



DEPARTMENT OF TREASURY OFFICE OF THE SECRETARY



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CIRCULAR LETTER TO:

All Provincial Administrators, Departmental Heads, Heads of Constitutional Offices and Heads of Statutory Authorities

2022 ANNUAL CASH FLOW PROJECTIONS

1. Purpose

This Budget Circular advises National Departments, Statutory Authorities, Constitutional Offices and Provincial Administrations (**agencies**) of their responsibilities in preparing and submitting cash-flow requirements for the 2022 fiscal year. Your cash flow and implementation schedules must be provided to the Department of Treasury by Friday January 14th 2022 as this will assist the government to allocate appropriate level of funding to all agencies on a monthly basis to achieve government's priorities captured in the 2022 National budget.

2. Distribution

To ensure the effective implementation of the 2022 National Budget, it is necessary that all Departmental Heads, Heads of Statutory Authorities, Heads of Constitutional Offices and Provincial Administrators are provided with this Budget Circular. It is the responsibility of the Heads of the budgeted agencies to ensure that the key officers in their respective agencies, especially the Program Managers, Finance Managers and Budget officers are provided with a copy of this Budget Circular to take responsibility for preparing and submitting annual and monthly cash-flows.

3. Monthly Cash Flow Projections & Implementation Schedules

One of the key challenges presently experienced by government funded agencies in Papua New Guinea is ineffective implementation of government programs according to the work-plans. This is the result of agencies' poor performances combined with lack of accountability and transparency issues. Being cognizant of mismatches between budget resources and programs/projects/activities, several budgetary reforms have been implemented as well as introduction of measures to improve efficiency and effectiveness. Non-Financial Instructions (NFIs) and the Consolidated Budget Operating Rules (CBORs) are two Budget Management Framework documents that outline efficiency measures, which consist of the amalgamation of agencies and also highlight rules that guide agencies in preparing and submitting agencies budget submissions. Both of these are intended to improve the performances of agencies that receive government funding.

Please, refer to the 2022 Appropriation and Non-Financial Instructions Circular. You are advised to take note of these instructions and prepare your cash flow budget submissions accordingly.

If an agency fails to submit a cash flow by the deadline Friday 14th January 2022, Treasury will assume a 1/12th pro-rata 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 Budget Operations Division (contacts provided below). In order to discuss this request, you need to provide adequate written justification for the amendment to the Secretary, Department of Treasury. If this is not done or you fail to do so, your agency cash flow will be in accordance to your original monthly cash flow projection. It is important to note that no additional funding will be provided. It is your obligation to be efficient in managing your agency's 2022 Budget Appropriation.

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 2022 Budgets have been approved by the Minister for Treasury. 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.

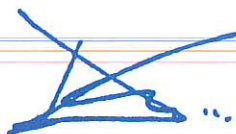
6. Responsibilities of Heads of Agencies

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 and the collection of public moneys is according to approved plans and estimates". 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. 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 14th January, 2022 to the respective Assistant Secretary of each Sector in Budget Operations Division. Any queries can be directed to the relevant Assistant Secretary on these following contact details below.

Economic Sector	Mr Godfrey Ivun	313 3548
Infrastructure Sector	Mr Godfrey Ivun	313 3548
Social Sector	Ms Dorcas Horis	313 3527
Law & Order Sector	Ms Cathy Haro	313 3669
Administrative Sector	Mrs Roselyn Irum	313 3613
Provincial Sector	Mr Hans Margis	313 3554



DAIRI VELE
Secretary