

Departments of Treasury and National Planning & Monitoring

BUDGET CIRCULAR 5/2021

9th March 2022

CIRCULAR LETTER TO:

All Provincial Administrators, Heads of Departments and Heads of Statutory Authorities.

2022 FIRST QUARTER BUDGET REVIEW (QBR)

1. PURPOSE

This Budget Circular advises National Departments, Statutory Authorities and Provincial Administrations (Agencies) to provide progressive financial performance reports for the First Quarter of 2022 that is from the 1st of January to the 31st of March.

All agency heads are bound by fiscal and legal obligation to provide a detailed report of overall expenditure at program and item levels, income from revenue and trust accounts (s), agencies staffing levels and PIP statement of accounts for the first quarter of 2022 (i.e. 1st January to 31st March 2022) to the Departments of Treasury (DoT) and National Planning & Monitoring (DNPM).

AGENCIES ARE STRONGLY URGED TO STRICTLY ADHERE TO THE SCHEDULED DEADLINES AS SET OUT IN THE BUDGET TIMETABLE CIRCULAR 3/2021.

Action	Due Date
Agencies to provide signed hardcopy and electronic copy of your First Quarter Review templates to DoT and DNPM	Friday 19 th April 2022

2. BACKGROUND

The Quarterly Budget Review process is conducted under the Public Finance (Management) Act 1995 according to guidelines set out in Section 36 of the Department of Finance's Financial Instructions. The QBR process has been streamlined for agencies to provide an integrated report on both the Capital Investment and Operational components of the National Budget.

The QBR process allows the Government to;

- Monitor implementation of the annual Budget in *assessing the results being achieved from program spending*;
- Identify spending trends that may lead to under or over spending of budget allocations;
- Update agencies staffing profiles and advice of the steps being taken to bring those profiles in line with what has been funded through the annual budget.

All agencies are reminded to adhere to their legislated level of funding as quarterly review process is not intended to cater for any additional funding requests.

Previously, the average of all Government funded agencies complied with the Quarterly Review requirements were about 50 percent. The templates provided are to simplify the previous reporting model and all government funded agencies are required to comply with the exercise. Agency non-compliance of the Quarterly Budget Review requirement is a breach to the PFMA as well as slows down reporting process.

It is imperative that all Budget funded agencies participate in the reviews as part of their fiscal and legal responsibility. The process will provide the Government with sufficient information for making prudent decisions on implementation of budget funded policies and programs for the remainder of this financial year.

3. GENERIC NON-FINANCIAL INSTRUCTIONS

In preparation for the 2021 and 2022 Budgets, the Strategic Budget Committee (SBC) deliberated over agencies' budget submissions and identified areas where improvements could be made to promote efficiency in the whole of the public sector. As such, Treasury was directed to issue the generic NFIs in the 2021 and 2022 Budget Book Volume 1, *Economic and Development Policies* for agencies to implement accordingly.

The generic NFIs are intended to improve the performance, accountability and transparency of all agencies (National Departments, Statutory Authorities and Provincial Administrations) that receive government funding.

An implementation update is now required as part of the Quarterly Budget Review conducted under the Public Finance (Management) Act 1995. A full report is expected from agencies during the Second Quarter Budget Review, however Treasury would greatly appreciate if agencies could provide information on the implementation progress of the generic NFIs before the second quarter budget review in July.

The following are the generic NFIs directed by the Government in 2021 and 2022.

All agencies, particularly those receiving funds from the National Budget are to implement this NFIs accordingly.

- a) Agencies with standalone payroll systems to be migrated to Alesco payroll system. DPM to take lead in consultation with Treasury.
- b) Have asset registers to keep track of all their assets.
- c) Revenue generating agencies to provide reports to Treasury and Finance.
- d) All agencies still utilizing independent accounting systems to immediately transit onto IFMS.
- e) Government agencies must enter into contracts to hire vehicles when engaged for indefinite periods of time, which could potentially increase bills above the threshold allocated for a departmental head.
- f) All legal bills (from private law firms) are to be vetted and taxed by Office of Solicitor General prior to payments.

All queries should be directed to Mr. Winfred Giyopo, Acting First Assistant Secretary, Budget Coordination and Analysis Division on 313 3638 or email Winfred_Giyopo@treasury.gov.pg. Please take note of the generic NFIs that concerns your agency and implement accordingly and provide an update report via the First Quarter Budget Review reports.

4. Action Required by Agencies

Agencies are to ensure that all First QBR templates in Attachment A (Tables 1 to 10) are completed and submitted to DoT and DNPM by 19th April 2022. Agencies are required to furnish electronic and hardcopy reports that have been signed and marked for the attention of the 'First Assistance Secretary, Budget Operations Division' and 'Office of the Secretary, DNPM'.

To assist the Department of Treasury generating correct expenditure data, all offline agencies, especially the agencies operating with or on their own PGAS systems, are required to provide their first quarterly expenditure data to General Ledgers Branch, Department of Finance at the end of March for uploading into the Integrated Financial Management System (IFMS). This assists Treasury and DNPM to obtain updated expenditure reports when required for reporting and decision making.

Instructions for completing all templates (Tables 1 to 10) are in Attachment B to this Circular. Agencies without Capital Investment (Development) Budget can disregard Capital Investment expenditure templates.

A report will be provided to CACC and copied to the Prime Minister and all Portfolio Ministers regarding budget funded agencies that fail to complete the templates satisfactorily on time. Agencies that do not comply will be automatically given a red light in the traffic light report for the Prime Minister.

5. CONTACTS

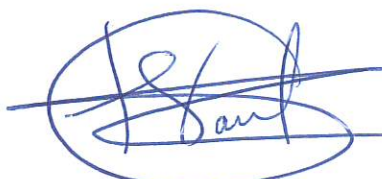
Any queries can be directed to the relevant Assistant Secretaries and First Assistance Secretaries from the Departments of Treasury and National Planning & Monitoring on the contact numbers below.

Economic Sector (DoT)	Mr. Godfrey Ivun	313 3548	Godfrey_Ivun@treasury.gov.pg
Economic Sector (DNPM)	Mrs. Jenny Bire	328 8505	jenny_tumun@planning.gov.pg
Infrastructure & Transport Sector (DoT)	Mr. Godfrey Ivun	313 3548	Godfrey_Ivun@treasury.gov.pg
Infrastructure & Transport Sector (DNPM)	Dr. Oti Jigo	308 4110	Oti_jigo@planning.gov.pg
Health Sector (DoT)	Mr. Gabriel Kaku	313 3549	Gabriel_Kaku@treasury.gov.pg

Health Sector (DNPM)	Mrs Rose Koyama	328 8572	rose_koyama@planning.gov.pg
Education Sector (DoT)	Mr. Gabriel Kaku	313 3549	Gabriel_Kaku@treasury.gov.pg
Education Sector (DNPM)	Mrs. Rose Koyama	328 8572	rose_koyama@planning.gov.pg
Community & Culture Sector (DoT)	Mr. Gabriel Kaku	313 3549	Gabriel_Kaku@treasury.gov.pg
Community & Culture Sector (DNPM)	Mrs. Rose Koyama	328 8572	rose_koyama@planning.gov.pg
Law & Order Sector (DoT)	Mrs. Cathy Haro	313 3776	Cathy_Haro@treasury.gov.pg
Law & Justice Sector (DNPM)	Mr. Willie Kumanga	328 8572	Willie_kumanga@planning.gov.pg
Administrative Sector (DoT)	Ms. Roselyne Irum	313 3613	Roselyne_Irum@treasury.gov.pg
Administrative Sector (DNPM)	Mr. Jonathan Kenneth	328 8520	jonathan_kenneth@planning.gov.pg
Provincial Sector (DoT)	Mr. Hans Margis	313 3554	Hans_Margis@treasury.gov.pg
Provincial Sector (DNPM)	Mr. Jonathan Kenneth	328 8520	jonathan_kenneth@planning.gov.pg



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