

**Republic of the Union of Myanmar**  
**Regulations on Financial Management of Myanmar**

**2017**

**Ministry of Planning and Finance**

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**The Government of the Republic of the Union of Myanmar**  
**Ministry of Planning and Finance**  
**Notification No. 35 /2017**  
**The 5<sup>th</sup> Waxing of Tagu, 1378 M.E.**  
**(1 April , 2017)**

The Ministry of Planning and Finance of the Republic of the Union of Myanmar, with the approval of the Union Government, hereby issues these Regulations on Financial Management for uniformly practice and effective supervision of the central organizations, Ministries and departments, State-owned economic enterprises, Nay Pyi Taw Council, Development Committees, municipalities in managing and collecting the revenue, and managing the expenditure.



## CHAPTER I

### Objectives

1. Objectives of the issue of these Regulations on Financial Management are as follows:
  - (a) to be transparent, accountable and responsible in managing public funds and to spend it efficiently by the Government of the Republic of the Union of Myanmar;
  - (b) to avoid wasting of funds in performing duties in accordance with the Constitution of the Republic of the Union of Myanmar, the annual Budget Law and the Supplementary Appropriation Law, and to manage public funds effectively and efficiently;
  - (c) to specify procedures for budget preparation, implementation, reporting and supervision, and management of the Union fund and Region or State fund;
  - (d) to use effectively and manage without wasting over public financial resources including internal supervision, accounts preparation, reporting, hedging against risks and internal auditing;
  - (e) to be able to submit complete and sound reports so as to have transparency in the use of public funds.

### Applicability

2. Unless any other regulations are provided, these Regulations on Financial Management shall be observed by the Union level departments and organizations as well as those of respective Regions and States. Regarding financial matters for the Ministry of Defence shall be applied under existing laws, rules and procedures issued by the Ministry of Defence.
3. These Regulations on Financial Management shall be supportive in implementation of existing financial laws and rules enacted in accordance with the Constitution of the Republic of the Union of Myanmar.
4. All government accounts shall be recorded in Myanmar currency, kyat only.

## CHAPTER II

### Definitions

5. The expressions in these Regulations on Financial Management shall have the following meanings:
  - (a) **Financial year** means the period starting from 1 April of a year and ending in 31 March of the subsequent year;

- (b) **Financial authorization** means the authorization provided to departments and organizations by the Budget Department (Head Office) on behalf of the Union Ministry of Planning and Finance and by the Region or State Budget Department on behalf of the relevant Region or State Government to start budget implementation in accordance with the Budget Law and the Supplementary Appropriation Law;
- (c) **Constitution** means the Constitution of the Republic of the Union of Myanmar, 2008;
- (d) **Central bank** means the Central Bank of Myanmar;
- (e) **Ministry** means any Ministry which is established by the President of the Union as per the provisions of the Constitution;
- (f) **Department or organization** means any department or organization implemented by the Union budget;
- (g) **Central organization** means the President Office, the Union Government's Office, the Office of the Pyidaungsu Hluttaw, the Office of the PyithuHluttaw, the Office of the Amyotha Hluttaw, the Office of the Supreme Court of the Union, the Office of the Constitutional Tribunal of the Union, the Office of the Union Election Commission, the Union Attorney General's Office, the Office of the Auditor General of the Union and the Union Civil Service Board. It also refers to Government's Offices, Hluttaw Offices, High Courts, Advocate General's Offices and Offices of the Auditor General at the Region or State level and also includes organizations which are specified, from time to time, by the Union Government with the approval of the Pyidaungsu Hluttaw in this expression;
- (h) **State-owned economic enterprise** means business entities which are specified, from time to time, by the Union Government in order to perform commercial activities for the purpose of the interests of the State commercially;
- (i) **Union level department or organization** means any department or organization implementing by the Union budget;
- (j) **Region or State level department or organization** means any department or organization implementing by the Region or State budget;
- (k) **Controlling officer** means the head or officer in-charge of a department or an organization who is mainly responsible for the management and supervision of public funds in accordance with financial laws, rules, procedures, regulations, orders or directives;
- (l) **Drawing officer** means a person who is delegated the power by the head or officer in-charge of a department or an organization to manage, control

and collect relevant tax and other revenues, and incur expenditures properly in accordance with financial regulations within the budget limits of the Union or Region or State which are annually approved and enacted by the Pyidaungsu Hluttaw or the Region or State Hluttaw;

- (m) **Gazetted officer** means an officer and his appointment is officially published in the gazette of Myanmar;
- (n) **Permitted budget** means all expenditures included in the relevant schedule of the Union Budget Law and the Supplementary Appropriation Law approved by the Pyidaungsu Hluttaw and the Region or State Budget Law and the Supplementary Appropriation Law approved by the Region or State Hluttaw;
- (o) **Allocated funds** means any funds allocated in order to incur expenditure for an account head that is included in the Union budget and supplementary appropriation approved by the Pyidaungsu Hluttaw for a financial year and the Region or State budget and supplementary appropriation approved by the Region or State Hluttaw;
- (p) **Originally allocated funds** means funds allocated under respective account heads by types of expenditure for departments or organizations that are covered in the budget statement approved and enacted by the Union Budget Law and the Region or State Budget Laws for the financial year;
- (q) **Supplementary appropriation** means funds additionally permitted under the Supplementary Appropriation Law for the reasons that originally allocated funds are insufficient or re-appropriations are not possible in order to incur expenditures required or not including in the budget estimate, for action plans and projects which are necessarily continued within the respective financial year;
- (r) **Re-appropriation** means permitting funds to transfer within a department, one department to another department under the same Ministry, one Ministry to another Ministry from one account head into another one as required;
- (s) **Expenditure** means funds spent and managed by the respective delegated persons in accordance with relevant laws, rules, regulations, bye-laws, notifications, orders, directives and procedures;
- (t) **New expenditure** means the followings:
  - (i) expenditures for new designation of staff;
  - (ii) expenditures for new departments, organizations and operations;
  - (iii) expenditures for expansion of departments, organizations and operations;

- (iv) expenditures to be incurred in all new operations using capital expenditure;
- (v) expenditures that may be incurred more than estimated amount or those to be incurred by any changes for the operations approved by relevant Hluttaw for capital expenditure;
- (vi) expenditures prescribed as new expenditures, from time to time, by the relevant government;
- (u) **Tax receipts** means all revenues collected by the government agencies from the public, staff, economic enterprises, other organizations and individuals in accordance with the relevant tax laws;
- (v) **Other receipts** means all revenues collected by departments and organizations in accordance with existing laws, rules, regulations, notifications, orders, directives and procedures;
- (w) **State-owned foreign exchange currency** means all revenues collected in foreign currency by the Union which are neither external grants nor loans, and expenditures incurred by these revenues;
- (x) **Public fund** means the Union fund, Region or State fund and fund of departments and organizations operating their own fund scheme;
- (y) **Union fund** means the public fund of Union level departments and organizations managed in accordance with law by the Union Government;
- (z) **Region or State fund** means the public fund of Region or State level departments and organizations managed in accordance with law by the Region or State Government;
- (aa) **Own fund** means a fund which is managed and kept the receipts of operation of State economic enterprises, and which may be withdrawn as the working capital in accordance with the provisions of the Union Budget Law and directives of the Ministry of Planning and Finance based on the financial strength of this fund;
- (bb) **Emergency fund** means a fund which is estimated in the Union Budget Law in order to spend the expenditure which shall be used in the emergency case during the relevant financial year by the Union Government and which is not included in the budget estimate;
- (cc) **Surplus funds** means a fund which is unspent and resubmitted from the budget estimate permitted for a certain financial year or supplementary appropriation or permitted the general reserve fund or emergency fund;
- (dd) **General reserve fund** means a fund managed by the Ministry of Planning and Finance for Union level departments and organizations and

managed by the Region and State Governments for Region or State level departments and organizations, kept to be transferred the return of net reserve funds of respective Ministry's "ministerial reserve fund";

- (ee) **Revolving funds** means funds to be revolved around economic enterprises in relation to the development of the nation undertaken by relevant Ministry, which are estimate dunder respective title such as debts, deposits or non-budget that are operated in association with the Union fund to withdraw temporarily from it which is not included in the appropriation of the annual Union budget statement as specified by the Union Budget Law;
- (ff) **Social security fund** means both revenues and expenditures enacted by the Social Security Law;
- (gg) **Grant** means the short and long term assistance (cash, in-kind and service), which is voluntarily granted and unnecessary to pay back to foreign governments, international organizations and financial institutions and international non-government organizations for expenditures of government organizations' activities and projects;
- (hh) **Expenditure to be conducted with grant** means the expenditure to be spent as mentioned in the above statement (gg);
- (ii) **Borrowing** means taking loan according to the provisions of the Public Debt Management Law;
- (jj) **Public debt** means liabilities according to the provisions of the Public Debt Management Law;
- (kk) **Monthly actual statement** means the monthly revenues and expenditures statement which is approved by the relevant authority after checking and balancing with the bank statement has conducted for the respective months;
- (ll) **Loss** means decrease, loss, waste, misappropriation, destruction or being destruction of funds or property.

## CHAPTER III

### Duties and Powers Regarding the Public Financial Management

#### General responsibilities

6. Members of Union level organizations, Region or State level organizations and departmental heads shall manage themselves and their staff to abide by these regulations. In performing their duties, they shall also comply with other provisions and directives related to these regulations.

### **Duties and powers of the Ministry of Planning and Finance**

7. Responsibilities of the Union Ministry of Planning and Finance shall cover the following:
- (a) preparing the Union budget and drafting the Union Budget Law and obtaining approval to enact the law, issuing budget sanction;
  - (b) drafting the Supplementary Appropriation Law and obtaining approval to enact the law and issuing budget sanction;
  - (c) issuing directives so as to manage and control the public assets, fixed assets, financial assets and receivables, public debts, government's guarantees and subsequent liabilities in accordance with the provisions of these regulations;
  - (d) managing public financial resources in an effective way; managing receipts and expenditures of government departments and organizations; monitoring and evaluating on budget implementation;
  - (e) submitting biannual and annual reports regarding the Union budget to the Pyidaungsu Hluttaw through the Union Government;
  - (f) managing and supervising functions associated to international funds regarding foreign loan and grant;
  - (g) managing and supervising financial activities between the Union Government and Region or State Governments;
  - (h) issuing necessary orders and directives in implementing these regulations;
  - (i) discussing with domestic and foreign organizations on behalf of the Union Government and obtaining approvals for financial matters.

### **Duties and powers of the Budget Department**

8. The Budget Department is accountable to the Union Ministry of Planning and Finance to report the effective implementation of the public financial management system in addition to duties and power as provided in these regulations.
9. Responsibilities of the Budget Department are as follows:
- (a) establishing framework for the budget statement in accordance with the guidance of the Union Ministry of Planning and Finance;
  - (b) preparing the Union budget statement, drafting the Union Budget Law and getting the approval of the Union Ministry of Planning and Finance so as to grant the financial authorization in order to implement once the annual Budget Law is enacted;
  - (c) drafting the Supplementary Appropriation Law, getting the approval of the Union Ministry of Planning and Finance so as to give the financial

authorization in order to implement when the Supplementary Appropriation Law is enacted;

- (d) submitting the report to the Union Ministry of Planning and Finance for the issue of directives in order to include expenditures associating with foreign loans and grants in the preparation of the budget statement;
- (e) submitting the report to the Union Ministry of Planning and Finance for the issue of financial rules and regulations, directives and procedures in accordance with the financial policy of the union;
- (f) permitting to transfer surplus funds in accordance with relevant provisions of the Budget Law, financial rules and regulations, orders and directives and seeking permission for matters required for the approval of the Union Ministry of Planning and Finance if funds allocated to respective departments or organizations are insufficient;
- (g) allocating public financial resources effectively and efficiently and submitting receipt and expenditure figures and implementation process of relevant departments or organizations to the Union Ministry of Planning and Finance;
- (h) submitting bi-annual and annual reports to the Union Ministry of Planning and Finance so as to submit the review of the implementation of Union budget statements to the Pyidaungsu Hluttaw;
- (i) submitting the report to the Union Ministry of the Planning and Finance so as to manage and control financial transactions between the Union Government and Region or State Governments after reviewing budget statements;
- (j) submitting the report to the Union Ministry of Planning and Finance for performing duties required by other provisions and directives associated with these regulations in addition to obligations assigned under these regulations;
- (k) discussing with domestic and foreign organizations on behalf of the Union Ministry and obtaining approvals for budget statements;
- (l) undertaking duties assigned by the Union Ministry of Planning and Finance, from time to time.

### **Duties and powers of the Treasury Department**

10. Duties and powers of the Treasury Department are as follows:

- (a) designing debt-related strategies and taking responsibilities for the government debt management for both internal and external loan in accordance with laws;

- (b) calculating estimate of annual funding requirements for the government and supervising budget-related banking activities;
- (c) preparing budget statements of the Union and Regions or States in cooperation with the Budget Department, supervising implementation process over the budget projections, and controlling expenditures;
- (d) consolidating government financial statements, making bank reconciliations and submitting financial reports;
- (e) managing and recording the receipts of foreign loans and grants;
- (f) performing the Public Financial Management according to international standards through advanced information technology;
- (g) undertaking duties assigned by the Union Ministry of Planning and Finance, from time to time.

### **Duties and powers of the Region or State Government**

11. The Region or State government is responsible for the collection of revenue and management of expenditure of departments or organizations under the Region or State budget plan in accordance with the Budget Law of the respective Regions or States. The Region or State Government shall perform financial matters in accordance with the provisions of the Constitution of the Republic of the Union of Myanmar.

### **Duties and powers of the Office of the Auditor General of the Union**

12. The duties and powers of the Office of the Auditor General of the Union are as per the provisions of the Auditor General of the Union Law.

### **Duties and powers of the Office of the Auditor General of the respective Regions or States**

13. The duties and powers of the Office of the Auditor General of the respective Regions or States are as per the provisions of the Auditor General of the respective Region or State of the Union Law.

## **CHAPTER IV**

### **Union Fund and Region or State Fund Scheme**

14. Pursuant to the Constitution of the Republic of the Union of Myanmar, the Union level departments and organizations under the Union Government shall perform their functions with the Union budget plan, and the Region or State level departments and organizations under the Region or State Government



shall perform their functions with the Region or State budget plan. All financial matters and transactions shall be administered and taken responsibilities by the respective persons delegated in the Budget Laws.

15. All receipts of departments and organizations covered by the Union fund scheme shall be credited to the Union fund and all expenditure shall be debited from the Union fund according to existing financial regulations and procedures within the budget allocations.
16. All receipts of departments and organizations covered by the Region or State fund scheme shall be credited to the Region or State fund and all expenditure shall be debited from the Region or State fund according to existing financial regulations and procedures within the budget allocations.

### **Departments and organizations covered by the fund scheme**

17. The Union fund scheme covers the Union level central organizations, Ministries and departments, Nay Pyi Taw Council and State-owned economic organizations operating under the Union fund scheme.
18. The Region or State fund scheme covers the Region or State level central organizations, Ministries and departments, all State-owned economic organizations operating under the Region or State fund program, Yangon City Development Committee, Mandalay City Development Committee and municipalities.
19. The Nay Pyi Taw Development Committee, Cantonment Municipalities, Social Security Boards, Central Bank of Myanmar and State-owned economic organizations operating outside the Union fund are organizations operating with their own fund. These organizations shall conduct their functions in accordance with relevant laws, the Union Budget Law, the Supplementary Appropriation Law, rules, orders and directives issued by the Union Ministry of Planning and Finance.
20. Funds include budgetary receipts and expenditures of departments and organizations, and off-budget that are funds related deposits and withdrawal in account.
21. The Union fund account and Region or State fund accounts shall be maintained separately. The Region or State funds are not transferrable from one account to another.

## CHAPTER V

### Budget Preparation and Authorization

22. The following budget head shall be included in preparing budget statement to ensure more effective in financial control:
- (a) **Group accounting head** is the title of the accounting head in which major heads of respective ministries are aggregated. The group accounting head is described in number; (For instance, 17. Health and Sports)
  - (b) **Sub group accounting head** is the title of the accounting head which is specified by the different categories of financial issues. The sub group accounting head is described in number in words (one or two etc); (For instance, 2 - current expenditure)
  - (c) **Major Head** is the components of the respective sub group accounting head which are described as the key parts to identify the expenditure by each department or each function; (For instance, **2. Public Health Department**)
  - (d) **Minor head** is the components of the respective major heads which are identified to the major expenses of a department; (For instance, **2-1 Administration**)
  - (e) **Sub minor head** is the components of the respective minor heads which are identified by the type of operating function. Numbers before the sub minor head are described in parenthesis; (For instance, **(1) Admin/Finance (2) Public Health**)
  - (f) **Sub head** is the types of expenditure under minor head or sub-minor head which are divided into more details. Account names of such types of accounting head are fixed; (For instance, 01. pay, allowance and honoraria, 02. Travelling Allowance)
  - (g) **Primary unit** is the title of the accounting head which are fixed and separated in order to identify detailed expenditure under the relevant sub head. (For instance, 01- 01. pay, 01-02.Allowance, 02-01.Internal travelling allowance, 02-02.Deputation and delegation expenses, 03-01. Labor charges, 03-02.Tax)

**Preparation of the Union budget statement**

23. The Budget Department (Head Office) of the Union Ministry of Planning and Finance may, from time to time, issue necessary financial procedures, orders, directives and guidelines for the preparation of budget statements of the respective departments and organizations.
24. The Union level departments and organizations shall prepare the budget statements for upcoming financial years according to the Union Budget Preparation and Submission Law, and directives which are issued by the Union Ministry of Planning and Finance, from time to time, and submit them to the Budget Department (Head Office) of the Union Ministry of Planning and Finance within the specified date.
25. The Budget Department (Head Office) of the Union Ministry of Planning and Finance shall scrutinize the budget statements proposed by relevant departments and organizations in compliance with policies, projects, and financial framework standards of the Union and if they are found to meet with these policies, the draft law of the Union budget shall be prepared and drafted. If the proposed budget statements are found in compliance with the policies and directives issued by the Budget Department of the Union Ministry of Union Planning and Finance, negotiations and discussions shall be made with the authorities of relevant departments and organizations, and instructions shall be provided in order to make the necessary amendments.
26. The Union Ministry of Planning and Finance shall submit the draft law of the Union budget to the Financial Commission together with the annual budget statement within the specified date.

**Issuing budget sanction**

27. On behalf of the Union Ministry of Planning and Finance, Budget Department (Head Office) shall issue budget sanction to implement the provisions of the Union Budget Law. Only after issuing the budget sanction, respective departments and organizations shall have the right to spend allocated funds from budget.

**Preparation of the Region or State budget statement**

28. The Budget Department (Head Office) of the Union Ministry of Planning and Finance shall perform calculations based on the Medium-Term Financial Framework (MTFF) and other financial data indicators and information on appropriation of funds for respective Regions or States shall be issued to the respective Regions or States Governments through the Union Government.
29. The Region or State level departments and organizations shall prepare their budget statements with the approval of heads of respective head offices or departments, and submit them to the respective Region or State Budget Department.
30. The Region or State Budget Department shall prepare the budget statement of respective Regions or States based on appropriation regarding grants for the budget deficits of respective Regions or States from the Union fund consolidated amount of all revenues and expenditures of respective departments and organizations. After preparation, the Region or State Budget Department shall submit the budget statements to the respective Region or State governments.
31. The Region or State government shall scrutinize the budget statement submitted by the respective budget department and shall submit it to obtain approval from the respective Region or State Hluttaw.
32. The Region or State Budget Departments shall submit their budget statements that are approved by the respective Hluttaw to the Budget Department (Head Office) of the Union Ministry of Planning and Finance within the specified date.
33. The Budget Department (Head Office) of the Union Ministry of Planning and Finance shall compile budget statements submitted by Regions and States Budget Department, and submit them to the Union Ministry of Planning and Finance. The Union Ministry of Planning and Finance shall submit them to the Vice President to get approval, and submit them to the Financial Commission and Union Government.
34. After the Union Budget Law is enacted, the Union Government Office shall inform the Region and State Governments about grants from the Union fund for them.
35. The Budget Departments of Regions and States shall check the grants from the Union fund sent by the Union Government Office with the budget statements permitted by the Region or State Hluttaw, and amend as necessary. The Region

or State budget bill under the budget statements shall be drafted and submitted to the Region or State Governments.

### **Issuing budget sanction**

36. Only when the Budget Department of Regions or States on behalf of the relevant Region or State Governments issue the budget sanction contained in the Region or State Budget Law to the departments and organizations, they shall have the right to spend the allocated funds. While spending these funds, capital expenditures may be allowed to use only after the approval is requested to the head of head office or departments, and submission and proposal is requested to governments.

### **Allocation of funds when the Union Budget Law, or Region or State Budget Law are not passed in time**

37. If the Pyidaungsu Hluttaw or Region or State Hluttaw shall not pass the Budget Law before the end of the financial year, the Union Government and Region or State Governments shall have the right to spend the expenditure within the permit of the current expenditure of the Budget Law that latest prescribed according to sub-section (f) of section 55 of the Union Government Law and section 37 of the Region or State Government Law respectively.
38. If the Pyidaungsu Hluttaw or Region or State Hluttaw shall not pass the Budget Law before the end of the financial year, the budget sanction for the Union level departments and organizations shall be issued by the head office of the Budget Department on behalf of the Union Ministry of Planning and Finance whereas those to the Region or State level departments and organizations shall be issued by the respective Region or State Budget Department on behalf of the Region or State Government as the budget sanction relating monthly or quarterly estimated budgets for the duration before this Budget Law is enacted.
39. When the Pyidaungsu Hluttaw or Region or State Hluttaw has enacted the Budget Law, expenditures permitted under the budget sanction for the duration shall be deemed as the the expenditure that have already been included in that law.

## CHAPTER VI

### Managing Budget Allotment

40. The departments and organizations which included in the Union fund shall withdraw permitted expenditure from the Union fund under the Union Budget Law approved and enacted by the Pyidaungsu Hluttaw.
41. The departments and organizations which included in the Region or State fund shall withdraw the permitted expenditure from the Region or State fund under the Region or State Budget Law approved and enacted by the Region or State Hluttaw.
42. The permitted expenditures for a specific financial year shall be spent in the financial year, and they shall not be spent for any reason after ending the financial year.
43. Although the essential matters are not included in the budget estimate in the financial year, these can be spent by the options of re-appropriation, requesting supplementary grant, incurring from surplus amounts fund and contingency fund.

### Re-appropriation

#### **Re-appropriation of Union level administrative organizations, Union Ministries and departments**

44. If an account head of the Union level administrative organizations, departments under Union Ministries is insufficient and required to transfer the reserve fund from one account head to another account head or if it is required to transfer the reserve fund from one department to another department, it shall be conducted in line with the re-appropriation procedures.
45. **Responsibilities and authorities of departments:** The departments shall comply with as follows in respect of appropriation of funds:
  - (a) the Director General of a department shall have the right to transfer and spend the surplus amounts from one current expenditure account into other current expenditure account except salary, entertainment expenses and reserved expenses in the budget statement of the department and organization;
  - (b) re-appropriation from one account head to another account head is not permitted in capital expenditures;
  - (c) re-appropriation either from capital expenditures to current expenditures or from current expenditures to capital expenditures may not be permitted;

- (d) re-appropriation either from account head of contribution, investment, interest and debt to any other account head from another head account to any head account or may not be permitted;
- (e) re-appropriation for new type of expenditures may not be permitted;
- (f) regarding the re-appropriation from one account head to another within permitted expenditures according to the Union Budget Law, the departments shall mention them in the revised estimate submitted to the Pyidaungsu Hluttaw, or any changes occurred after the submission of revised estimate in actual account.

46. **Responsibilities and authorities of administrative organizations and Ministries:** The administrative organizations and Ministry shall comply with as follows in accord with appropriation of funds:

- (a) transfer of surplus funds from one current expenditure of a department or organization may be permitted for deficit of current expenditures of another department or organization in accordance with the provisions of directives issued by the Union Ministry of Planning and Finance;
- (b) re-appropriation either from capital expenditures to current expenditures from current expenditures to capital expenditures may not be permitted;
- (c) re-appropriation either from the expenditure account head of contribution, investment in organizations, interest payment and financial expenditures to any other account head or vice versa may not be permitted;
- (d) re-appropriation for new type of expenditures shall not be permitted;
- (e) regarding the re-appropriation from one account head to another within permitted funds according to the Union Budget Law, departments shall mention them in the revised estimate submitted to the Pyidaungsu Hluttaw, or any changes occurred after the submission of revised estimate in actual account.

47. **Authorities of the Union Ministry of Planning and Finance:** The Union Ministry of Planning and Finance shall have the right to carry out as follows in respect of re-appropriation:

- (a) re-appropriation of surplus amount from current expenditures of department, organization under the Union level administrative

organizations and Union Ministries may be permitted for deficit of current expenditures of department, organization under other Union level administrative organizations and Union Ministries;

- (b) Re-appropriation of surplus amount of capital expenditures account head from one department under the Union level administrative organizations and Union Ministries may be permitted for deficit of capital expenditures account head of another department. However, it is essential to obtain the recommendation from the Construction Work Coordination Board (Capital) and Equipment Control Committee;
- (c) Surplus amount from current (including contribution and interests payment), capital expenditures, financial expenditures accounts head of a subordinate department of the Union level administrative organizations and Union Ministries shall be returned to general funds. These returned amount from GRF may be permitted for current expenditures (including contribution, interests payment), capital, debt expense financial expenditures accounts head of another department by re-appropriation;
- (d) Re-appropriation may be permitted for new expenditures approved by the Union Government. However, it shall have been included in the national plan of the financial year if it is the capital expenditure.

### **Re-appropriation of the Nay Pyi Taw Council and Nay Pyi Taw Development Committee**

- 48. The Nay Pyi Taw Council and Nay Pyi Taw Development Committee shall carry out re-appropriation in accordance with the provisions of the Union Budget Law of the financial year.

### **Re-appropriation of Union level State-owned economic enterprises (SEEs)**

- 49. When the Union level State-owned economic enterprises are insufficient of permitted funds under one account head, and re-appropriation is to be performed into any other account head, it shall be carried out in accordance with re-appropriation procedures.
- 50. **Authorities of State-owned economic enterprises (SEEs):** The Managing Director of a State-owned economic enterprise may permit re-appropriation within the same current expenditure account head included in the budget statement of that enterprise. (For example, transfer of variable costs under production costs and overhead costs accounts confirmed by the Pyidaungsu Hluttaw into fixed costs)



51. **Authorities of the Union Ministry of Planning and Finance:** The Union Ministry of Planning and Finance shall carry out as follows in respect of re-appropriation:
- (a) Re-appropriation of current expenditures of State-owned economic enterprises from account head into another account head may be permitted;
  - (b) Re-appropriation may be permitted in capital expenditures of State-owned economic organizations in accordance with stipulation, for size alteration of the construction work within originally permitted amount and for type, quantity and price alteration of machinery purchase within originally permitted amount. In such re-appropriation, comments of the Construction Work Coordination Board (capital), Machinery Supervision Committee and Planning Department shall be required to get.
52. **Authorities of the Union Government:** The Union Government may have the right to carry out as follows in respect of re-appropriation:
- (a) in capital expenditures of State-owned economics organizations, re-appropriation except in section 51 (b) of above sub-paragraph may be permitted within each of the original work plan without changing these plans;
  - (b) re-appropriation may be permitted from one account head to another account head within debt expenditures of State-owned economics organizations;
  - (c) re-appropriation may be permitted from current expenditures to debts and from debt to debt service under current expenditures of the State-owned economics organizations;
  - (d) re-appropriation may be permitted from current expenditures and debts of State-owned economic enterprises into capital expenditures, or vice versa;
  - (e) re-appropriation of current, capital and debts from an organization to other organization and from one project to other work project within the capital expenditures of State-owned economic organizations may be permitted by the Union Government with the approval of the Pyidaungsu Hluttaw;
  - (f) in re-appropriation of capital expenditures, it shall be required to get comments of the Construction Work Coordination Board (capital), Machinery Supervision Committee and Planning Department;
  - (g) such transfer of expenditures shall be included in the revised budget statement submitted by the relevant Union Ministry to the Pyidaungsu

Hluttaw, and any subsequent changes occurred after the submission of revised budgets shall be expressed in actual financial statements. Detailed explanations shall be provided for each transaction.

**Re-appropriation of departments, organizations and the Central Bank of Myanmar operating outside the Union fund scheme**

53. It shall be carried out in accordance with the provisions of annual Union Budget Law, and orders and directives issued by the Union Ministry of Planning and Finance.

**Re-appropriation of Region or State level departments and organizations**

54. The Region or State level departments and organizations shall carry out as follows in respect of re-appropriation:

- (a) re-appropriation from one department or organization into any other department or organization is necessarily performed; it shall be submitted to the Region or State Government after getting comments of departmental heads and the Budget Department of the Region or State;
- (b) in performing so, comments of the Budget Department of the Region or State shall be required to get for salary and entertainment under current expenditures;
- (c) for re-appropriation of capital expenditures, it shall be required to get comments of the Budget Department of the Region or State, Planning Department, and Construction and Machinery Supervision Committee or Board that formed by the Region and State Government;
- (d) regarding re-appropriation, it shall be included in the revised budget statement submitted to the Region or State Hluttaw, and any subsequent changes occurred after the submission of revised budgets shall be included in actual accounts.

55. **Authorities of the Region or State Government:** The Region or State Government shall have the right to carry out as follows in respect of re-appropriation:

- (a) re-appropriation, within the Region or State level department or organization, from one account into another or transfer of surplus amount from the expenditure account head (including grant and interest payment) to another current account head which is unavoidably necessary shall be permitted;

- (b) re-appropriation, surplus amount from capital expenditures account head within the Region or State level department or organization, a deficit of another capital expenditures account head which is unavoidably necessary shall be permitted;
- (c) re-appropriation, the deficit for new expenditures of department or organization approved by the Region or State Government may be conducted from the surplus amount under other account head of department, organization with the permission of the Region or State Government. However, it shall have been included in the regional plan of the financial year if it is the capital expenditure;
- (d) re-appropriation, shall be permitted from respective general surplus fund account of with the permission of the Region or State Government for deficit of current, capital and debt expenditures account head of a department or organization covered by the Region or State budget, or transfer of surplus of a department or organization to deficit of another department or organization;
- (e) such re-appropriation, shall be included in the revised budget statement submitted by the Region or State department, organization to the Region or State Hluttaw, and any subsequent changes occurred after the submission of revised budgets shall be included in actual financial statements. Detailed explanations shall be provided for each transaction.

### **Submitting for the supplementary grant**

56. If the Ministries and organizations budget estimate is not sufficient or re-appropriation is not permissible for the expenditure of works and projects that need to be carried out continuously within the financial year, they may submit their supplementary grants to the governments within the specified time period. Such supplementary grant shall be spent only after the Supplementary Appropriation Law is enacted by the Pyidaungsu Hluttaw. Supplementary grants shall not be permitted for re-appropriation.

### **Incurring from the contingency fund**

57. Expenditures incurring from the contingency fund shall be carried out as follows:
- (a) incurring from the contingency fund is for being contingency cases in which expenditures shall mandatorily be incurred by the Union Government within the financial year, and it shall be conducted only for those expenditures which are not included in the budget estimate;

- (b) any expenditure to be incurred from the contingency fund shall only be made by the decision of the Union Government;
- (c) The Union Government shall submit the matters incurred from the contingency fund to the nearest convening of the Pyidaungsu Hluttaw session together with the objects and reasons case-wise.

### **Funds in excess of expenditure**

- 58. The annual budget is allowed for a specific financial year. Any funds that are not spent during the financial year shall be surrendered on the date specified by the Union Government.
- 59. The following procedures shall be undertaken while returning surrendering funds in excess of expenditure from the Union level department and organization to the Budget Department (Head Office) on behalf of the Union Ministry of Planning and Finance:
  - (a) funds in surplus shall be surrendered forms stipulated by the Budget Department (Head Office) of the Union Ministry of Planning and Finance;
  - (b) departments and organizations shall not surrender funds (in excess of expenditure) less than ten thousand kyats. When funds more than ten thousand kyats are to be surrendered, the last two digits of surrendered funds shall be multiples of tens. Regarding surrender amount, the reason for such excess of expenditure shall be explained and submitted. However, surrenders of funds from the township office or district office as the subsidiaries of department or organization to the State or Region departments shall not be less than one hundred kyats. The reasons for surplus amount shall express the reason of surplus;
  - (c) net amount of surrender of primary accounting unit of departments or organizations shall be surrendered to the Region or State offices, and they shall surrender this net amount to the head office. Again, the head office shall surrender net amount of surrender to the Ministry. The Ministry shall have to receive these funds, accumulate as the “Fund in excess of expenditure of the Ministry”, and permit fund transfer as necessary from that fund;
  - (d) balance of net surrendered amount from “Fund in excess of expenditure of the Ministry” of each Ministry shall be deposited in time so as to transfer to the General Reserve Fund managed by the Budget Department (Head Office) on behalf of the Ministry of Planning and Finance. The Budget Department (Head Office) shall collectively record these funds in the Ministry by the Ministry into the “General Reserve Fund”;

- (e) The Union Ministry of Planning and Finance may permit funds transfer from the “General Reserve Fund” as necessary to departments or organizations in accord with financial rules and regulations.
60. The following procedures shall be undertaken while surrendering funds in excess of expenditure from the Region or State level department and organization to the Region or State Budget Department on behalf of the Region or State Government:
- (a) funds in excess of expenditure shall be surrendered forms stipulated by the Budget Department (Head Office) of the Union Ministry of Planning and Finance;
  - (b) departments and organizations shall not surrender funds in excess of expenditure less than ten thousand kyats. When funds more than ten thousand kyats are to be surrendered, the last two digits of surrendered funds shall be multiples of tens. Regarding surrender amount, the reason for such excess of expenditure shall be explained and submitted. However, surrenders of funds from the township office or district office as the subsidiaries of department or organization to the Region or State departments shall not be less than one hundred kyats. The reason for surplus amount shall express the reason of surplus;
  - (c) township offices of departments and organizations that are covered in the Region or State budget shall surrender net amount of surrender to the Region or State office. Such funds in excess of expenditure from the Region or State office shall be surrendered in time to the General Reserve Funds managed by the Region or State Government;
  - (d) funds in excess of expenditure received by the Budget Department of the Region or State on behalf of the Region or State Government shall be compiled in the “General Reserve Funds” and the Region or State Government may permit fund transfer from the “General Reserve Fund” as necessary to departments or organizations in accordance with financial rules and regulations within the financial year.

## **CHAPTER VII**

### **Transfers from the Union Fund to the Region or State Fund**

61. The Region or State Government shall take grants and loans from the Union fund according to the Constitution.

62. Such receipts of grants and loans shall be undertaken in order to cover the deficit of the budget or to carry out the special cases of the Regions or States budget.
63. Grants and loans from the Union fund to the Region or State fund shall be projected as the expenditure in the financial year budget.
64. Grants taken from the Union fund for the budget deficit shall be projected as the revenue while for the special cases shall be projected as the revenue and expenditure in the financial year budget by the Region or State.
65. Regions or States shall project loans taken from the Union fund as the revenue and expenditure in the budget of the relevant financial year of the Region or State.
66. For transferring the projected contribution expenditure from the Union fund in the Union budget, grant for special cases of Regions or States shall be transferred as per projection and grant for the Region or State Government budget deficit shall be transferred to the Region or State Government based on the cash balance of their deposit.
67. While disbursing the loan from the Union fund to the Region or State fund, this shall be projected as the loan in the Union budget account; deficit in actual account of the Region or State level departments or organizations, stipulated by the Union, shall be transferred from the Union fund to the Region or State fund as the loan.
68. Repayment of principal and interest on loans taken from the Union fund by the Region or State Government shall be transferred to the Union fund in time as specified by the Union Ministry of Planning and Finance.
69. Region or States Government shall not include the deficit occurred from repayment of principal and interest of loans taken from the Union fund in the grant to be contributed by the Union fund for the deficit.
70. Revenues administered and collected by the Union in Regions or States may be transferred to Regions or States fund from the Union fund in accord with the permission of the Union Government in accordance with the Union Taxation Law.

## **CHAPTER VIII**

### **Responsibility and Internal Supervision**

71. The President of the Union shall be responsible of supervising and collecting receipts and managing the expenditures of the department and organizations at the Union level under the Union Budget Law. The President of the Union may delegate the power conferred to him to the Union Ministers from departments

and organizations at the Union level and those Union Ministers may delegate the conferred power to the departmental heads serving under them.

72. The Chief Minister shall take responsibility of supervising and collecting receipts and managing the expenditures of the department and organization at the Region or State level under the Region or State Budget Law. The Chief Minister may delegate the power conferred to him to the Region or State Ministers respectively from departments and organizations at Region or State levels and those Ministers may delegate the conferred power to the departmental heads serving under them.

### **Duties and responsibilities of the controlling officer**

73. The controlling officer shall be responsible for his department, organization on behalf of the Minister under the Budget Law.
74. The departmental head assigned to administer the department or organization shall be responsible for budget supervision and budget administration. Since he undertakes budget supervision and budget administration of the department, organization, he shall be responsible not to be absent in monitoring the budget operation of the department, organization regardless of having a separate accounting department under his administration.
75. Every controlling officer is responsible to supervise the functions of collecting officer and always monitor so that failure, omission or delay may not occur in collecting of revenues from departments and organizations. The controlling officer is fully responsible for collecting all the revenues and depositing all these collected revenues into a bank without any delay.
76. The controlling officer who has the responsibility of supervising all the financial matters related to the expenditure from permitted allocation for the financial year shall undertake as follows:
- (a) shall not exceed more than permitted appropriation amount;
  - (b) shall be incurred only for the matters planned and already included in preparation of the budget;
  - (c) shall be the expenditure aimed for the benefit of public;
  - (d) shall supervise and control in order to ensure correctness and accuracy of financial operations, compliance of financial rules and regulations, proper way of spending funds and avoidance of wastage or losses of its office and subordinate office.
77. The departments and organizations shall not exceed any expenditure more than permitted amounts for the financial year.

### **Duty distribution**

78. The controlling officer shall not delegate his power on financial management and supervision to an employee whose rank is lower than the gazetted officer without approval of the Ministry or anybody who is assigned by the Minister. It is worth recognizing that delegating duties and powers in this way shall not mitigate his own duties. The controlling officer may appoint one or more drawing officer. In such event as assignment of duties and powers on financial management and supervision for their departments and organizations to employees from other departments and organizations approval from Ministries shall be requested in advance.

### **Duties and responsibilities of the drawing officer**

79. Every drawing officer shall:
- (a) not spend more than the funds appropriated and allocated;
  - (b) monitor the increase of expenditures in comparison with allocation. Budgets for account adjustment, due liabilities and other factors affecting their own expenditures shall ever be examined;
  - (c) spend the fund only for the matters planned;
  - (d) comply financial norms for expenditures;
  - (e) inform in time to the controlling officer to adjust the funds once overspent funds or surplus funds can be predictable out of allocated funds;
  - (f) comply major financial practices;
  - (g) be responsible to collect all the receivable funds from their departments and organizations immediately and fully deposit into banks.

### **Duties and responsibilities of the cashier and collector**

80. The controlling officer may appoint one or more cashier. In performing daily cash functions, head of departments or organizations shall set the maximum amount of funds that a cashier can hold in hand and any exceeding amount shall be given to the responsible officer by the cashier. Funds handed over shall be kept in the cash box fasted with two padlocks. All the funds received shall be deposited into banks on a daily basic at the specified times.
81. Cash boxes of departments or organizations shall be fixed at the appropriate place inside the office room or fastened with two coils of strong iron chain and locked so that they cannot be moved easily and the key of these locks shall be kept by the responsible officer.



82. Cash boxes of travelling officers shall be exempt from the above mentioned description. However, their cash boxes shall be given preferentially to these three places such as the bank, police and army, and once they return to the Head Office they shall deposit all the collected revenues into the bank or put them into the departmental cash box.
83. Every responsible officer to collect funds shall accurately perform functions to demand, receive, and fully deposit into the Union fund, or Region or State fund. Regarding demand for funds, register books for such transaction shall be filled in with complete information and special monitoring shall be performed to prevent misuse and fraud.

### **Internal supervision**

84. The controlling officer shall perform fair and proper delegation of duties in forming internal supervision structure of a department and organization. Great attention shall be paid to make sure that there is no such thing as an operation fully controlled and influenced by a person from its fundamental stage up to stage of completion or commencement of an operation, recording, delegation of power and adjustment executed by one person.
85. The duties prescribed that should be separately assigned are as follows, basically:
- (a) maintenance of properties;
  - (b) recording transactions;
  - (c) adjustments and controlling.
86. The controlling officer shall superintend not to cause any damage to operation and goods and if occurs, it shall have plan to minimize the damages.
87. The controlling officer shall develop internal monitoring procedures so that staff can perform their duties by their own decisions and can countercheck to one another in keeping with requirement of operations.
88. If the duties cannot be differentiated in a small department, the controlling officer himself shall undertake the above-mentioned operations.

## **CHAPTER VX**

### **Collecting and Receiving Public Funds**

#### **Duties to supervise and collect the receipt**

89. The Union level departments and organizations shall fully collect tax revenues and other revenues as per the Union Taxation Law and deposit into the Union fund in time.

90. All revenues collected from State-owned economic enterprises shall be deposited in time into the Union fund, or Region or State fund in accordance with guidelines issued by the Union Ministry of Planning and Finance.
91. The revenues collected from abroad shall be managed in accordance with directives, rules and regulations and procedures occasionally issued by the Union Ministry of Planning and Finance.
92. The Region or State level departments and organizations shall fully collect tax revenues and other revenues receivable from Regions or States, and deposit into the Region or State fund in time.

### **General rules and regulations regarding the receipts**

93. All the revenues collected shall be in official currency of the State. However, Ministries, departments and organizations under the State in foreign countries or domestic departments and organizations exempted under special authorization of the Union Ministry of Planning and Finance may collect revenues in foreign currency. If any other departments or organizations which are not covered by special authorization of the Union Ministry of Planning and Finance receive revenues in foreign currencies, they shall deposit them in State-owned banks and record in Myanmar kyats.
94. In collecting revenues, these can be managed to be deposited into either of the government account opened at the Central Bank of Myanmar, or the Union fund, or Region or State fund via intermediary bank, or any bank acting as the agent of government, deposited by cheque, or bank transfer or money order through the post office.
95. Any individual who deposits into the Union or Region or State fund account shall deposit together with receipt. This receipt shall contain complete information such as reason of deposit, the person or government officer who deposit it and all the required data for receipt account. The Union Ministry of Planning and Finance may occasionally issue guidelines regarding format and procedures to prepare and issue receipts.
96. The drawing officer who opens withdrawal account shall deposit all the collected revenues of department into this drawing account. Revenues of departments shall not be used to incur departmental expenditures except for the matters permitted under departmental regulations, orders and directives. The departmental revenues shall be immediately deposited into the bank without delay.

97. In the case of departmental revenues permitted to spend as the departmental expenditures, to reflect in the public account over the departmental revenues and departmental expenditures spent, a cheque shall be written by the designation of departmental officer based on the Withdrawal Request Form prepared for each expenditure incurred, at the back of which, the expression “Received Payment by Transfer Credit to A/C No ....” shall be described and it shall reflect in their respective drawing account with a Pay in Slip.
98. Regarding with the reimbursement of revenues, it shall be conducted as follows:
- (a) In the case of reimbursement for one of the following reasons to the original depositor either part or whole of revenue recorded as the revenue of the Union, it may be reimbursed from the Union fund, or Region or State fund:
    - (i) excess amount deposited more than the amount to deposit;
    - (ii) the amount to be reimbursed due to wrongly recorded as the revenue;
    - (iii) the amount to be reimbursed due to the existing law;
    - (iv) the amount to be reimbursed due to exemption by separate order of the Union Government, or Region or State Government.
  - (b) The amount to be reimbursed shall not be related to the refund stated in the Taxation Law of the financial year.
  - (c) For the cases of reimbursement, the Union Ministry of Planning and Finance shall occasionally issue the procedures to be abided by departments, organizations.

### **Receiving cheques**

99. The following procedures shall be followed if a cheque is rejected of its withdrawal by the bank due to the insufficient bank balance of a depositor by cheque or any other reasons:
- (a) the person or department or organization which initially gave the cheque shall be promptly informed that their cheque is rejected by the bank for withdrawal of money and requested for immediate clarification and payment of required amount;
  - (b) for such kind of cheque rejection, the responsible person of departments or organizations collecting revenues shall be investigated and proper guidelines shall be given to avoid the similar occurrence;
  - (c) requesting for the amount on the cheque rejected for its withdrawal and any expenditure or charges associated with this rejected cheque from the

person who initially gave this cheque shall be done at earliest convenience.

100. The following procedures shall be proceeded if revenues are received in cheque:
- (a) regarding the cheque received, it shall check whether the bank which issues that cheque is corresponding to the bank of department, organization where the bank account is opened;
  - (b) on receiving the cheque, only responsible officer shall check and receive it. This cheque shall be underlined crossed cheque that is not allowed to transfer again. If the cheque is not crossed, the responsible officer shall make cross on it;
  - (c) if the receipt voucher issued for cheques given by outsiders and external departments has not cleared the cheque, it shall be clearly described that this receipt voucher has not yet been confirmed. If any clearing expenses are charged by the bank relating to this cheque, the person who gives this cheque shall bear the expense. The official receipt voucher may be issued for the cheques guaranteed by banks.
  - (d) the official receipt voucher shall be issued for special crossed cheques given between departments and organizations of the Union without waiting for bank clearance. The bank guarantee is not required for these cheques.
  - (e) the department or organization shall write the expression “to be transferred as deposits into withdrawal account number .....

the bank.

- (f) in case of breach of the above-mentioned facts and losses occur, the endorsement officer will be the most responsible person for the loss.

### **Receipt vouchers**

101. The collecting officer shall issue the original receipt voucher to the payers without delay for all the funds collected as per existing laws, regulations and procedures.
102. Origins or copies from receipt voucher books shall not be torn-off and taken out in any reason expect delivering the original voucher to the payer.
103. Copies of receipt vouchers issued shall be kept in the secure place without causing any harm to the original format of the receipt book. The period for maintenance of these copies of receipt voucher shall be specified in line with

existing laws, regulations, procedures and directives occasionally released by the Union Ministry of Planning and Finance.

104. The following procedures shall be followed in preparing the receipt voucher:
  - (a) the amount received shall be described in both figures and text together with the name of payer, the purpose of payment and date of payment;
  - (b) in as the case depositing of funds formerly withdrawn, the description shall include the date of the first payment, particular, amount withdrawn and the voucher number for that withdrawal.
105. The receipt voucher books shall be taken out and used according to its serial number. If the original or copy of receipt voucher can no longer be used due to any mistakes written on it or due to any other reason, they shall be sealed "CANCELLED" and attached to the relevant receipt voucher book. Below the "CANCELLED" seal, the responsible officer shall sign as an endorsement.
106. Either of receipt voucher books or voucher sheets shall be printed in the serial number and used in order. This receipt voucher shall not be used in the format of office vouchers but the system of maintaining office copy is practiced using the carbon paper double side. When receipt voucher books ordered are received, inspection shall be made whether the serial number of the book and that of the voucher sheet are in numerical order or not, and they shall be recorded in the register book, and kept inside the locked box. When they are to be used and taken out, record shall be updated accordingly in the register book, and serial numbers will be checked again whether it is correct.
107. The responsible officer shall keep receipt voucher books, and issue to relevant employees at the start of every work day as specified. When they finish the duties of the day, they shall be recollected and vouchers torn off, and remaining vouchers shall be checked. The last receipt voucher torn off, shall be marked with the short signature and date, and properly maintained. This receipt voucher book shall not be kept together with any other documents.
108. The receipt voucher shall be signed by the responsible employee who collects funds. In addition, the accountant shall record in the ledger book daily and this responsible officer shall sign in the specified column. In the event when relevant employees are assigned to sign, the responsible officer shall check the revenues and record transactions in the ledger book, and sign in this ledger if they are correct.
109. For matters in which cash payment voucher can be used for collecting revenues, such cash payment voucher can be presumed as evidence. In recording cash payment in accounts, information from such cash payment voucher book can be

directly recorded in the cash book in the same way as recorded information from the receipt voucher book into the cash book.

110. If the bank transfer slip is received, this transfer slip shall include an underlined cheque which is not transferrable into any other account. The transfer slip shall only be accepted by the responsible officer, and shall be transferred to and recorded by employee concerned. If the cheque is not underlined, the responsible officer shall underline it and transfer to the cashier. This bank transfer slip shall be recorded immediately in the ledger book and the transaction shall be signed by the responsible officer. When so requested the bank transfer slip by the person who sends it, the cash payment voucher shall be issued. Regarding the bank transfer between departments, the department making bank transfer shall send a copy of the bank transfer slip together with the original description on purpose of such bank transfer to the receiver department.
111. Regarding revenues received via money order of the post office, signature on such money order slip shall presume as confirmed receipt voucher. In receiving money order of the post office, the responsible officer shall receive it and hand it over to the cashier. After making cashier record in the ledger immediately, the officer shall sign on it.

### **Record of receipts**

112. The central organizations, Ministries, departments and municipalities shall record all the revenues in the Primary Account Units in accordance with “Directives on accounting mechanisms to be applied in the Primary Account Units of the department.” Then these accounts shall be consolidated according to “Directives on accounting mechanisms to be applied by departments”.
113. State-owned economic enterprises shall consolidate all the revenues in relevant accounts in line with directives of the Ministry of Planning and Finance.

## **CHAPTERX**

### **Spending Public Funds**

#### **Granting permission to the budget and restrictions on cash withdrawal**

114. The authorized person who is determined as the person in-charge under the Budget Law shall allocate funds permitted within the relevant financial year to the department under him, heads of organization.
115. In managing receipts and expenditures within the specified period, the controlling officer shall conduct with directives issued by the Ministry of Planning and Finance.

116. In spending the allocated funds, the controlling officer shall maintain every transaction in accordance with directives issued by the Ministry of Planning and Finance, and report the implementation stages.
117. Controlling officers shall re-allocate all the funds allocated to their departments to drawing officers of subsidiary offices in the Union, Region or State.
118. According to the budget sanction, the controlling officer of departments and organizations shall specify the withdrawal limit of the budget permitted based on expenditures of the Primary Account Units. Such drawing limit shall be notified to the relevant Myanmar Economic Bank, and a copy shall be distributed to the relevant Primary Account Units.
119. The Primary Account Units shall prepare quarterly statements for the fund transfer within drawing limit permitted by the controlling officer, and deliver it to relevant branches of the Myanmar Economic Bank.
120. In order to avoid overdraft, the drawing officers of the Primary Account Units and managers of the Myanmar Economic Bank shall pay attention to maintenance of accounts and supervision.
121. Departmental heads, supervisors and drawing officers who manage public funds shall strictly abide by all financial rules and regulations in spending public funds. When there is a purpose to withdraw public funds, the Withdrawal Request Form shall be prepared in accordance with regulations, and withdrawal may be permitted only after the drawing officer has checked the form.

### **Basic factors for expenditure**

122. In incurring expenditures or taking responsibilities for future settlement from public funds, an expenditure shall meet the following factors:
  - (a) it has a special or general permission of the authorized person or the person delegated by him;
  - (b) it has already been fixed by sufficient funds;
  - (c) expenditures shall be in accordance with respective financial regulations.

### **Major financial practices**

123. The following major financial practices shall be primarily adopted for spending public funds or permitting for the spending:
  - (a) the close supervision shall be in place in order to avoid overspending more than necessity;

- (b) in the same way as a rational person deliberating in spending his own money, every public service personnel shall deliberate in spending of public funds;
  - (c) someone who has authority shall not make such decision which may be beneficial either directly or indirectly to him;
  - (d) apart from exceptional cases, public funds shall not be used as privileges for the interest of individual, or a certain department or organization;
  - (e) expenditures such as travelling allowance to cover the expenses of serving duties of the Stateshall not be as the profits for the recipient of these allowances.
124. A staff holding public funds to incur expenditures for the Stateis accountable to deliver these funds to those who actually deserve them. Actual payable funds shall be disbursed only when the official withdrawal request form is received.

### **Procedures to disburse expenditure**

125. Funds shall not be withdrawn from banks without requiring for immediate payments. Also it shall not set back the payment which should be made an immediate settlement. Except cases specifically permitted by the Ministry of Planning and Finance, an employee who withdraws funds from the bank account shall not deposit at somewhere else or at a bank by opening a separate current account or in other means.
126. The disputable Withdrawal Request Forms shall not be accepted for settlement. Any request for funds to be suspicious shall not be permitted. The person requested shall be instructed to report to the responsible senior officer concerned.
127. The approval of the Withdrawal Request Form shall be in conformity with the following requirements:
- (a) data filling up the Withdrawal Request Form and signature shall be in ink. Grand total amount shall be expressed in both number and text;
  - (b) if the total amount written in the form is to be amended or revised, every amendment or revision shall be supported by marking short signature of the person requesting funds as evidence together with the date of amendment. Erasure and overlapped description are not acceptable;
  - (c) signature on the Withdrawal Request Form shall not be the stamped signature. When an illiterate marks an “X” sign or finger print in lieu of their signature, one credible person shall endorse to support it. This credible person shall be satisfactory and acceptable to the drawing officer;



- (d) in order to avoid fraud and duplicate withdrawal, only the original Withdrawal Request Forms shall be accepted. Request with copied forms shall be rejected.
128. In preparing the Withdrawal Request Form, the following procedures shall be applied:
- (a) for any transaction requiring endorsement on signature, the fund shall not be disbursed without such endorsement;
  - (b) in order to withdraw funds for specific cases by authorization of power holder, authorization number and date shall be described, and copies of authorization letter shall be attached if necessary;
  - (c) instruction shall be referred to deduction from the Withdrawal Request Form;
  - (d) if the fund requested is to be provided through the bank transfer slip or money order, this transaction shall be clearly marked and written in the Withdrawal Request Form in red ink signed by the responsible officer, and the crossed cheque will be issued with the designation of the bank manager or head of post office.
129. Despite responsibilities to ensure correct mathematical calculation on the Withdrawal Request Form mainly lie on the person requesting funds, the personal disbursing funds are also responsible.
130. Supporting vouchers attached with the Withdrawal Request Form shall be endorsed and they shall be signed by the person requesting the fund. After withdrawing the fund, these vouchers shall be marked “cancelled” so that they cannot be used again.
131. In making the Withdrawal Request Forms, printed forms shall be used as specified. The correct account heading shall be completely filled in the Withdrawal Request Form. Every Withdrawal Request Form shall be comprehensive in different aspects such as its format, recorded data, calculation, and there shall have permission for spending. In order to avoid unintentional duplicate payment, when the Withdrawal Request Forms are resolved, they shall be immediately stamped as “paid” and cheque number and date shall be recorded.
- (Note: State-owned economic enterprises shall use the Withdrawal Request Form exclusively specified for them.)**
132. For every transaction of withdrawal, the relevant voucher shall be there. Departmental heads are responsible to maintain these vouchers securely and

properly for the reasons that they shall be submitted when auditors are coming for inspection purpose and they are evidences of funds withdrawn. Audited vouchers and unaudited ones shall be separately maintained.

133. If any voucher is requested by the head office for scrutinizing purpose, the original voucher shall be submitted and one copy of this voucher shall be made with the consent of the departmental head and kept in the office. When scrutiny is completed and the original voucher is returned, the copy shall be destroyed with the consent of the departmental head and original one shall be kept. If any organizations such as the Myanmar Police Force request it for reference of some cases, the original voucher shall be provided only after one copy of it is made with the consent of the departmental head. For any matter, whether paid vouchers are returned in due time or not shall be monitored and checked.
134. For all expenditure related transactions under the Taxation Law, payments shall be made as per relevant tax laws.

### **Cheques**

135. Cheques shall be issued whenever settlement is made for all expenditures apart from those incurring from imprests which require immediate payment. Necessary cheque books shall be received from relevant branch of the Myanmar Economic Bank. Before a check book is used, the first day of using it in line with the format shall be informed to the bank manager. The message informed shall be sent in the secret seal.
136. While writing a cheque, the following directives shall be carefully applied:
- (a) cheques shall not be written for any issuance of funds less than 1,000 kyat unless there is exceptional case permitted under special authorization;
  - (b) amount of fund shall be neatly written as permitted on the Withdrawal Request Form. If the Withdrawal Request form for each of which funds shall be provided to an individual only one time is more than one form, they all shall be accumulated into one cheque. In the stub space of cheque, amount of fund from each Withdrawal Request Form shall be written;
  - (c) the name and designation of the person to which funds are withdrawn shall be completely filled on cheques in order to check whether funds are received by the right person;
  - (d) the following procedures shall be taken in order to avoid the fraudulent cheque:

- (i) if the amount mentioned on cheques is in integral number, the expression “only” shall be followed after that amount of kyats. In case of pyas (1/100 of one kyat) in excess, amount of kyats shall be described in text and that of pyas shall be in number to make difference between them. Words shall be closely written in order to avoid inserting;
- (ii) in those offices which are unable to use cheque writers, the total amount on cheques shall be described in the closest greater integral number in red ink crossing the middle of the cheque stating the amount is below that integer;(For example, if grand total amount on cheques is 5762 kyats and 55 pyas, the text shall be written as “below five thousand seven hundred sixty three kyats”)
- (iii) special attention shall be paid in order to make sure no mistake on cheques. In case of errors on cheques, they shall be neatly scratched out, and overwritten by the correct one. Every corrections made shall be confirmed by full signature by the officer who has signed on cheques;
- (iv) Cheques shall be written using inerasable ink or ball point pen.

### **Holding imprest**

137. For expenditures which require immediate payment, the drawing officer and employees responsible under respective assignment are allowed to hold imprests. There are two types of imprest: permanent imprest and temporary imprest.
138. The following procedures shall be complied regarding the **permanent imprest**:
- (a) in order that every drawing officer can make down payment for petty expenses on daily basis, the decision of management committee meeting of the respective Ministry shall be requested for proposing appropriate amount covering average petty expenses for 15 days;
  - (b) holders of the permanent imprest shall pay out from it for daily petty expenses, and the relevant account transaction shall be recorded in “Petty Cash Book.” When imprest level runs low or holder of imprest changes, or on the last working day of the financial year, amount used from the imprest shall be replenished by issuance of a cheque;
  - (c) holding the imprest if the permanent imprest is necessary for department or organization, amendment over the amount of imprest, and return of imprest if it is not necessary to hold, comments from the Budget Department (Head Office) of the Ministry of Planning and Finance are

required before submitting to the management committee meeting of the respective Ministry, and shall be undertaken in accordance with the decision of management committee meeting of the Union Ministries. When departments or organizations are not willing to hold but to return this imprest, comments of the Budget Department (Head Office) of the Ministry of Planning and Finance shall be taken, and return to drawing account of the respective department.

139. The Union Ministry of Planning and Finance shall release necessary directives regarding implementing and recording the permanent imprest.
140. The following procedures shall be complied regarding the **temporary imprest**:
- (a) if procurement is to be made from the Region where the office is located to another Region, or cash shall be used for any settlement as required by business, the temporary imprest shall be issued by the drawing officer to relevant staff concerned with the consent of the departmental head;
  - (b) as reasons of taking the temporary imprest may vary among departments and organizations, the amount cannot be fixed. Based on type of business, required amount of funds shall be permitted for 3 to 14 days. The departmental head may permit up to one million kyats. Any matters requiring more funds than that amount, approval of the relevant Ministry shall be requested. Thus, whenever the temporary imprest is permitted by the departmental head, one copy of approval shall be submitted to the relevant Ministry;
  - (c) a staff holding the temporary imprest shall prepare and keep a statement for his temporary imprest in the format as the department and organization specifies. He shall receive payment vouchers for every expenditure, and consolidate these statements, and clarify them together with the remaining imprest if any.

### **Advanced payment**

141. Regarding advanced payment, existing regulations and other directives issued occasionally shall be obeyed. There are two types of advanced payment: to staff and between organizations.

### **Advanced payment to staff**

142. To undertake duty and responsibility for the sake of benefit of department organization, available amount of advanced payment, authorized person,

installment of repayment, and general descriptions are clarified in the following table :

Sr. No.	Type of advanced payment	Eligible staff	Authorized person	Maximum Permissible Amount	Number Of Installment For Repayment	General Descriptions
1.	Prepaid Salary for transfer	Employees transferring from one township to another	(a) Director (Admin) (b) Administrative employee	Amount not more than salary for one month	3 installments after transfer stating from the month in which full amount of salary is taken	(1) A staff can voluntarily take out his salary whether in former working place or new working place. (2) If transfer to another township is permitted before all prepayments are not yet returned in new township, prepayment may be taken for a second time. (3) The authorized persons can permit themselves.
2.	Prepaid travelling expenses in transfer	staffs transferring from one township to another	(a) Director (Admin) (b) Administrative employee	Amount not more than total travelling expenses for relevant employee and his family members	Full amount shall be taken from travelling allowance claim form submitted after coming to new township	(1) If family members of staff do not transfer together with the staff, part of prepayment shall be taken from Claim Form of that staff and the remaining amount shall be taken from that of family members. (2) If prepaid amount is more than eligible travelling allowances, the extra amount shall be returned in cash within one month after

						<p>travelling.</p> <p>(3) To ensure accuracy in prepayments, detailed calculations of statements shall be submitted together with application form.</p> <p>(4) If travelling expense is not claimed within 3 months of transfer to a new township, relevant staff shall be notified in advance and prepayment shall be taken from his salary claim at a rate not more than 1/3 of salary.</p> <p>(5) the authorized person may permit themselves having the power to permit may permit themselves.</p>
3.	Prepaid travel allowance	Staff working around different townships for the benefit of department/ Organization or State-owned economic enterprises	(a) Director (Admin) (b) Administrative staff	All travelling allowances actually receivable within period of travelling around	Full amount shall be taken from travelling allowance claim form submitted after coming back to the region where the office is located	<p>(1) If period of travelling around lasts more than one month, travelling allowances shall be prepaid once in each month and monthly travelling expenditure claim form shall be submitted. Full amount of prepayment shall be taken from travelling allowance claim form of the last month.</p> <p>(2) Prepayment to in-charge of office shall be issued by senior administrative staff.</p>

						<p>(3) Approval from departmental head, departmental in-charge, managing director or relevant ministry shall be requested for business tours which needs intervals of more than one month for every time.</p> <p>(4) If prepaid amount exceeds actual travelling expenditures, any extra amount shall be taken from next travelling allowance claim form. However, if no more travelling is necessary next month, cash shall be returned.</p>
4.	Prepaid salary to staff who are affected by disasters such as fire, floods, windstorm etc.	Staff who have actually lost their properties in any disaster	(a) Director General (b) Managing Director (c) Director of Region or State Municipality	Amount not more than 3 months salary	24 equal installments shall be returned since the very first month of prepayment	<p>(1) Permanent staff, temporary staff, labours on wages, and any other employees who enjoy wages and salary are eligible for prepayments. However, any other employees apart from permanent ones shall be endorsed by in-charge of office that “no termination of duties until all the prepayments are settled”</p> <p>(2) If loss of properties occurs again in subsequent disaster while installments of settlements for the first prepayments are made,</p>

						<p>prepayments for the second time may be made. However, resettlement for second time prepayment may be made only after the first time prepayment is completely settled.</p> <p>(3) Any staff requiring prepayments shall submit application letter to departmental head/in-charge together with endorsement letter of General Administration Department in relevant Township that properties are actually lost in certain natural disaster.</p>
5.	Advanced payment for purchase and storage of food for rainy season	Staff who are working in mountainous regions to which transportation means are difficult to reach out	(a) Director General (b) Managing Director (c) Director of Region or State Municipality	Amount not more than three months salary	Nine equal installments shall be returned since the very first month of prepayment	<p>(1) The Ministry of Planning and Finance shall provide guidance from time to time that employees working in certain regions are eligible for prepayments.</p> <p>(2) Employees who are working in such regions that modes of transportation are in difficult condition and basic foods are rare shall be provided with prepayments before the rainy season so that they can store basic food in time.</p>



143. The above mentioned advanced payments shall be issued without interest as they are disbursed for the benefit of organization.

### **Advanced Payment of between Organizations**

144. Advanced payment of between organizations mean advance payment from one organization to another in accordance with business operation. The following rules shall be abided in advance payment between organizations:
- (a) if advanced amount reaches one million kyats, the approval shall be passed by the departmental head. Any prepayment more than one million kyats shall be made with the consent of the Ministry concerned;
  - (b) the separate record shall be maintained by each advanced payment. Whether they are paid or not within the time frame specified shall be monitored;
  - (c) if advanced payment is not settled in cash but adjusted with current or capital expenditures, all adjustments shall be completely made in statements of the relevant financial year.

### **Spending foreign exchange (FE)**

145. The Ministry of Planning and Finance shall scrutinize the submissions of foreign exchange user departments and organizations so that detailed estimates relating to foreign exchange shall be included in preparation of the annual budget.
146. Any foreign exchange user departments or organizations shall include amounts in kyats equivalent to foreign exchange for their foreign exchange spending in the Union budget proposal of the relevant financial year and also state type of currency of foreign exchange and amount to be used.
147. On behalf of the Union Ministry of Planning and Finance, Budget Department (Head Office) shall inform the allocation of foreign exchange expenditures to the respective departments and organizations so as to be able to spend by free foreign exchange for foreign exchange user departments and organizations.
148. The Budget Department (Head Office) shall provide guidelines relating to mechanisms of foreign exchange spending for foreign exchange user departments and organizations.
149. The foreign exchange user departments and organizations shall ask for approval from the Ministry of Planning and Finance to commit spending within the limit of foreign exchange allocation. Asking for approval will require filling in the

forms specified by the Budget Department (Head Office) and submit all the necessary documents and evidences to the Budget Department (Head Office) by a deadline.

150. The foreign exchange user individual State administrative organization or a Ministry shall not overspend more than the foreign exchange allotment for the whole financial year. Likewise, the individual organization under the Ministry shall not overspend than the foreign exchange allotment for the whole financial year. However, approval of the Ministry of Planning and Finance shall be taken for re-appropriation of foreign exchange allotment under current expenditures or capital expenditures of department or organization to the other department or organization under the same Ministry for the entire financial year.
151. If Region or State Governments need to spend the foreign exchange, they shall comply with guidance of the Ministry of Planning and Finance.

#### **Application for foreign exchange spending**

152. If the foreign exchange user departments and organizations apply for the foreign exchange spending, application shall be submitted in accordance with directives issued by DO No. Ba Kha1/279 (494/2014) of the former Ministry of Finance.
153. The foreign exchange spending may be applied only for such matters that are compulsorily in need of the foreign exchange. For any purchase of items that are imported from abroad if Myanmar kyats is acceptable, only Myanmar kyats shall be used.
154. While incurring expenditures in the foreign exchange, application for the foreign exchange spending regarding payments by each due date shall be submitted to the Union Ministry of Planning and Finance in earliest convenience at least two weeks in advance of due date.
155. On behalf of the Union Ministry of Planning and Finance, Budget Department (Head Office) shall deliver the foreign exchange permit to the Myanmar Foreign Trade Bank and copies shall be sent to relevant departments and organizations.
156. If the foreign exchange user departments and organizations do not spend the foreign exchange permits authorized by the Budget Department (Head Office) on behalf of the Ministry of Planning and Finance within the respective financial year, they shall be returned to the Ministry of Planning and Finance together with the bank statement issued by the Myanmar Foreign Trade Bank before ending the financial year.

### **Preparing of foreign exchange receipt and expenditure account**

157. The foreign exchange user departments and organizations shall prepare the foreign exchange receipt and expenditure account of the first six months, the second six months and the entire financial year in accordance with the specified format not later than second week of subsequent month after account closing period and send them to the Budget Department (Head Office). Such account shall be prepared in type of currency of actual receipt or expenditure and underlined reasons, and describe Myanmar kyats equivalent to respective type of currency, and bank charges.

## **CHAPTER XI**

### **Procurement**

158. Departments and organizations shall prepare procurement plans for implementing the capital expenditures provided for in the budget of the relevant financial year, which shall be approved by the controlling officer. For each procurement activity defined in the procurement plan, the determinations and specifications per guidelines, information related to the goods, services or business operations intended to purchase, expected time period to purchase and issue a contract.
159. Government departments and organizations in the course of conducting procurement shall provide fair and equal treatment to suppliers in order to promote competition and sales and ensure effectiveness, suitability of price and transparency.
160. The following facts shall be complied with in procurement:
- (a) conducting procurement of construction works, services and goods to be effective in economic;
  - (b) advertising in newspapers and news agencies to invite competitive bidders;
  - (c) encouraging to emerge a competitive market in Myanmar;
  - (d) ensuring transparency in the procurement process.
161. Government departments and organizations shall not act among the suppliers to discourage competition, disqualify from competition, discriminate and bias on one or more suppliers.
162. Procurement of construction works, goods, services, hire and sales at the expense of the budget provisions of relevant Union departments and organizations, Region and State organizations shall be conducted in compliance

with the provisions of the Directive of the President Office (1/2017) “Tendering rules for Procurement of construction works, purchase goods, services, hire and sales businesses”. Furthermore, construction works shall be conducted in compliance with the “Business guidelines for conducting business with a contract system” issued by the Ministry of Construction.

## **CHAPTER XII**

### **State-owned Economic Enterprises**

#### **Cash managements of State-owned economic enterprises**

163. The Ministry of Planning and Finance shall occasionally issued directives for public financial management and business operation of State-owned economic enterprises (SEEs).
164. With the approval of the Union Government, name and quantity of SEEs shall be distinguished and recorded. SEEs may be distinguished as below:
  - (a) enterprises operating in the Union fund scheme; and
  - (b) enterprises operating outside the Union fund scheme.
165. If there is a need to provide financing to the State-owned economic enterprises operating under the Union fund scheme, the Ministry of Planning and Finance shall obtain approval from the Union Government of the ways and means to provide such financing. The following information shall be taken into consideration in financing State-owned economic enterprises:
  - (a) proportion of own funds used for the operations of the State-owned economic enterprise and the amount of financing expected from the Union fund;
  - (b) rules and principles the State-owned economic enterprises shall abide by in borrowing;
  - (c) determination of the tax of the State-owned economic enterprises and State contribution liability to the State.
166. In order to approve by the Pyidaungsu Hluttaw for the State-owned economic enterprises operating under the Union fund, they shall be included in the budget submission. The budget submission of each State-owned economic enterprise shall be separately described in the budget submitted to the Pyidaungsu Hluttaw.
167. The budget proposals of State-owned economic enterprises operating outside the Union fund shall be included in preparing the budget submitted to the Pyidaungsu Hluttaw for approval. The budget proposal of each State-owned

economic enterprise operating not included in the Union fund shall be separately described in the Budget submitted to the Pyidaunsu Hluttaw.

## **CHAPTER XIII**

### **Grants**

168. Grants include donations or contributions to the recipient by regular or occasional contributions.
169. Grants may generally be classified into two types as the following:
  - (a) grant provided by the Union;
  - (b) grant provided by abroad. (Foreign aid)
170. Grants provided by the Union can be classified into two types as the following:
  - (a) grants provided in accordance with the policy of the Union;
  - (b) grants provided in response to the requests from departments and organizations according to business requirements.
171. In spending the grants provided in accordance with the policy of the Republic (Union), the recipient departments and organizations shall record such funds under grants revenue account, and record in either current expenditure or capital expenditure depending on what type of expenditure that they spend.
172. Departments and organizations that included in the Union fund program are not required to make budget provisions for the grant receipts approved in response to their requests. They can spend the proceeds against the provision made under grant-expenditures. In spending, such expenditures for activities that are either current nature or capital nature or both shall be recorded under the grant-expenditure head only and in compliance with the prevailing laws, rules and procedures.
173. In general, the spending of all capital expenditures shall be included in the National Planning Law. The works or projects that would be spent from the grant expenditure shall be scrutinized by the Equipment Control Committee and the Coordination and Scrutiny Committee of Constructions Works for the capital budget.
174. Pursuant to the annual Budget Law, grants from the Union funds shall be managed as follows:
  - (a) when the Union fund is transferred the grants to the Region or State fund for financing the budget deficit pursuant to article 230, sub-article (d) of

- the Constitution, the grants shall be taken into account actual deficit of the Regions or States as well as cash balance of them;
- (b) the State-owned banks that are operating banking services for the Union interest shall submit the grant with the approval of the Pyidaungsu Hluttaw;
  - (c) obtaining grants from the Union fund shall be carried out with the approval of the Pyidaungsu Hluttaw;
  - (d) all grant recipient departments and organizations that are covered by the annual Budget Law shall surrender the whole or part of the grant unspent for any reason to the general reserve fund.
175. Respective departments and organizations shall make provision in the budget statement based on type of foreign aid and accounting head to be recorded. Generally, all spending as the capital expenditure shall be included in the investment projection of the national plan. Spending capital expenditures in the foreign aid shall be scrutinized respectively by the Equipment Control Committee and Coordination and Scrutiny Committee of Construction Works for the capital budget.

## **CHAPTER XIV**

### **Borrowing and On-lending**

176. The domestic and external borrowing and on-lending shall be performed in accordance with the provisions of the Public Debt Management Law, by-laws and regulations, and disciplines.
177. The Union Ministry of Planning and Finance shall occasionally issue orders, directives and procedures that need to be complied with in executing the above-mentioned matters.

## **CHAPTER XV**

### **Managing Foreign Loans**

#### **Provision for the foreign loans in the budget estimate**

178. In preparing the Union budget estimate for foreign loans, the departments and organizations shall make provision for that budget estimate in the respective receipt account head and expenditure account head within therelevant financial year. The foreign loans shall be spent in accordance with directives occasionally issued by the Ministry of Planning and Finance.

### **Spending foreign loans excluded from the Budget Law and the Supplementary Appropriation Law**

179. The foreign loans received later, excluded from the initial budget estimate after enacting the Budget Law, shall be spent on cases needed to spend before and after the enactment of the Supplementary Appropriation Law in accordance with provisions of the Budget Law for taking foreign loans.
180. The loans received after the enactment of the Supplementary Appropriation Law can be spent in accordance with provisions of the Budget Law and shall be stated in the actual accounts.

### **Balance of foreign loans and receipts at the end of the financial year**

181. The amount of foreign loans that were not completely spent within the relevant financial year shall be managed in accordance with directives occasionally issued by the Ministry of Planning and Finance.

## **CHAPTER XVI**

### **Managing Foreign Grants**

#### **Provision for foreign grants in the budget estimate**

182. In preparing the Union budget estimate for foreign grants, the departments and organizations shall make provision for that budget estimate the receipt account head and expenditure account head within the relevant financial year. The foreign grants shall be spent in accordance with directives occasionally issued by the Ministry of Planning and Finance.

#### **Spending foreign grants excluded from the Budget Law**

183. The foreign grants excluded in the budget estimate shall be asked at the time of requesting the supplementary grant, and spent in accordance with the Supplementary Appropriation Law. If the foreign grants are received before enacting the Supplementary Appropriation Law, they shall be spent in accordance with provisions of the Union Budget Law.

#### **Spending foreign grants excluded in the Supplementary Appropriation Law**

184. The foreign grants excluded in the Supplementary Appropriation Law can be spent within the relevant financial year in accordance with provisions of the Budget Law of the relevant financial year.

### **Balance of foreign grants at the end of the financial year**

185. An amount of foreign grants that are not completely spent within the relevant financial year shall be managed in accordance with directives occasionally issued by the Ministry of Planning and Finance.

### **Receiving foreign grants for Regions or States**

186. Foreign grants received for Regions or States shall be managed in accordance with directives issued by the Ministry of Planning and Finance.

## **CHAPTER XVII**

### **Control over Fund-related Bank Accounts**

#### **Communication of Union-level central organizations and Ministries, departments, State- owned economic enterprises, development committees and municipalities with the bank**

187. The Central Bank of Myanmar carries out bank operations for the nation. In doing so, duties are delegated to the Myanmar Economic Bank and branches of MEB shall take responsibilities for all departments and organizations within relevant townships.
188. The branches of MEB shall maintain separate accounts for the Union level departments and organizations as well as for Region or State level departments and organizations. The 'Union Fund Account' shall be separately opened to distinguish accounts of departments and organizations that are covered in the Union fund scheme and private accounts.
189. The Union Government Deposit Account shall be opened at the Central Bank of Myanmar for the following matters:
- (a) Net surplus or deficit of the Union Fund Account ;
  - (b) Contributions and return of the State-owned economic enterprises to the Union;
  - (c) Sales or redemption of the Treasury bill;
  - (d) Sales or redemption of Treasury securities;
  - (e) Subsidies for budget deficit to the Region or State;
  - (f) Net surplus or deficit of Government Treasury's Offices.
190. Bank accounts of the Union fund shall be consolidated by the Central Bank of Myanmar.



### **Keeping ledger books in the Central Bank of Myanmar**

191. Ledger books shall be separately maintained as follows under the “Union Fund Account” for deposit and withdrawal transaction of the Union level departments and organizations in order to facilitate preparation of accounts:
- (a) Ledger 1 - Union Level State-Owned Economic Enterprises;
  - (b) Ledger 2 - Development Committee, Municipalities ;
  - (c) Ledger 3 - Union Level Central Organizations, Ministries and Departments;
  - (d) Ledger 4 - Bank Treasury Branches;
  - (e) Ledger 5 - Other Current Accounts;
  - (f) Ledger 6 - Revolving Fund;
  - (g) Ledger 7 - Financial Adjustment Account;
  - (h) Ledger 8 - Monthly Summary Account;
  - (i) Ledger 9 - Year-end Summary Account.
192. As all of the above mentioned ledgers are parts of the ‘Union Fund Account’, the accumulation of cash receipts and disbursements of these ledgers shall be stated as account only one balance in preparing monthly account.

### **SEEs, Nay Pyi Taw Development Committee and Municipalities**

193. State-owned economic enterprises that are operating economic enterprises of the State shall open other accounts under the Union Fund Accounts at MEB branches to ensure sound financial control while performing in a commercial manner by relying on their own income. They shall comply with directives on accounting transactions occasionally issued by the Ministry of Planning and Finance.
194. State-owned economic enterprises, the Nay Pyi Taw Development Committee and Cantonment Municipalities undertaken outside the Union fund scheme shall open their own saving account in MEB branches and manage their own funds for performing financial activities by relying on their own fund scheme.

### **Union level central organizations, Ministries, departments and the Nay Pyi Taw Council**

195. Union level central organizations, Ministries, departments and the Nay Pyi Taw Council shall open disbursement accounts (not the system in which cash may be withdrawn only if there are balances in bank account, but cash may be withdrawn from banks within a limit of permitted funds) as provided in clause 3 of ‘Directives for maintaining accounts for Primary Account Units of departments’.

196. Subsidiaries of the Ministry of Defense shall open current accounts specified and permitted by the Ministry of Planning and Finance.

**Communication of Region or State level central organizations and departments, SEEs, development committees and municipalities with the bank**

197. The branches of MEB shall maintain separate account for the Union level departments and organizations as well as for Region or State level departments and organizations. The 'Region or State Fund Account' shall be separately opened to distinguish accounts of departments and organizations involved in the Union fund scheme and private account.
198. The Region or State Government Deposit Account shall be opened at the Region or State Offices of the Myanmar Economic Bank for the following matters:
- (a) Net surplus or deficit of the Region or State Fund Account;
  - (b) Contributions and return of the State-owned economic enterprises to the Union;
  - (c) Grants received from the Union for budget deficit of Regions or States;
  - (d) Loans from and repayments to the Union fund;
  - (e) Net surplus or deficit of Government Treasury's Offices.
199. Bank accounts of the Region or State fund shall be consolidated by the Region or State office of the Myanmar Economic Bank.

**Keeping ledger books in the Region or State office of the Myanmar Economic Bank**

200. Ledger books shall be separately maintained in the Region or State office of the Myanmar Economic Bank as follows under the 'Region or State Fund Account' for of deposit and withdrawal transaction of the Region or State level departments or organizations in order to facilitate preparation of accounts:
- (a) Ledger 1 - Region or State Level State-owned Economic Enterprises;
  - (b) Ledger 2 - Region or State Level Development Committee, Municipalities;
  - (c) Ledger 3 - Region or State Level Central Organizations, Ministry and Departments;
  - (d) Ledger 4 - Bank Treasury Branches;
  - (e) Ledger 5 - Other Current Accounts;
  - (f) Ledger 6 - Revolving Fund;
  - (g) Ledger 7 - Financial Adjustment Account;
  - (h) Ledger 8 - Monthly Summary Account;

(i) Ledger 9 - Year-end Summary Account.

201. As all of the above mentioned ledgers are parts of the 'Region or State Fund Account', the accumulation of cash receipts and disbursements of these ledgers shall be stated as only one balance in preparing monthly account.

**Central organizations, departments, SEEs, Development Committees and Municipalities**

202. Central organizations, departments, development committees and municipalities that are covered in the Region or State fund scheme shall open disbursement accounts as provided in clause 3 of 'Directives for maintaining accounts for Primary Account Units of departments'.

**Preparation of monthly statement of the Central Bank of Myanmar and Region or State offices of the Myanma Economic Bank**

203. Region or State MEBs shall maintain separate accounts of departments and organizations that are operating under the Union fund scheme and those operating under the Region or State fund scheme.

204. MEBs shall submit monthly statement of organizations operating that are covered in the Union fund scheme among their monthly statements to the Central Bank of Myanmar. The Central Bank of Myanmar shall consolidate all the accounts that are covered in the Union fund scheme and prepare monthly statements of the Union fund. This shall be delivered to the Treasury Department not later than 24th of subsequent month after the month of preparation.

205. Region or State offices of MEB shall consolidate all the accounts that are covered in the Region or State fund scheme among their monthly statements and prepare monthly statements of the Region or State fund. This shall be delivered to the Region or State Budget Department concerned not later than 24th of subsequent month after the month of preparation.

**Preparation of monthly statement by the Central Bank of Myanmar**

206. The Central Bank of Myanmar shall consolidate all the statements received from branches of MEB and nine schedules shall be separately prepared as follows:

**(a) Schedule (1) – Statement of State-owned economic enterprises**

This schedule shows deposits and withdrawals of State-owned economic enterprises within one month that are covered in the Union fund scheme. Each withdrawal account of State-owned economic enterprises and each State-owned economic enterprise shall be described for each bank.

**(b) Schedule(2) –Statement of the Development Committee and Municipalities**

This schedule shows deposits and withdrawal of the development committee and municipalities within relevant month that are covered in the Union fund scheme. Each withdrawal account of municipalities, each development committee and municipality shall be described for each bank.

**(c) Schedule (3) -Statement of central organizations and Ministries and departments**

This schedule shows deposits and withdrawals of central organizations, Ministries and departments within relevant month that are covered in the Union fund scheme. Each withdrawal account of central organizations, Ministries, departments and each of them shall be described for each bank.

**(d) Schedule (4) -Statement of sub-treasury of banks**

This schedule shows total cash receipts and disbursements of departments and organizations that are covered in Union fund scheme of each treasury in the cover page statement. Details of receipts and disbursements of each department and organization shall be attached as evidence.

**(d) Schedule (5) - Other current accounts**

This schedule shows opening balances, deposits, withdrawals and closing balances of each current account within one month of central organizations, minister's offices, departments, development committee, municipalities and State-owned economic enterprises that are covered in the Union fund scheme opened at MEB branches. Each current account and the total of each of them shall be described for each bank.

**(e) Schedule(6)- Revolving fund account**

This schedule shows opening balances, deposits, withdrawals within relevant month and closing balances of departments and organizations that are covered in the Union fund scheme opened at MEB branches. Each revolving fund account and the total of each department and organization shall be described for each bank.

**(f) Schedule (7) - Financial adjustment account**

In this schedule, the different net amount between withdrawals and deposits of government departments and organizations shall be adjusted on a daily or weekly or monthly statement for deficit replenishment and surplus transfer in financial adjustment account in accordance with directives of the Ministry of Planning and Finance.

(g) **Schedule (8)- Monthly-summary accounts**

This schedule shows accounts approved as correct and correctness of statements for one month. Closing balance of the previous month shall be opened with cash balance as opening balance and closing cash balance shall be prepared after receipts and disbursements are recorded in schedule (1) through (6) as mentioned above. If both accounts tally with each other, this statement may be considered as correct. The director general of Payment and Settlement System Department shall sign to prove that this monthly statement is correct.

(h) **Statement(9)- Year-end summary accounts**

The Union fund, other current account, opening balance of other current account of revolving fund to be shown at the beginning of next financial year, total receipts and disbursements and closing balance by each relevant account shall be prepared in details.

**Preparation of monthly statement by Region or State offices of the Myanmar Economic Bank**

207. Region or State offices of the Myanmar Economic Bank shall consolidate all the statements received from Region or State branches of MEB. Nine schedules shall be separately prepared as follows:

(a) **Schedule (1) –Statement of State-owned economic enterprises**

This statement shows deposits and withdrawals of State-owned economic enterprises within one month that are covered in the Region or State fund scheme. Each withdrawal account of State-owned economic enterprises and each State-owned economic enterprise shall be described for each bank.

(b) **Schedule (2) –Statement of development committee and municipalities**

This statement shows deposits and withdrawals of development committees and municipalities within relevant month that are covered in municipalities under the Region or State fund scheme. Each withdrawal account of municipalities and each of committee and municipality shall be described for each bank.

(c) **Schedule (3) –Statement of central organizations, Ministries and departments**

This statement shows deposits and withdrawals of central organizations, ministries and departments within relevant month that are covered interregional or State fund scheme.

Each withdrawal account of the aforesaid organizations and each department shall be described for each relevant bank.

(d) **Schedule (4) –Statement of sub treasuries of banks**

This statement shows total receipts and disbursements of each treasury branch of government departments and organizations that are covered the Region or State fund scheme in the cover page statements. Details of receipts and disbursements of each department and organization shall be attached as evidence.

(e) **Schedule (5) –Other current accounts**

This statement shows opening balances, deposits and withdrawals within relevant month and closing balances of each account of the Ministry, development committee and municipalities and State-owned economic enterprises operating that are covered in the Region or State fund scheme, all of which are opened at branches of the Myanma Economic Bank. Each current account and the total of each of them shall be described for each bank.

(f) **Schedule (6) - Revolving fund account**

This statement shows opening balances, deposits, withdrawals within relevant month and closing balances of each revolving fund of departments and organizations that are covered in the Region or State fund scheme opened at MEB branches. Each revolving fund account and the total amount of the Ministry and department shall be described for each bank.

(g) **Schedule (7) - Financial adjustment account**

In this schedule, the different net amount between withdrawals and deposits of government departments and organizations shall be adjusted for deficit replenishment and surplus transfer in financial adjustment accounts in accordance with directives of the Ministry of Planning and Finance.

(h) **Schedule (8) –Monthly summary accounts**

This schedule shows accounts approved as correct and correctness of statement for one month. Cash balance of the previous month shall be opened and closing cash balance shall be prepared after receipts and disbursements are recorded in (schedule) (1) through (6) as mentioned above. If both accounts tally with each other, this statement may be considered as correct. The responsible officer of MEB office in the relevant Region or State shall sign to prove that this monthly statement is correct.

(i) **Schedule (9) -Year-end summary accounts**

Other current account of the Region or State fund, opening balance of current account of revolving fund to be shown at the beginning of next financial year, total receipts and disbursements within the financial year and closing balance of each relevant account shall be prepared in details.

**Cash management**

208. The purpose of cash management is to initiate payments of any amounts required where necessary for settlement and spending of funds by the government. The Treasury Department shall cooperate with the Central Bank of Myanmar, the Myanma Economic Bank for the cash management of the Union Government.
209. The Treasury Department shall issue necessary directives with regard to cash management of departments and organizations that are covered in the Union fund scheme. According to these directives, the officer who manages public funds or his delegated employee of relevant departments and organizations shall estimate and calculate monthly receivable income and expenditures to be incurred.
210. In order to implement cash management effectively, departments and organizations that are covered in the Union fund scheme shall prepare financial planning by each respective month in the formats specified, based on receipts and expenditures as specified by the Union Budget Law for the relevant financial year. Financial planning of the Ministry shall be prepared by relevant Minister's offices, and submitted to the Treasury Department within the specific timeline.
211. Minister's offices shall monitor and control in order that quarterly budget amount of financial planning can be used by subsidiary departments and organizations. The financial planning shall be prepared, in time, matters for which primary budget amount of financial planning cannot be spent within relevant quarters, and shall be informed to the Treasury Department.
212. When departments and organizations deliver drawing limits to the Myanma Economic Bank for expenditures, they shall deliver estimated amount of financial planning.
213. The Treasury Department shall prepare statements on estimated amount of central organizations and Ministries for each quarter as financial planning then shall inform to the Myanma Economic Bank in advance.
214. The Myanma Economic Bank shall open drawing limit as per quarterly estimated amount sent by the Treasury Department.

215. The Myanmar Economic Bank shall deliver summary of drawing limit statement of central organizations and the Union Ministries to the Treasury Department in the end-month of each quarter (June, September, December and March).
216. The Treasury Department shall monitor and observe implementation of the budget estimate and cash receipts and disbursements of the government deposit account, and shall check real account and estimated account and if any variance is found, the Ministry shall be inquired for the cause of such variance. The department shall carry out to be no variance or minimize variance. Variances and explanations of Ministries shall be reported to the Ministry of Planning and Finance, and proper guidance shall be followed in order that estimation may be more accurate.

## **CHAPTER XVIII**

### **Deposits**

#### **Types of deposit**

217. The types of public deposit in the Ministries and departments are as follows:
- (a) departmental deposit;
  - (b) current account for special purposes.

#### **Departmental deposits**

218. Departmental deposits include insured deposit accounts from contractors and suppliers, temporary deposit resulting from selling unclaimed properties and deposits maintained according to the special order of the Ministry concerned. In recording deposits in the deposit register, the name of the depositor is registered instead of the official deposition of the department employee. For each deposit account, a letter of approval of authorized person shall also be referenced.
219. The following financial matters shall never be deposited under any circumstances:
- (a) salary, travelling allowance and pension shall never be deposited because either the beneficiary employee isn't available or any other reason. Those funds shall only be withdrawn when there is a legal purpose;
  - (b) tax refunds shall never be withdrawn and deposited. The tax refunds shall only be withdrawn when the beneficiary submitted bill;
  - (c) insurance money collected from cashiers and receiver shall not be specified as deposit. This case shall be carried out in accordance with the orders and directives issued by the Ministry of Planning and Finance from time to time;



- (d) it is strictly forbidden to withdraw the left over budget from each budget account at the end of the financial year and depositing it in a deposit account or to promptly use the left over budget.
220. The departmental deposit may be withdrawn in part or as a whole. This deposit shall only be withdrawn by the original depositor. If the original depositor is deceased, the case shall be resolved in accordance with rules and directives issued from time to time by the Ministry of Planning and Finance. The person requesting to withdraw the deposit shall submit the original deposit receipt.
221. If a deposit under 5000kyats that hasn't been withdrawn for a whole financial year or the deposit over 5000kyats that hasn't been withdrawn for three whole financial years, those balances of deposits shall be withdrawn by the drawing officer, and he shall prepare a late deposit account in the format specified, and submit it to relevant department. When this account is received, the department shall check it with relevant records in the office and if tally, deposits shall be withdrawn while deposit account is debited and a late deposit account under normal revenue is credited. This account adjustment shall be done through the approval of account transfer at the department.
222. All the matters presumed as late deposits account shall be registered in deposit register of the register office. The request letter for the late deposit account shall be designated to accommodate the audition of a claim for those accounts by the relevant party. This form shall be signed by the responsible person, and sent to the budget department. The department shall examine as required and request the approval of the primary unit for issuance of funds, and return it to the primary. In order to prevent withdrawing those funds in second time, the late deposit account already withdrawn shall be remarked with red pen both in the department and primary unit. Moreover, the withdrawal shall also be recorded in the deposit register in the primary unit.
223. As the deposit account is the account for holding and storing the deposits of external persons, the deposit register shall be checked once in every three months by authorities concerned in order to prevent scams and embezzling. Every entry shall be analyzed and checked and the proof of the analysis shall also be signed and recorded in the register.
224. The departments that has issued departmental handbooks with regard to deposits such as the Customs Department, courts and Directorate of Water Transport shall also follow the official regulations from the Civil Code of Finance and Myanmar Treasury Manual.

**(Other) Current account deposits for special purposes**

225. Organizations and departments that utilize withdrawing system normally are not allowed to deposit in other current accounts. But, if the other current account deposits need to open due to special purposes, an order of approval shall be requested from the Ministry of Planning and Finance with appropriate reasons.
226. Other current accounts may be opened for the following financial matters which has already been issued or approval orders:
- (a) Financial affairs of units of Defence;
  - (b) Rural development funds;
  - (c) Compensation funds for workers;
  - (d) Wages of prisoners held temporarily by the responsible officer;
  - (e) Income from land and building held by the government; and
  - (f) Financial affairs of SEEs operating with working capital investment.
227. The government employee who manages the other current accounts and deposit and withdrawal of those accounts shall follow the regulations prescribed in the order of approval. Deposits and withdrawals shall also be recorded.

**CHAPTER XIX**

**Safeguarding Fixed Assets of the Union**

**Maintaining fixed assets accounts**

228. Departmental heads shall maintain the precise, and complete fixed assets accounts of the departments and organizations under his department. In maintaining and recording those assets, they shall follow directives, rules and regulations issued from time to time by the Ministry of Planning and Finance.
229. Personnel shall be recorded all equipment acquired using the public funds and fixed assets supplied and supported by other organizations, in fixed asset register at the time of receiving.
230. The transfer of fixed assets within a department and organization or with another department and organization shall be recorded in this account. If there were fixed assets transferred from other departments and organizations, they shall be recorded in this account at the time of receiving.
231. The head of department and organization, or officer authorized by department head shall analyze and check fixed assets account maintained by his department at least once a year. If the discrepancies are found in accounts, the inspector shall report to the department head immediately. The authorized officer shall

report to the department head immediately even if the loss and damage to fixed assets have been found in a surprise check.

232. The head of department and organization shall proceed to deal with the reported cases of loss and damage to fixed assets according to the existing rules and regulations.

### **Transfer of fixed assets among State organizations**

233. A government organization shall transfer fixed assets such as building, factory, workshop, vehicle, boat, furniture and machinery which are procured by capital expenditures to another government organization according to the directives issued by the Ministry of Planning and Finance.

## **CHAPTER XX**

### **Action against Losses**

234. Loss includes financial loss and material loss.
235. In addition to loss of cash, financial loss also includes the following:
- (a) extra salary, allowances and irrecoverable funds provided to the persons who had left government service;
  - (b) payments in advance and debts which cannot be recovered;
  - (c) losses caused by corruption;
  - (d) losses caused by natural disaster;
  - (e) losses caused by any other means.
236. The expression “material” includes the following:
- (a) materials stored;
  - (b) sales items;
  - (c) finish goods, raw materials and work-in-progress;
  - (d) fixed assets and other supplies.
237. The expression “loss” includes the following:
- (a) decreasing;
  - (b) damaging or destroying;
  - (c) wastage;
  - (d) losses;
  - (e) abuse.
238. The above-mentioned losses do not include trade losses, normal wastage in production stages, and tools and instruments scrapped and damaged. If these losses are excessively more than normal wastage, the relevant management shall examine and take necessary action.

### **Duties and responsibilities of authorized persons or organizations to write-off losses from the account**

239. When using the authority to write-off the losses from the account, the authorized persons or organizations have to do their utmost to recover the losses. Despite their effort, if nothing can be recovered, the lost amount or value of items shall be written off from the account. In exercising the power to write-off losses, if losses are easily written off from accounts without making any proper inspection, the person or the organization writing off such losses shall be taken serious action.

### **Enquiring and reporting over losses**

240. When financial or material losses occur, the relevant person in charge shall preliminary investigate the cause and amount of losses. After proper investigation, the preliminary report shall be submitted to the relevant upper level office, and copies shall be immediately sent to heads of department or organization and the relevant audit office. In the case of losses are found by the relevant audit office, departmental investigation shall be continued as an evidence to put findings on trial for the financial and material losses as mentioned in the investigation report of the Union Auditor General Office and relevant audit office.

Note - The expression 'Upper level office' in the above paragraph means:

- (a) head of the relevant department and organization for the Region, State, District and Township level departments;
- (b) head of the organization in which the losses occur at the Region, State, District and Township level with regard to State-owned economic enterprises;
- (c) the relevant Union Ministry for the head offices of State-owned economic enterprises and departments;
- (d) the Union Government Office for the Nay Pyi Taw Council, Nay Pyi Taw City Development Committee;
- (e) the relevant Region or State Government Office for the Yangon City Development Committee and Mandalay City Development Committee.

241. If the losses are caused by someone's abuse, the relevant person in charge shall report this case to the nearest police station.

242. Departments and organizations shall do their utmost to get back the financial or material losses or the values of such losses caused by misuse. Despite their effort, if nothing can be recovered, the lost amount or value of items shall be written off from the account.

243. When the relevant upper level office receives the report, investigation team shall be organized by the persons from departments who are not concerned with the losses, credible individuals or delegations assigned by the relevant Union Ministry or relevant Region or State government organization. The leader for this team shall be specified by the upper level office. At the same time, reporting shall be made to the relevant audit office about the establishment of investigation team together with a copy of notification letter which explains how the losses occurred, the amount of funds in case of financial losses, and type, quantity and value of losses in case of material losses.
244. The investigation team shall examine to identify causes for losses in accordance with relevant laws, rules, and directives whether departmental procedures are weak or not, whether responsible persons are fraudulent or not, whether it is caused by carelessness of a person or not. From the time when investigation team is established according to the order of the upper level office, the team shall report findings of their investigation to the relevant upper level office within period as specified by the upper level office and copies of this report shall be sent to the head or in-charge of the relevant department or organization, the relevant government organization and the audit office. If the investigation team found that the losses are caused by someone's dishonesty or carelessness, opinions and recommendations shall be described in the report on whether ways can be found or not to recover the value of financial losses or material losses from relevant responsible persons, how actions can be taken for responsible persons with regard to losses, or how much lost values of funds or materials should be written off.
245. On receiving the report on findings of the investigation team, the relevant upper level office shall analyze causes and amount for each loss. If the loss occurred is within the authority conferred, such loss shall be written off. For the matters that occur outside of his authority, they shall report findings of the investigation team together with their own opinions to the person or organization who can write off such losses. Regarding losses, initial investigation activities of the Myanmar Police, judgment passed by the court, judgment on amendment and appeal (if any) shall also be attached to the report. Generally, this final report shall be submitted during six months after the first report. The report shall be sent even after the indemnity is done for the losses.

### **Writing-off losses from the account**

246. The authority conferred to write off the financial or material losses include the followings:

Sr. No	Authorized person or organization to write off losses from the accounts	Value of State-owned funds (Kyats)	Value of State-owned property (Kyats)
1	2	3	4
2	Union Minister, Chief Minister of the Region or State, the Chairperson of Nay Pyi Taw Council	Up to 2,500,000/-	Up to 5,000,000/-
3	Chairperson of the Nay Pyi Taw/ Yangon City/ Mandalay City Development Committee	Up to 1,500,000/-	Up to 3,000,000/-
4	Head of Department/ Organization	Up to 1,000,000/-	Up to 2,000,000

247. For the matters beyond the aforesaid authority, remarks shall be respectively requested from the Union Auditor General Office and the Ministry of Planning and Finance together with the resolutions of meeting held by the management committee of the Union Ministry for the Union level departments and organizations. With these remarks, losses can be written off after the relevant Ministry submit and request approval from the Union Government.

248. For the matters beyond the aforesaid authority remarks shall be respectively requested from the Union Auditor General Office and the Ministry of Planning and Finance together with the resolutions of the Region or State Government meeting or the management committee of the Union Ministry for the Region or State level departments and organizations. With these remarks, losses shall be written off after the relevant Ministry submit and request approval from the Region or State Government.

249. Regarding losses caused by fraud or carelessness of the responsible person:

- (a) before writing off these losses, the Union level department and organization shall request the approval from the meeting of the executive committee of the relevant Union Ministry;
- (b) before writing off losses, the Region or State level departments and organizations shall request the approval from the relevant Union Ministry at first and from the Region or State Government later.

250. The amount of funds that can be written off according to the authority mentioned in section 246 is the value of financial or material losses concerned with the entire event of losses. Thus, the person who has authority to write off losses cannot perform partial written off on particulars of losses and values considering to include within the limit of his authority.
251. If investigation team assumes that financial or material losses are not caused by stealing, fraud or negligence and the relevant office that experience such losses also agree with this finding and relevant person or organization which have the authority to write off from an account losses also approve it, the value of financial losses and material losses can be written off.
252. If the investigation team assumes that financial or material losses are caused by stealing, fraud or negligence and the relevant office that experience such losses also agree with this finding and relevant person or organization which have the authority to write off losses also approve it, such relevant person or organization which have the authority to write off losses shall comply with the following procedures:
- (a) **If people that cause the losses are not the civil servants:**
- (i) the value of all or part of the financial or material losses shall be indemnified. If the indemnity is made for all or part of financial losses, the money indemnified shall be recorded in receipt account and the remaining amount shall be written off from account. Reasons for such writing off losses shall also be recorded in words;
  - (ii) the indemnified made for material losses shall express in receipt accounts, and the materials losses shall be written off from accounts. Reasons for such writing off losses shall also be recorded in words;
  - (iii) if the case is assumed to be prosecuted in a law, it will be brought to a court for prosecution with the approval of the head of the relevant departments or organizations.
- (b) **If people that cause the losses are civil servant:**
- (i) all or part of the value of financial or material losses shall be made indemnified. If the indemnified is made for all or part of losses, the value of remaining losses on funds shall be written off from accounts. Reasons for such writing off losses shall also be recorded in words;

- (ii) the departmental enquiry shall be made to take action in departments. If the person responsible does not have the authority to do so, he shall report to the relevant upper level office and request for approval as required. As required by departmental investigations, the action shall be taken, if necessary, for disciplinary and appeal according to the Civil Service Personnel Law and Rules.
- (iii) if the case is assumed to be prosecuted in a law, it will be brought to a court for prosecution with the approval of the head of the relevant department or organization.

**Note:** The departmental enquiry, taking action and prosecution are different issues with different nature, the court needn't to wait for the departmental enquiry, or taking action in the same way as judgment or order of the court is not required to wait in performing the departmental enquiry.

- 253. If the financial and material losses are caused by weakness of laws and systems apart from the above mentioned, the head of the department or organisation shall be reported by the relevant person to remedy such weakness. After the head of the department or organization has reviewed the report, he shall submit negotiation with the head of the relevant account department, and report all the matters to be modified to those having authority to manage.
- 254. In case of material losses, if all or part of losses are recovered from the person responsible or through insurance or any other means, amount equivalent to the values of material shall be recorded in relevant material accounts as 'issuance' with the approval in advance from the person or organization having authority to write off. In the event that part of material losses is recovered, the remaining value of losses account shall be subsequently written off.
- 255. In case of financial losses, if all values of loss are recovered from the person responsible or through insurance or any other means, no writing off is necessary but reports shall be submitted to relevant organizations.
- 256. Any losses are completely investigated and written off; copies of relevant orders shall be sent to the head of the financial department, the office of the Auditor General of the Union and Budget Department (Head Office) of the Ministry of Planning and Finance.
- 257. Regarding writing off financial institutions for the case incurred by their reserve fund, it shall abide by laws, procedures and directives of respective financial



institutions, and it shall abide by this regulation in writing off losses for the case incurred by the Union budget.

### **Adjusting Lost Value in Accounts**

#### **Ways to be carried out by departments and organizations for primary accounting sections of departments in accordance with cash account maintenance method instruction**

258. When departments or organizations made adjustment for the losses, the followings shall be followed:

- (a) in case of misuse of funds:
  - (i) if the amounts of misusing funds are fully recovered, adjustment shall be made as follows in account of the relevant department:
    - (aa) if misusing funds are recovered before the end of the financial year in which such loss occurs, adjustment shall be made as negative expenditures under an original expenditure accounts;
    - (bb) if misusing funds are recovered after the end of the financial year in which such loss occurs, it shall be recorded under miscellaneous receipt under receipt accounts;
  - (ii) if misusing funds are partially recovered, adjustment shall be made as follows in account of the relevant department:
    - (aa) the amount of fund recovered shall be adjusted as described as in the above clause (i) of sub-paragraph (a);
    - (bb) if it is found that funds lost cannot be recovered before the end of the financial year, the amount of loss shall be recorded under the loss account;
    - (cc) if it is found that lost funds cannot be recovered after the end of the financial year, the amount of loss shall be recorded under the loss account;
  - (iii) if all amounts misused cannot be recovered, the amount of loss will be recorded under the loss account and adjustment shall be made as follows:

- (aa) if it is found that funds lost cannot be recovered before the end of the financial year, the amount of loss shall be recorded under the loss account;
- (bb) if it is found that funds lost cannot be recovered after the end of the financial year, the amount of loss shall be recorded under the loss account;
- (iv) for financial losses of departments or organizations, reference order, decision shall be recorded together with reasons for writing off in the attached form (a).
- (b) in cases of material losses:
  - (i) if values of material losses are fully recovered in cash, that amount shall be deposited into the bank account in the same financial year and recorded as general receipt;
  - (ii) if values of materials losses are partially recovered, that amount shall be deposited into bank account in the same financial year and recorded as general receipt. The remaining amount that cannot be recovered shall be recorded in the loss account;
  - (iii) if values of material losses cannot be recovered, the amount of lost material shall be recorded under the loss account;
  - (iv) for all the above matters, the lost material shall be written off from a material account. The reason for such writing off shall be recorded together with the reference order, and decision in the attached form (a).

### **Ways to be carried out by the organisations having trading accounts**

259. When losses of public funds are found that in the organizations having trading system, they shall submit the report of losses in the same financial year. Submitting these reports in the same financial year are possible the occurrence of net profit and loss in the project. The organization shall discuss for the losses of money in the same financial year and needn't wait until all the cases are concluded.
260. Regarding financial losses, the relevant cash account shall be credited, and loss account shall be debited. In case of material losses, adjustment shall be made values of material losses shall be calculated and credited to the relevant material account and loss account shall be debited.

261. In cases of recovery within the financial year, adjustment previously made shall be reversed in the accounts. Or, if they are recovered after the financial year of losses, they shall be recorded in the general fund receipt. When losses of public funds and materials occur, continuous monitoring losses shall be conducted until obtaining the written off approval of the person or organization having authority. In monitoring so, every update shall be properly recorded in the attached form (a) in order to know the situation at any times. The audit division shall record in the auditor objection register and keep monitoring.

**Taking action against materials already written off in account**

262. After writing off over a loss, action shall be taken as below for semi-damaged materials and wholly-damaged materials:

- (a) if materials written off are semi-damaged, repairing to the best for use or sale out shall be undertaken;
- (b) if materials written off are wholly-damaged, the department which reported to write off in account shall form a destroyer team, destroy under the sight of that team, ask the team to sign as the witness, and make record;
- (c) in destroying managed materials, it shall be done after properly writing off from the account. However, if such waiting until writing off from the account can be harmful to near-by materials or health of people, it can be destroyed by forming a destroyer team including a representative from the Ministry of Health and Sport without waiting for writing off;
- (d) the department which has been written off shall supervise not to write off dishonestly the material again which has already been written off. Moreover, it shall supervise not to reach out the materials to be destroyed into the hands of consumers.

**Annual reporting to the Union Government over the matters written off for cash and material losses**

263. The transactions for writing off financial and material losses of departments and organizations by each financial year shall be compiled and consolidated by relevant Ministries in the attached form (b) and submitted to the Union Government, and copies shall be delivered to the Office of the Auditor General of the Union, Budget Department (Head Office) of the Union Ministry of Planning and Finance.

## Form (a)

List of financial or material losses occurred in financial year.....

Name of Department or Organisation.....

No	Date of losses occurred	Preliminary date and no.	Type of losses and reason	Type of funds or material which are losses	Date of establishing the investing-ation team	Report of investigation team. Date and no.	Final report. Date and no.	Financial amount or material value of losses	Recovery of financial and material value	Financial and material value deleted from the list	Date and order for deleted from the list	Detail action summary of taken
1	2	3	4	5	6	7	8	9	10	11	12	13
								Kyats	kyats	Kyats		

## Form (b)

List of financial or material losses written off in financial year.....

Name of Department or Organisation.....

No.	Name and type of financial and material losses	Value of financial and material losses	Value financial and material recovery	Value of financial and material written off from account	Summary of story for losses and taken action
1	2	3	4	5	6
		Kyats	Kyat	Kyats	

**CHAPTER XXI****Matters Relating to Government Account****Accounts of Union level departments and organizations**

264. The Union level central bodies, Ministries, departments and Nay Pyi Taw Council shall open drawing accounts in a branch of the Myanmar Economic Bank concerned as described in the paragraph (3) of 'Directives for maintaining accounts for the primary account unit of the departments'.

265. Organizations under the Ministry of Defence shall open specified current accounts.

266. State-owned economic enterprises shall open drawing accounts as described in the paragraph (9) of 'Cash management of State-owned economic enterprises by utilizing State funds system; Letter No. Saba-1/20 (299/89), dated on (16.2.1989) of the Ministry of Planning and Finance.
267. State-owned economic enterprises shall carry out the directives occasionally released by the Ministry of Planning and Finance, from time to time, if necessary, to open separate other accounts for the cases to be operated by working capital of State-owned economic enterprises.

### **Accounts of the Union level Ministries**

268. Union level Ministries shall maintain their accounts according to 'directives for maintaining accounts for the primary account unit of departments' and at the end of the month, monthly account shall be submitted to the treasury department together with the required forms specified in 'Directives of accounting for departments in compilation and maintaining accounts in departments and submitting account to the Budget Department' within the 24<sup>th</sup> of the next month after the account preparation month.

### **Accounts of Union level central bodies and departments**

269. Primary accounting units of the Union level central bodies, Ministries, departments and Nay Pyi Taw Council shall maintain their accounts according to 'Directives for maintaining accounts for the primary accounting unit of departments' and the account shall be submitted to respective (Head Office) within one week after the end of the month. The departments (Head Office) shall consolidate the accounts from all of primary accounting units, and compile monthly account for the entire department according to 'Directives of accounting for departments in compilation and maintaining accounts in departments and submitting account to the Budget Department' and submit the account to the Treasury Department before the 24<sup>th</sup> of the subsequent month after the account preparation month.

### **Accounts of the Ministry of Defence**

270. Monthly statements from the organizations under the Ministry of Defence shall be properly consolidated and maintained by the Ministry of Defence (Finance Sector). At the end of the financial year, account for the whole year shall be prepared according to the form issued the Union Ministry of Planning and Finance and shall be submitted to the Treasury Department.

### **Accounts of State-owned economic enterprises**

271. In order to clarify the income and expenditure for each sub-account head State-owned economic enterprises operating both inside and outside of the Union fund scheme shall submit monthly accounts (form-4) to the Treasury Department within the 24<sup>th</sup> of next month together with the forms specified in Letter No.Bakha-3/20(3171/2014) with the date of (6.6.2014) of the Minister's Office of the Ministry of Planning and Finance to the Treasury Department.

### **Cash accounts of Region or State level departments and organizations**

272. Region or State level organizations, Ministries, departments and the Yangon City Development Committee, the Mandalay City Development Committee and municipalities shall open drawing accounts as described in paragraph (3) of "Directives for maintaining accounts for the primary account unit of the departments".

273. State-owned economic enterprises shall open drawing accounts in the respective Myanmar Economic Bank as described in the paragraph (9) of "Budget management of State-owned economic enterprises by utilizing State funds system: Letter No. SaBa 1/20 (299/89), dated on 16.2.1989, the Ministry of Planning and Finance".

### **Accounts of the Yangon City Development Committee and the Mandalay City Development Committee**

274. The Yangon City Development Committee and the Mandalay City Development Committee shall maintain their accounts according to "Directives for maintain accounts for the primary accounting unit of departments" and at the end of the month, monthly actual accounts shall be prepared according to the respective forms described in "Directives of accounting mechanisms in preparing and maintaining accounts for departments and submitting monthly accounts to the Budget Department", the monthly account shall be submitted to the Region or State Budget Department within the 24<sup>th</sup> of next month after the month of account preparation.

### **Accounts of Region or State level administrative organizations, Ministries, departments and municipalities**

275. The primary account unit of the Region or State level organizations, Ministries, departments and municipalities shall maintain their accounts according to "Directives for maintaining accounts for the primary account unit of departments" and monthly actual account shall submitted to the respective departments at the end of the month. The departments shall consolidate the

accounts from all of the primary account units, and compile a monthly account for entire department according to “Directives of accounting mechanisms in preparing and maintaining accounts for departments and submitting monthly accounts to the Budget Department” and submit it to the Region or State Budget Department within 24<sup>th</sup> of the next month after the account preparation.

### **Accounts of State-owned economic enterprises of the Region or State**

276. State-owned economic enterprises operating under the Region or State fund scheme shall submit monthly accounts (form 4) to the Region or State Budget Department within 24<sup>th</sup> of the next month after the account preparation month together with the forms specified in Letter No. BaKha-3/20(3171/2014) dated on 6.6.2014 of the Minister’s Office of the Ministry of Planning and Finance, in order to clarify the revenues and expenditures for each sub-head account.

## **Chapter XXII Submitting the Report**

### **Situation of budget implementation**

277. Union level departments and organizations shall submit the reports detailing the implementation of the budget proposal together with the explanation to the Budget Department before the specified date. The Budget Department shall consolidate and compile reports of implementation of the budget appropriation for every month and for every three months and these reports shall be submitted to the Union Government Office through the Ministry of Planning and Finance. Implementation of bi-annual and annual budget proposals shall also be compiled and submitted to the Pyidaungsu Hluttaw with the approval of the Union Government through the Ministry of Planning and Finance.
278. Region or State departments and organizations shall submit the reports detailing implementation of budget proposals together with the explanation to the Budget Department within the specified date. The Region or State Budget Department shall submit monthly reports on implementation of the budget proposal for Region or State departments and organizations to respective Region or State Government Offices and Region or State Budget Department shall also be submit the complied reports on implementation of the budget for quarterly, bi-annual and annual budget proposals together with the explanations to the respective Region or State Government Office and head office of the Budget Department. The head office of the Budget Department shall submit reports on implementation of the budget for quarterly budget proposals to the Ministry of

Planning and Finance, bi-annual and annual reports to the Union Government Office through the Ministry of Planning and Finance.

### **Monthly account of the Union fund**

279. The Treasury Department shall consolidate the monthly actual accounts submitted by Union level central bodies, Ministries, departments, monthly accounts submitted by the Nay Pyi Taw Council and Governmental Treasury Offices, all accounts submitted by the Central Bank of Myanmar and prepare the monthly account of the Union fund and annual account of the Union fund. Monthly account of the Union fund may clarify the following topics:

- (a) monthly situation of revenues and expenditures;
- (b) comparison between accumulated figures until the account preparation month of current financial year and accumulated figures of the same month of the previous year;
- (c) implementation of the budget proposal of the departments and organizations for each cash account;
- (d) situation of changes in foreign and domestic loans;
- (e) situation of monthly surplus or deficit of the Union;
- (f) position of cash balance.

280. After drawing a compiled monthly account of the Union fund, the Treasury Department submits it to the Ministry of Planning and Finance. A copy shall also be sent to the Union Government Office and the Office of the Auditor General of the Union.

281. At the end of the financial year, the Treasury Department shall compile the audited actual account delivered from the Union level departments or organizations and shall submit to the Pyidaungsu Hluttaw through the Ministry of Planning and Finance and the Union Government before the end of the subsequent financial year.

### **Monthly account of the Region or State fund**

282. The Budget Departments of the Region or State shall consolidate the accounts submitted by the Region or State level organizations, Ministries, departments, monthly accounts submitted by the Government Treasury Department, accounts submitted by the City Development Committee, municipalities and Myanmar Economic Banks and draw accounts for monthly or annual funds of the Region or State.



283. The monthly fund account of the Region or State shall clarify the following topic:
- (a) monthly situation of revenues or expenditures;
  - (b) comparison between financial year and accumulated figures of the same month previous year;
  - (c) implementation of the budget proposal of the department and organizations for each account;
  - (d) situation of changes in foreign and domestic loans;
  - (e) monthly surplus or deficit of fund of the Region or State;
  - (f) position of cash balance.
284. After drawing prepare monthly consolidated account of the Region or State funds, the Budget Department of the Region or State shall submit it to the Region or State Ministry of Planning and Finance. A copy shall be sent to the Region or State Government Office and Office of the Auditor General of the Region or State.

#### **Monthly fund account of the entire Union**

285. After drawing prepare monthly amount of the Region or State fund, the Budget Departments of the Region or State shall submit it to the Treasury Department. The Treasury Department shall consolidate monthly statements of the Union fund and monthly statements of the Region or State, and prepare a monthly fund account of the entire Union, and submit it to the Ministry of Planning and Finance and the Union Government Office. A copy shall also be sent to the Union Government Office and the Office of the Auditor General of the Union.

### **Chapter XXIII**

#### **Internal Auditing**

286. The Union level and the Region or State level departments and organizations shall carry out internal auditing in order to monitor their activities and manage financial matters in accordance with the respective laws, rules, regulations, by-laws and procedures.
287. The Union level and the Region or State level departments and organizations shall establish internal auditing team initiated by a senior official as assigned by the departmental head after this financial regulations is promulgated.
288. Internal auditors shall carry out the following:

- (a) implementing the auditing processes according to the annual planned projects;
  - (b) ensuring comprehensiveness and appropriateness in monitoring and controlling activities or executing financial matters through the following matters:
    - (i) whether operational objectives are achieved or not;
    - (ii) whether provisions of agreement concluded under relevant laws, rules, regulations and by-laws, procedures, orders and directives are followed or not;
    - (iii) whether inclusiveness of financial information or credibility can be ensured or not;
    - (iv) whether capability, effectiveness and efficiency or performance can be identified or not;
    - (v) whether wastage, loss or delay occurs or not;
    - (vi) whether fixed assets are properly maintained or not;
    - (vii) whether fraud or misuse occurs or not;
  - (c) reviewing and making advices for getting better performance in work.
289. While performing internal audit, the following procedures shall be made:
- (a) making auditing plans;
  - (b) performing on-site inspections;
  - (c) submitting report;
  - (d) carrying out follow-up activities.
290. The internal auditing team shall carry out the following procedures in performing audit for inspection and confirmation purpose:
- (a) auditing based on method;
  - (b) inspecting whether the existing laws, rules, regulations and by-laws, orders and directives are followed or not;
  - (c) auditing of capabilities;
  - (d) financial auditing or auditing of IT (Information Technology) applied in preparing accounts of the department, or auditing of all the aforesaid matters whether objectives are achieved or not.

291. Audit reports submitted by internal auditors shall be submitted to the head of the department or organization concerned or the Ministry concerned.

**Audit committee**

292. The audit committee consisting of departmental heads shall be established and respectively initiated by the Permanent Secretary or in case no Permanent Secretary is appointed, the Director General may initiated in the Union level central bodies and by the Permanent Secretary in the Ministries.

293. The audit committee shall provide internal auditors as follows:

- (a) monitoring internal auditing procedures;
- (b) allowing internal auditors to inspect independently in accordance with auditing mechanisms;
- (c) providing sufficient arrangements and facilities necessary for internal auditing process;
- (d) monitoring whether suggestions of internal auditing teams received by the departments are adhered or not;
- (e) providing guidelines for internal management mechanisms, auditing and reduction of risks.

**Chapter XXIV  
Miscellaneous**

294. Regarding any other matters that are not described in details in this financial regulation, former provisions and directives such as the Code of Civil Cash Account, State Treasury's Handbook of Myanmar or Code of Finance shall be referred and complied.

295. "Notification on financial procedures to be followed by Ministries and departments, economic enterprises of the State, municipalities and committees in their work performance" issue under Notification No. 42/86 dated on 15<sup>th</sup>, May, 1986 by the former Ministry of Planning and Finance is hereby annulled by this notification.

(sd) Kyaw Win

Union Minister

Ministry of Planning and Finance

Government of the Republic of the Union of Myanmar

Letter No: Saba/Bannar-2/2/310(1489/2017)

Date: 1<sup>st</sup> April 2017

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