



Public Financial Management Reform Program

Technical Working Group Meeting

First Quarter Progress Report

26 June 2014

Content of Presentation

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1. Budget Credibility

- Finalized Draft Revenue Mobilization Strategy 2014-2018
- Strengthened ASYCUDA System and expanded its scope as well as added more functions to the system. Improved Customs Risk Management Database System (CRMDS) and Trader Credibility Management System (TCMS) for General Department of Customs and Excise of Cambodia by enhancing functions and risk indicators. Strengthened Post Clearance Audit (PCA) to be more effective.

1. Budget Credibility (Cont.)

- Further Strengthened Self-Assessed System for Taxation at SNAs
- Strengthened and expanded tax payment via banking system for medium and large tax payers
- Draft Law on State Property Management
- Draft Law on Insurance was submitted to the Council of Ministers
- Draft Law on Housing Development
- Draft Law on Financial Trust

1. Budget Credibility (Cont.)

- National Receipts were widely in circulation.
- Bank Accounts owned by LMs were consolidated and closed; further monitored.
- Strengthened Treasury Single Account
- Improved Cash plan, and training on Cash Plan Manual to LMs

1. Budget Credibility (Cont.)

- Sub Degree, Prakas required by Public Procurement Law were further developed and sped up
- Joint Prakas on Establishing and Functioning of the Procurement Committee and Procurement Unit for Capital, Provinces, Municipalities, Districts and Khans were signed and came into force.
- Guideline on Procurement Procedure for Municipalities and Districts came into force

1. Budget Credibility (Cont.)

Indicators	Target	1 st Quarter/2013	1 st Quarter/2014
Revenue against law	+/-5%	21.3%	22.4%
Arrears	no more than 2% of total expenditure	No Arrears	No Arrears
Expenditure Profile	1 st Quarter ÷ 15%	19%	13.4%
Expenditure by type	Salary ÷ 98% Goods/Services ÷ 95% Capital ÷ 85%	Salary ÷ 16.6% Goods/Services ÷ 10.1% Capital ÷ 11.4%	Salary ÷ 22.9% Goods/Services ÷ 12.1% Capital ÷ 11.2%
Revenue from Tax and Non Tax	Increase by 0.5% of GDP per annum	Tax: 27% Non Tax: 21.7%	Tax: 24.2% <i>Direct Tax: 22.5%</i> <i>In Direct: 22.9%</i> Non Tax: 16.1%

2. Financial Accountability and 3+2 Strategy

- 3-Year Moving Inspection plan (2014-2016) was developed and submitted to Management for Approval
- Further drafting Manual on Procedure for Financial Inspection
- Developed TOFE Manual
- Internal Audit Report Standard was disseminated to LMs
- Guided LMs to developed their Audit Strategic Plan
- 24 Audit Letter Boxes were installed in Capital/Provinces

2. Financial Accountability and 3+2 Strategy (Cont.)

- Developed Policy paper on Sub National Investment Facility (SNIF)
- Implemented Economic Budget Classification and Budget Code for SNAs.

2. Financial Accountability and 3+2 Strategy (Cont.)

3+2 Strategy

- Disseminated to LMs the guideline on Program Budgeting and Budget Entities
- Further Developed Manual on Expenditure and financial control Procedures for Program budgeting and budget entities
- Financial Controllers were reallocated to 22 LMs
- Developed form of report in line with IPSAS based on cash for FMIS.
Using data 2012-2013 to develop sample report
- Updated Chart of Account and Budget Classification for FMIS

2. Financial Accountability and 3+2 Strategy (Cont.)

- FMIS Contract was signed and launched
- Completed “As-Is- Business Process” Mapping
- Completed Training Need Assessment for FMIS
- The Contractor and **FMIS Working Group** are working together to lay foundation for smooth implementation of FMIS.

3. Readiness for Later Platform

- Prakas on full implementation of program budgeting, established Program Budgeting Working Group in Selected LMs
- Provided Technical Support to LMs to develop their Program Budgeting

4. Capacity Building and Incentive

- For FMIS:
 - 3 trainings and workshop on (1) FMIS Induction, (2) FMIS Envisioning, (3) FMIS Change Management and Training Methodology 4
 - Completed training plan on Oracle Peoplesoft Financials

4. Capacity Building and Incentive (Cont.)

- For General Capacity Building ÷
 - Workshops and trainings on new Chart of Accounts, Program budgeting, change management, to LMs, especially to 10 LMs that will be fully implementing Program Budgeting

4. Capacity Building and Incentive (Cont.)

- Organized Public Financial Management Training Program in China
- Organized training program for Cambodian Senior Officials in Singapore
- Developed new mechanism and approach to provide incentives to MEF Officials

5. Challenges and Suggestions

- Coordination is still an Issue
- Certain activities are behind schedule
- Limited capacity and knowledge on FMIS;
teething problems may occur once implemented
- New Structures in MEF and LMs May affect the
implementation of PFMRP for certain time

5. Challenges and Suggestions (Cont.)

- Suggestions:
 - Ownership on reform program
 - Organize a consultation workshop on mechanism to improve coordination

6. Conclusion

- First quarter 2014 Progress showed that budget is still essentially credible. Revenue collection is in better position than the previous year with the same period. Expenditure implementation is also in good shape.
- Progress on financial accountability is also remarkable even though some activities are not implemented on time as planned
- Readiness for later platform, full implementation of Program Budgeting in 10 Ministries, can be kicked off by 2015 as planned.
- The pilot implementation of FMIS in 2015 will also be on the right track.
- The budget system reform strategy which is also the key element in the PFMRP is also strengthened with the step-by-step implementation of program budgeting and budget entity
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6. Conclusion (Cont.)

- The progress report also saw some challenges arising such as coordination issues and the limited ownership on PFMRP.

**THAN YOU FOR
YOUR ATTENTION**