



DTA/TMD/2024-2025/33

July 22, 2024

NOTIFICATION

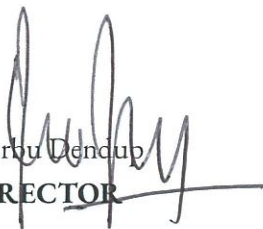
Subject: Change in monthly BRF process

This is to notify that the Department has recently implemented updates to the monthly Budgetary Release Forecast (BRF) process. Moving forward, fund releases will be processed on a daily basis, accompanied by a mandatory fortnightly forecast submission.

This revision aims to streamline our budgetary release procedures, doing away with the previous four-step process (two steps each at BBs and DTA) with a more efficient two-step process. Additionally, the maker-checker concept, previously employed at both Budgetary Bodies (BBs) and the Department of Treasury Accounts (DTA), has been eliminated to expedite fund release workflows and service delivery.

Previously, the monthly BRF system served a dual purpose: as a forecasting tool as well as a means to process budgetary fund releases. With the new enhancement, these functions are now separated. Forecasts will now serve as an estimate of the projected expenditures and must be submitted fortnightly to facilitate cash management exercise. Actual fund release requirements should now be submitted separately as and when required using the 'Daily Budgetary Release Request' interface.

To ensure effective treasury management and prompt fund disbursement, we are pleased to introduce the Fund Release Guideline 2024, effective immediately.


Norbu Dendup
DIRECTOR



FUND RELEASE GUIDELINE

July 2024
Ministry of Finance
Royal Government of Bhutan

11/11

TABLE OF CONTENT

INTRODUCTION.....	3
TITLE, COMMENCEMENT, SCOPE and SUPERSESSION.....	3
1. REVISED FUND RELEASE PROCEDURES.....	3
1.1. Principles.....	3
1.2. Fortnightly Budgetary Release Forecast (BRF).....	4
1.3. Prerequisite for Fortnightly BRF Submission.....	4
1.4. Daily Budgetary (BR) Release.....	5
1.4.1. New /Additional BR release request.....	5
1.4.2. Withdrawal of BR release.....	5
1.5. Prerequisite for Daily Budgetary (BR) Release.....	5
1.6. Collaboration with Departments/Divisions/Sectors.....	6
2. BUDGETARY (BR) RELEASE.....	6
2.1. Budgetary release for RGOB Funded Activities.....	6
2.2. Budgetary release for Externally Funded Activities.....	6
3. Non-Budgetary Releases.....	7
3.1. Minimum conditions for Non-budgetary release.....	7
4. TIMELINE FOR FUND RELEASE.....	7
5. MONITORING.....	7
6. RESPONSIBILITY & ACCOUNTABILITY.....	8
6.1. Head of Finance of BBs.....	8
6.2. Accountants/Accounts Personnel of BBs.....	8
6.3. Head of the Treasury Management Division (TMD) at DTA.....	9
6.4. Focal Release Official at DTA.....	9
7. INTERPRETATIONS AND AMENDMENTS.....	9
Annexure I: Time Frame for Fund Release Approval.....	10
Annexure II: Time Frame for Fortnightly BRF Submission.....	11

144

INTRODUCTION

Budgetary fund release involves transferring public funds from the Government Consolidated Account to the Letter of Credit Accounts of Budgetary Bodies (BBs) to facilitate budget execution. This process includes both budgetary and non-budgetary fund releases. Budgetary releases are made according to allocated budget amounts, while non-budgetary releases are contingent upon deposits made in the Non-Revenue Receipts & Deposit Account and the Refundable Deposit Account, respectively.

Article 14 (3) of the Constitution of the Kingdom of Bhutan states that Public money shall not be drawn from the Consolidated Account except through appropriation in accordance with the law. The release process is vital in ensuring that the budgetary bodies have sufficient funds to meet their payment obligations on time.

Therefore, this revised Fund Release Guidelines provides a simple and detailed Budgetary (BR) Release process for implementation by the budgetary bodies.

TITLE, COMMENCEMENT, SCOPE and SUPERSESSION

- This Guideline shall be referred to as the Fund Release Guideline, 2024.
- This guideline shall take effect from July 1, 2024.
- Apply to all Budgetary Bodies.
- This Guideline shall supersede all previous guidelines related to fund release for budgetary bodies.



1. REVISED FUND RELEASE PROCEDURES

1.1. Principles

One of the main functions of DTA is to ensure efficient cash management, making funds available when needed at minimal cost. The fund release process has evolved over the years, from quarterly forecasts in BUP before 2019, to monthly forecasts BRF, and now to fortnightly forecasts along with daily releases. Each change aims to shorten the forecast period, achieve more accurate forecasts from the BBs, and improve service delivery.

The current procedure for fund release, which involves the maker-checker concept at both the BBs and the DTA side, is being removed. This will reduce the budgetary release process from four steps to two. The existing system serves dual purpose: both as a forecasting tool for BBs and as means to process budgetary fund release. The new system will separate these two functions.

1.2. Fortnightly Budgetary Release Forecast (BRF)

This will serve as a tool for cashflow management and help in ensuring:

- a. Adequate liquidity during budget execution.
- b. Minimize the cost of borrowing.
- c. Optimum resource allocation without compromising the implementation of planned activities.

The Budgetary Agencies shall submit the BRF fortnightly (*twice a month*) for both Current and Capital budget activities. The forecast window is reduced from one month to two weeks mainly to get a more reliable and realistic liquidity forecast.

1.3. Prerequisite for Fortnightly BRF Submission

The Budgetary Agencies must complete the following before submission of the BRF;

- a. Apportionment of Annual Block Grant.

- b. Budget incorporation process.
- c. All budget re-appropriation (if any).
- d. Supplementary incorporation (if any).
- e. Submit the fortnightly BRF as per the schedule in Annexure II.
- f. The BRF can be updated until the deadline.

1.4. Daily Budgetary (BR) Release

Daily Budgetary (BR) release is the new initiative to ensure timely budgetary releases. This new system will allow Budgetary agencies to make multiple requests and DTA to approve budgetary releases on a daily basis thereby facilitating just-in-time disbursements to Budgetary Agencies. With this, the Ad-hoc BRF system shall be discontinued.

Budgetary agencies shall request for fund release after completing the due processes without having to hoard the releases for extended periods.

Budgetary agencies must submit release requests for both Current and Capital activities in a timely manner, taking into account the turnaround time to prevent late release and payments.

1.5. Prerequisite for Daily Budgetary (BR) Release

- a. Complete all tasks outlined in Section 1.3, points (a) to (f).
- b. Ensure sufficient budget provision against each activity.
- c. Submit New/additional release requests in ePEMS for activities due for payment.
- d. To withdraw a release, enter a withdrawal request in the system with the amount prefixed with a negative sign (eg. -10,000.00, -3,000.00....)



1.6. Collaboration with Departments/Divisions/Sectors

Finance personnel must closely coordinate with their respective budgetary agencies and stakeholders to timely prepare and submit the Fortnightly BRF. Budgetary agencies shall develop forecasts to mitigate significant deviation from actual requirements which can lead to additional financial burdens on the government treasury.

2. BUDGETARY (BR) RELEASE

Budgetary Release can be categorized into following based on its funding source:

2.1. Budgetary release for RGOB Funded Activities

It includes all current and capital activities financed by the Royal Government of Bhutan (RGOB). The Budgetary agencies must ensure the following before submitting the BRF to DTA :

- a. A fortnightly forecast must be submitted.
- b. There must be a sufficient budget provision at the time of release approval.
- c. Utilization must be not less than 80% for any subsequent fund release.

2.2. Budgetary release for Externally Funded Activities

This encompasses all current and capital activities financed through external sources, primarily grants and loans. The Budgetary agencies must ensure the following before submitting the BRF to DTA:

- a. A fortnightly forecast must be submitted.
- b. There must be a sufficient budget provision at the time of approval.
- c. There should be sufficient fund balance against each FIC. In case of insufficient fund balance, Budgetary agencies must follow up with relevant donors to accelerate fund disbursement. In case of delay in fund disbursements

from the donors/financiers, Budgetary agencies may process for pre-financing, if it's a priority project and is of utmost necessity.

- d. Utilization must be not less than 80% for any subsequent fund release.

3. Non-Budgetary Releases

Non-Budgetary fund release refers to release of fund on account of:

- a. Non-Revenue Receipts & Deposit Account
- b. Refundable Deposit Account

3.1. Minimum conditions for Non-budgetary release

- a. Non-budgetary release shall be made based on actual deposits made in the bank.
- b. The Budgetary agencies shall provide the Invoice Number Non-Revenue (iNR) and Invoice Number Refundable Deposit (iRD) while submitting the release request for the deposits made prior to July 2019, which had their invoice numbers updated during the system migration from PEMS to ePEMS.

4. TIMELINE FOR FUND RELEASE

The Public Finance Act of 2007 mandates that the Ministry of Finance establish and adhere to reasonable timelines for the disbursement of funds. The timeframe for fund release is detailed in *Annexure I*. Further, to ensure timely closure of the financial year, both Budgetary and Non-budgetary funds release must be completed by 15th of June every year.

5. MONITORING

The DTA shall on regular basis carry out the following:

- a. Monitor the fund release utilization in the budgetary bodies as specified under section 2.1 (c) and 2.2 (d).
- b. Monitor the idle cash balance with the budgetary bodies, to avoid the cost of borrowings on T-bills and other such issuance of public securities.

6. RESPONSIBILITY & ACCOUNTABILITY

6.1. Head of Finance

Head of Finance in the Budgetary agencies shall be responsible for the following:

- a. Optimal utilization of funds and minimize idle funds at the end of every month.
- b. Submission of daily and fortnightly BRF to the DTA.

6.2. Accountants/Accounts Personnel

The Accountant Assistants shall be responsible for the following:

- a. Submission of fortnightly BRF and daily budgetary release requests to DTA (*in close consultation with the department, division, and or sector officials in the budgetary bodies*).

6.3. Head of the Treasury Management Division (TMD), DTA

- a. Head of TMD in DTA shall be responsible for exercising the provisions of this Guidelines and shall be held accountable for any delays in the fund release due to the non-execution of the provisions herein.

6.4. Focal Release Official, DTA

- a. Focal release officials in DTA shall be responsible to make timely release of the Daily BR release as per the timeframe prescribed in this guideline. The concerned officials shall be held accountable for any delays due to negligence.
- b. Focal release officials shall strictly monitor the fund utilization in the Budgetary agencies and minimize huge fund balances at the end of the month.

7. INTERPRETATIONS AND AMENDMENTS

The Ministry of Finance (MoF) shall be the final authority for the interpretation and clarification of the provisions under this guideline. The guideline shall be amended from time to time as deemed necessary.

Annexure I: Time Frame for Fund Release Approval

Release Types		Turnaround Time (TAT) for Release Approval
Budgetary Release	1. Royal Government of Bhutan (RGOB) Funded Activities	Two Working Days on fulfillment of minimum conditions specified in section 2.1 point (a), (b) and (c).
	2. External/Donor (Grant & Loan) funded activities	Three Working Days on fulfillment of minimum conditions specified in section 2.2 points (a) to (d).
Non-Budgetary Release	1. Non-Revenue Release (NR)	Two Working Days on fulfillment of minimum conditions laid out in section 3.1 point (a) and (b).
	2. Refundable Release (RD)	

Annexure II: Time Frame for Fortnightly BRF Submission

Forecast Period	Period Dates	Deadline for Forecast
I July	July 01-15	July 10
II July	July 16-31	July 10
I Aug	August 01-15	July 25
II Aug	August 16-31	August 10
I Sep	September 01-15	August 25
II Sep	September 16-30	September 10
I Oct	October 01-15	September 25
II Oct	October 16-31	October 10
I Nov	November 01-15	October 25
II Nov	November 16-30	November 10
I Dec	December 01-15	November 25
II Dec	December 16-31	December 10

I Jan	January 01-15	December 25
II Jan	January 16-31	January 10
I Feb	February 01-15	January 25
II Feb	February 16-28/29	February 10
I Mar	March 01-15	February 25
II Mar	March 16-31	March 10
I Apr	April 01-15	March 25
II Apr	April 16-30	April 10
I May	May 01-15	April 25
II May	May 16-31	May 10
I Jun	June 01-15	May 25
II Jun	June 16-30	May 25