging a company such as Rentokil for extermination of vermin etc)
- 004 - Other Services

Subhead 310, Education Subvention and Training, consists of two sub-items

- 001 - Education Subventions and Grants (includes subventions to educational institutions and grants to individuals and school's science, arts and technical departments)
- 002 - Training (includes cost of scholarship tenable at local and foreign institutions, seminars, workshops, etc)

Subhead 311, Rates and Taxes and Subventions to Local Authorities, consists of two sub-items

- 001 - Rates and Taxes (as assessed by the Local Authority)
- 002 - Subventions to Local Authorities (as recommended by Ministry of Local Government)

Subhead 312, Subsidies and Contributions to Local and International Organisations consists of two sub-items

- 001 - Local Organisations
- 002 - International Organisations

Subhead 313, Refunds of Revenue

- is for use by such departments as the Inland Revenue Department and Customs and Excise Department and the Ministry of Foreign Affairs

| | |
|------------------------|--|
| OM | Office of Management |
| OT | Office of the Treasury |
| PB | Programme Budgeting |
| PMT | Programme Management Team |
| Preliminary Allocation | The base funding level provided to Agencies with the Estimates Call that provides the funding constraints for the Agency |
| PS | Permanent Secretary |
| Strategic Outlook | Involves identifying, evaluating and prioritising national planning priorities for the next year |
| Warrants | Provide the legal authority for the Accountant General to release funds from the Consolidated Fund to the Agencies based on a schedule outlined in the warrant |

Appendix II

*Details of Current Expenditure Chart of Accounts - Other
Charges*

Appendix I

Glossary of Terms and Abbreviations

Glossary of Terms and Abbreviations

| | |
|-----------------------------|--|
| ABC | Agency Budget Committee comprises of senior staff in each Agency that meet on matters relating to budget and expenditure matters |
| Agency | Used synonymously with MDR |
| Central Agencies | Includes Ministry of Finance Public Service Management Auditor General, Accountant General |
| Central Estimates Committee | A technical working committee comprising of personnel from OB, SPS, and PSM who deal with recurrent expenditure and revenue issues |
| CGAS | Central Government Accounting System |
| COA | Chart of Accounts |
| DPS | Deputy Permanent Secretary |
| Enterprise planning | Refers to the corporate or macro planning that occur in each Agency |
| EPMU | Expenditure Planning and Management Units are planning units being set up in all government Agencies to facilitate the sustainability of the programme budgeting initiative |
| Estimates Call | An alternative name for the Estimates Circular that is released in June as the call for estimates |
| Fiscal Targets | Financial parameters or spending limits for Government operations in advance of a detailed MDR planning |
| Fiscal Plan | Document containing expenditure, revenue, debt forecasts over a multi-year framework which becomes the driving force for strategic planning |
| FMC Cabinet Committee | Budget and Financial Management Committee of Cabinet is comprised of senior ministers whose primary role is to set national planning objective consistent with the fiscal strategy |
| GEM-P | Guyana Economic Management Programme |
| GoG | Government of Guyana |
| IMF Economic | Economic Classifications by functions accepted by the International Monetary Fund on government operations |
| OB | Office of the Budget, Ministry of Finance |
| MDR | Ministries/Department/Regions |
| MISU | Management Information Systems Unit |
| MLA | Ministry of Legal Affairs |
| MoF | Ministry of Finance |
| MOE | Ministry of Education |
| MOH | Ministry of Health |
| New Initiatives | New recurrent and capital initiatives and any spending reallocations that are above preliminary allocations |
| OM | Office of Management |

Manual Administration

This manual was drafted as a support tool for the Programme Budgeting implementation efforts on the basis of the experience in preparing the 1998 Estimates, interviews within the Guyana Public Service, and research on similar public sector budgeting processes while some of the GoG Programme Budgeting processes were evolving. The manual will be released in a draft format to interested stakeholders for comments at which time the document will be finalised and distributed to each of the 36 Agencies within the GoG.

The responsibility for maintaining this manual is vested in the Office of the Budget, Ministry of Finance. The Expenditure Planning Management Unit (EPMU) within the Office of the Budget will maintain the document and distribute additional copies as required. The Director of the Budget Office shall authorise changes as and when required.

The manual should be considered an interim manual on programme budgeting. Further revisions to the manual will be required as the programme budgeting system in Guyana evolves and matures and introduces different reforms. Please note that some of the chapters of this document may be altered in subsequent editions of this manual.

This Manual is an initial effort to identify the significant PB contributors and their roles in the annual GoG PB business planning process. The PB manual provides background information on the principles that serve as a foundation for Programme Budgeting within the Government of Guyana. It is anticipated that changes will be made to the form and content of this manual as Programme Budgeting matures and as the financial environment changes.

This manual is not intended to contradict any instruction contained in the annual Estimates Circular issued by the Ministry of Finance.

If a reader encounters an instruction in this manual that appears to hinder good programme management, the reader should contact the Office of the Budget, in writing, regarding the circumstances.

Authority for the Programme Budget Manual

This Programme Budget Manual is the authorised reference to the Government of Guyana's business planning processes as issued by the Ministry of Finance.

Authorised by

_____ Date _____ 19_____
Secretary of the Treasury

List of Appendices

- Appendix I Glossary of Terms and Abbreviations
- Appendix II Details of Current Expenditure Chart of Accounts
 - Other Charges
- Appendix III List of Forms for Estimates Analysis
 (Section 4 2 3 - Analysis of Agency Submissions)
- Appendix IV List of Warrant Types (Section 5 3 3)

manner intended by it and that there have been no cases of misappropriation or wasteful or excessive spending

In carrying out its work, the Committee may be assisted by the Auditor General, Accountant General and the Secretary to the Treasury. The Auditor General's annual report is intended to bring to its attention the details of transactions which might not be consistent with the Estimates, the Appropriation Act or with any Act or regulations governing public expenditure or the conduct of public financial business, including questions of efficiency and economy. Any report submitted to the Public Accounts Committee should be

- (a) concise and accurate,
- (b) fair and reasonable in its conclusions
- (c) relevant to its work

The Committee may summon before it any officer in connection with any matter that it discovers in its examination of the accounts or that is raised in the Auditor General's report

Accounting officers are directly answerable to the Committee for any matter concerning the use and accounting for appropriations granted to their respective departments. They must, therefore, be prepared to answer any question and give satisfactory explanations for any matter raised in the report of the Auditor General or at meetings of the Committee

It is important that the relationship between accounting officers and the Auditor General is such that

- (a) questions relating to the conduct of financial matters are cleared without the use of formalised queries,
- (b) queries raised by the Audit are dealt with promptly and satisfactorily so as to avoid unnecessary comment in the Auditor General's report

This would ensure that minor matters or matters for which satisfactory explanations can be given are not referred to the Committee

The means by which accountability for funds appropriated by Parliament is maintained is the report of the Public Accounts Committee to the House. The findings and conclusions of the Committee may be debated at a meeting of Parliament at which ministers may answer to any charges concerning the management of their portfolios and in particular charges concerning the use of appropriations

Accounting officers must pay serious attention to any matter raised in the report of the Auditor General and in particular any matter raised in the report of the Public Accounts Committee. On receipt of the report of the Public Accounts Committee the Secretary of the Treasury may issue directions or instructions or take any actions that he/she considers necessary, including the use of surcharge where negligence or financial irresponsibility is established

REMINDER

- Budgetary control measures such as appropriations and votes are in place to prevent an Agency from overspending in excess of their voted provision
- Expenditure control practices in Office of the Budget ensure that Agencies develop cash flow forecasts consistent with their workplans
- Agencies should ensure that their staffing details are updated in the OB staffing database in order for there to be accurate employment data at the time of budget and monthly releases
- Activity Managers should be the first control point to overspending and should maintain internal budgetary controls
- It is the responsibility of the Programme managers and Sub-programme managers to ensure that total expenditures and commitments do not exceed cash releases or total voted provision
- Internal management reports at all levels of management should be produced to monitor expenditures and to provide a sound basis for analysis and decision-making
- In-year Expenditure Reviews need to be drafted by the Agency EPMU and presented to the OB EPMU at the end of every quarter

| | |
|--------------------------------------|---|
| <i>Activity</i> | basis of cost allocation |
| <i>Delegating Spending Authority</i> | Identifying the extent of delegation of authority required to enable lower levels of management to properly fulfil their responsibilities |
| <i>Exercising Spending Authority</i> | Exercised delegated spending authority for entering into commitments, incurring expenditures and confirming satisfactory contract performance |

5 7 12 *Roles of Deputy Permanent Secretaries of Finance (DPS Finance)*

In any system in which authority is delegated, those delegating authority remain accountable for the actions of their subordinates. Thus, they must have assurance that the system of financial administration discloses the actions of their subordinates so that appropriate control can be exercised.

In providing functional guidance, DPS Finance Officers are expected to demonstrate a high degree of professional competence in advising management on the acquisition and utilisation of financial resources. They must also possess a high degree of professional integrity to ensure that prudence and probity are exercised in spending public funds and that a proper accounting is rendered on the utilisation of financial resources.

Deputy Permanent Secretaries of Finance should be responsible for the following areas:

- 1 Co-ordinating and assembling financial data for use in preparing budgets, and ensuring that such data is reasonably accurate
- 2 Formulating guidelines for budget preparation. This includes providing instructions and identifying the types, and levels of activity planned, constraints to be recognised, unit costs, costing formulae, forms and methods to be used and timetables to be respected
- 3 Reviewing budgetary submissions to verify costs and to ensure that all instructions are followed
- 4 Convert cost-based budgetary requirements to net cash requirements (GoG Contribution) for inclusion in estimates submissions
- 5 Maintaining records to ensure that appropriation and allotment limits are not exceeded

- 6 Forecasting cash requirements
- 7 Assisting activity managers in analysing and explaining budgetary variances in terms of price volume and efficiency
- 8 Maintaining financial control over inventories and assets
- 9 Claiming, accounting, collecting and safeguarding all public money

5 7 13 *Role of the Public Accounts Committee*

Article 165 (1) of the Constitution allows Parliament to regulate its own procedures and in particular to make rules for the orderly conduct of its own proceedings. The rules made by Parliament are contained in its Standing Orders which provide *inter alia* for the appointment of sessional select committees to carry out any part of the business of the House.

One such committee is the Public Accounts Committee. The duty attached to the Public Accounts Committee is to consider how public monies have been spent and to

examine the accounts showing the appropriation of the sums granted by the Parliament to meet the public expenditure of the State, and such other accounts as may be referred by the National Assembly or under any law to the Committee, together with the report of the Auditor General on any such accounts (*Standing Order 70*)

The Public Accounts Committee consists of not less than 6 or 10 members drawn from both sides of the House (i.e. from government and opposition) and, by following Westminster convention, is usually chaired by the leader of the Opposition.

In PART I the role of Parliament in exercising control on public expenditure and the authority for such control was identified. After Parliament grants appropriations and gives authority for withdrawals from the Consolidated Fund, its control lapses until the results of the year's operations, presented in the form of the annual accounts, can be scrutinised by the Public Accounts Committee. It is through this committee that accountability to Parliament for the way in which appropriations are used can be exercised.

For the work of the Committee to be meaningful, the following principles should be followed:

- 1 The accounts submitted to it for scrutiny must be timely. The Committee will be less likely to give attention to information which is historical than to information which is current and topical.
- 2 The information submitted in the accounts must be transparent to allow the Committee to establish clearly that the appropriations granted by Parliament have been used in the

Consolidated Fund
General Statutory Warrant

MINISTER OF FINANCE**To The Accountant General**

You are hereby authorised in accordance with Section 13 of the Financial Administration and Audit Act, Chapter 73:01 - to withdraw from the Consolidated Fund, monies to provide for expenditure charged upon the Fund by the Constitution and by various Acts of Parliament as mentioned in the Schedule below for the year 1997

| Schedule | | |
|-----------------|-----------------------------|---------------------|
| Head | | Amount |
| 05-02 | Supreme Court of Judicature | 1,186,000 00 |
| Total | | 1 186 000 00 |

Secretary to the Treasury
1997/03/27