

Core Ministry of Finance (MoF) Functions

A. Key Policy Functions and Budget Preparation

P1. Macro-fiscal management

- Prepare annual and medium-term (MT) macroeconomic projections and fiscal projections for government revenues, expenditures, overall balance and financing, and public debt.
- Propose top-down revenue and spending targets for the annual budget and medium-term.
- Advise the government on tax policies and the impact of any changes in them.
- Advise on spending policy priorities, and the MT impact of changed policies on fiscal targets.
- Monitor macro-fiscal trends against targets.
- Coordinate with other MoF units, including debt management unit.

P2. Budget preparation

- Determine the budget ceiling for each ministry (or program), possibly with sub-ceilings for specific categories, e.g., personnel or capital outlays.
- Issue annual budget circular.
- Discuss expenditure projections for each ministry and finalize at technical level.
- Present the annual budget estimates and supplementary budget estimates to Cabinet for approval.

B. Core Financial Management Functions

F1. Revenue Administration

- Collect taxes, customs duties and nontax revenues by effective, modern methods.
- Minimize revenue “leakages”, by conducting audits, avoiding tax arrears, combating fraud, etc.

F2. Budget execution, until payment

- Control expenditures at most critical stages (if centralized in the MoF) or oversee internal control/audit spending control systems (when decentralized to ministries/agencies).
- Carry out procurement by competitive processes (when required, i.e., if not decentralized).
- Ensure salaries, debt service and suppliers to government are paid (Treasury performs this function when payment system is centralized).
- Oversee budget execution and adequacy of operating systems for deconcentrated spending.
- Ensure compliance with financial management regulations, and update them if needed.

F3. Cash, debt and asset management operations

- Prepare and update rolling short-term cash flow projections.
- Maximize returns on any short-term cash surpluses and minimize risks.
- Formulate the government’s debt strategy and financing plan
- Execute the financing plan through issuance of government securities and other debt instruments.
- Ensure timely servicing of external and domestic debt, in coordination with the central bank.
- Management of on-lending, contingent liabilities and other balance sheet-related transactions
- Record and report on government debt, other liabilities (including contingent) and assets.

F4. Accounting operations and fiscal reporting

- Record government revenues, expenditures, liabilities and assets at the transaction level.
 - Maintain the government general ledger and prepare the government’s annual accounts.
 - Ensure government accounting data is reconciled with banks’ records.
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- Prepare standard monthly budget execution reports and any other needed reports.
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Table 2. Specialist MoF Functions

S1. Budget and Accounting Reform Unit(s)

- Prepare and pilot overall and/or specific budget and financial management reforms.

S2. Aid management and international coordination

- Act as government agent for establishing the terms and conditions of grant/loan agreements with foreign donors/lenders, including for debt rescheduling or forgiveness.
- Analyze and endorse specific proposals for external loans and grants.
- Monitor and record grant/loan commitments when agreements signed and draw-downs made.
- Record and report budget-support inflows, including aid in-kind.
- Monitor the execution of the development budget through special donor project accounts.
- Coordination with international financial institutions.

S3. Intergovernmental coordination

- Advise on all central government policies vis-à-vis regional and local governments (inter-government transfers, local government debt, etc.).
- Receive reports and monitor budgets and budget execution of local governments.

S4. State-owned enterprise (SOE) coordination

- Monitor financial developments of SOEs, including investments and dividends.
- Keep abreast with SOEs' loans, on-lending and guarantees from government.
- Advise government on proposed commercialization, divesting of shares, or privatization.

S5. Extrabudgetary funds (EBFs)

- Integrate the revenues and expenditures of EBFs into the macro-fiscal and budget framework.
- Advise government on policies pertaining to MoF-administered EBFs.
- Monitor budgets and financial outcomes of EBFs, including their impact on targets set in the medium-term budget framework.

S6. Accounting standards

- Develop and promulgate government accounting standards and accounting regulations.
- Maintain the government's chart of accounts and propose changes if needed.
- Ensure that these standards are implemented government-wide

S7. Internal audit standards

- Develop and promulgate government internal audit standards, manuals and regulations.
- Ensure that these standards are implemented government-wide

S8. Procurement standards

- Develop and promulgate government procurement standards, manuals and regulations.
- Ensure that these standards are implemented government-wide.

S9. Specialized inspections or audits

- Conduct inspections or audits of MoF departments and/or spending ministries/agencies.
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