



**DEPARTMENT OF TREASURY
Office of the Secretary**

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Vulupindi Haus
PO Box 542, WAIGANI, NCD

6 January 2010

BUDGET CIRCULAR 1/2010

CIRCULAR LETTER TO:

All Provincial Administrators, Departmental Heads and Heads of Statutory Authorities

2010 RECURRENT BUDGET CASH FLOW PROJECTIONS

1. Purpose

This Budget Circular advises National Departments, Statutory Authorities and Provincial Administrations (**agencies**) of their responsibilities in preparing and submitting cash-flow requirements with detailed work program implementation schedules for the 2010 Fiscal year to the Department of Treasury (Treasury) for the preparation of the consolidated master monthly cash-flow for 2010.

2. Distribution

To ensure the effective implementation of the 2010 National Budget, it is imperative that all Departmental Heads, Heads of Statutory Authorities and Provincial Administrators ensure that the key officers in their agency, especially the Program Managers, are provided with a copy of this Budget Circular.

3. Monthly Cash Flow Projections & Implementation Schedules

One of the key challenges presently facing Papua New Guinea is effective implementation of government programs. Over recent years, agencies have frequently claimed that delays in the release of the monthly warrants and inadequate monthly funding are the lead factors for agencies being unable to adequately deliver programs and services to citizens.

While not accepting that the release of the monthly warrant is a contributing factor to the inadequate delivery of programs and services, Treasury will ensure the timely release of monthly warrant to each agency that has submitted its monthly cash flow projections in accordance with the requirements outlined in this Circular.

Where an agency has submitted a monthly cash flow projection at the start of the year, warrant release in accordance with this cash flow schedule will be automatic at the commencement of each month.

If an agency fails to submit a cash flow by the deadline (Friday 22 January 2010), Treasury will assume a 1/12th pro-rata cash flow is required and will allocate accordingly.

If an amendment to your agency's monthly cash flow projection is required, you must contact the relevant Assistant Secretary in Budgets Division (contacts provided below) to discuss this request and provide adequate written justification for the amendment to the Secretary of the Department of Treasury. If you fail to do so, the release of the monthly warrant for your agency will be in accordance with your agency's original monthly cash flow projection. It is important to note that no additional funding will be provided. You must manage within your agency's 2010 Budget appropriation.

Agencies should also separately identify when any special payments are to be made. This might include larger than normal payments to cover increases to personnel emoluments or other once off payments.

4. Monthly Cash Flow Format (Template)

The annual cash flow should be split into Personnel Emoluments and Other Items (Goods & Services) by month as shown in the attached template. All agencies are requested to use the standardized template attached for consistency with Treasury's requirements. (*Refer to the attached Template*).

5. Grants to Provincial and Local Level Governments

All grants to Provincial and Local Level Governments will be released once their respective 2010 Budgets have been approved by the Minister for Treasury & Finance. All Provinces and LLGs are still required to submit their monthly cash flows to Treasury for approval. Adjustments to cash flow projections will be made as required, following approval by the Minister for Treasury & Finance.

6. Responsibilities of Heads of Agencies

Section 5 of the *Public Finances (Management) Act 1995* makes agency heads, including Provincial Administrators, personally responsible for the financial management of their agencies. Subsection 5(1)(e) states that agency heads are responsible for ensuring that "there is no over commitment of funds and a review is undertaken each month to ensure

that there is no over-expenditure or over commitment”. The agency head’s responsibility extends to the actions of subordinates acting under delegation.

It is crucial that you and your officers understand that it is your responsibility to manage your agency’s budget within the appropriation that has been approved for you by the National Parliament, and that you are required by the law to monitor the expenditure of your agency to ensure that it is consistent with the budget allocation for the year. **No additional funding will be provided if you fail to manage your resources across the year.**

All monthly cash-flow projections for agencies must be submitted, on or before Friday 22 January 2010, to the respective Assistant Secretary of each Sector in Budgets Division. Any queries can be directed to the relevant Assistant Secretary on the contact details below.

Economic Sector	Mr Ropit Botong	312 8781
Infrastructure Sector	Mr Ropit Botong	312 8781
Social Sector	Ms Ruth Veapi	312 8753
Law & Order Sector	Mr Ravu Paku	312 8438
Administrative Sector	Mr Rudolph Aigili	312 8737
Provincial Sector	Mr Lazarus Enker	312 8739

ANTHONY YAUIEB
Acting Secretary