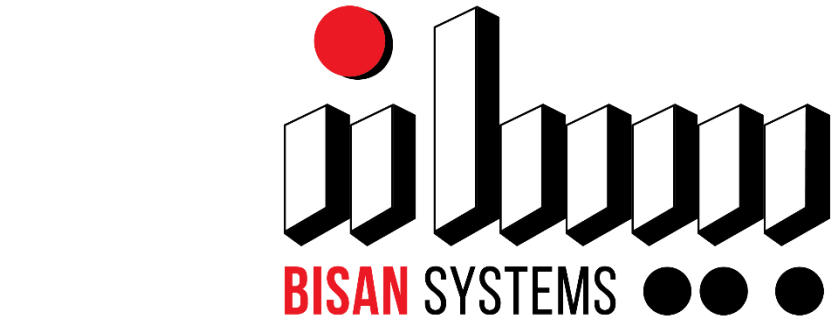
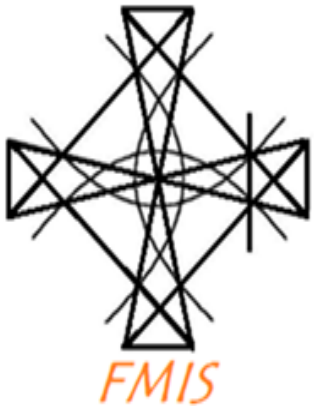




$ Jimwe Tiljok im Mol $

Public Financial Management – Ministry of Finance

1.3 Budget Reallocation & Allotment Reallocations

VERSION 1.0 OCTOBER 2022

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1. Objective

The objective of this module is to explain how the Budget & Finance Department within the Ministry of Finance enters and controls GRMI's yearly appropriation. The Budget department is charged with ensuring expenditures are not made in excess of the authorized limits, or expenditures can be made in excess of the original budget if the correct steps are taken to amend the original budget.

The administration has chosen to utilize two (2) levels of control to oversee the spending against authorized yearly appropriations. Control is performed electronically through the BISAN system. These are broadly summarized as:

Level	Description of Control
1	Yearly Budget Appropriation (Fund/SPG//Project /Ministry//Agency/Account per approved budget law)
2	Regular Allotment releases (Not exceeding (Fund/SPG//Project /Ministry//Agency/Account values against total budget)

This module discusses how to process regular Allotment Reallocations (virements) when managing and controlling the execution of the GRMI budget during the fiscal year.

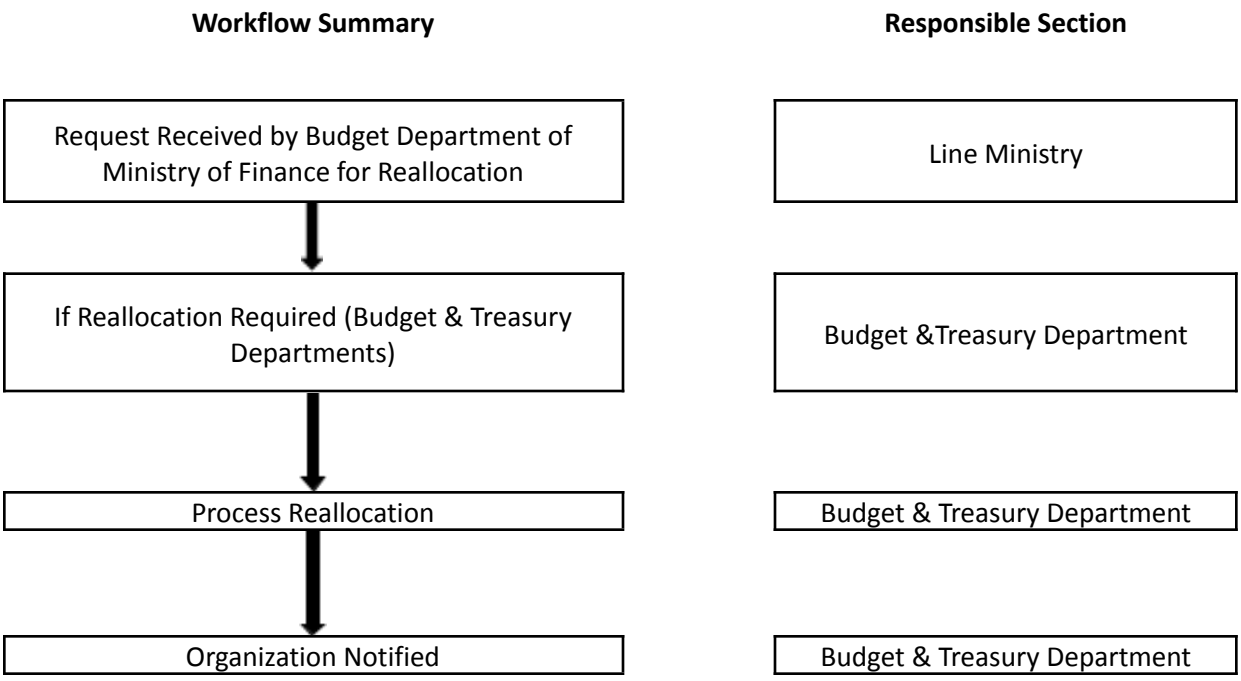
Controlling expenditures appropriately is an integral part of the overall expenditure management process. It is specific to the GRMI financial accounting/financial-management policies and procedures. As with all other modules in this policy and procedures manual, it starts with a schematic overview of the process then discusses each step in detail, highlighting the screens and approvals required at each step

2. Scope

This procedure is of interest to:

- Budget Department
- Treasury Department
- Line Ministries

3. Workflow/Process Flowchart



4. Detailed Process Procedures

This process description starts from the position that the Reallocation requests have been received from the relevant line Ministry, approved with Budget department and it is now a process of entering into Bisan, receiving the appropriate approvals and posting in Bisan so the budget can be controlled against the newly changed budget values.

4.1 Budget Reallocation

Budget Reallocation Process – Change Original Budget

Normally, a **budget reallocation** moves budget values from one budgeted line item level (Division/Account) within an organization at which Government has approved expenditure and adds it to another(s) budgeted item (Division/Account) within the same organization at which Government has approved expenditure in a particular fiscal year. Sometimes, there will be a reallocation between organizational entities but these occasions are rare and requires following a special approval process, generally similar to the process required for a supplemental budget. The result of budget reallocations is that the Parliamentary-agreed appropriated amounts have been changed and are no longer in agreement with amounts originally approved by the Government at the line-item level for non-supplementary approved changes, however, for regular budget reallocations, the total at the budget entity level remains unchanged.

Following is a description of the process involved to make such reallocation adjustments between budget lines in the same Organization.

4.1.1 Receipt of Budget Reallocation Application

A reallocation request is sent to the Budget Department by the relevant organization seeking an adjustment using the mandated form. Please refer to Form 1A-Appropriation Reallocation.

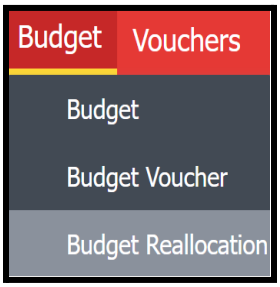
4.1.2 Review of Budget Reallocation Application

The request is directed to the requisite employee of the budget department for initial review of the request to determine if there is sufficient budget to allow the “transfer from”. If it passes this first review, the information is entered into Bisan and saved, awaiting the proper levels of approval.

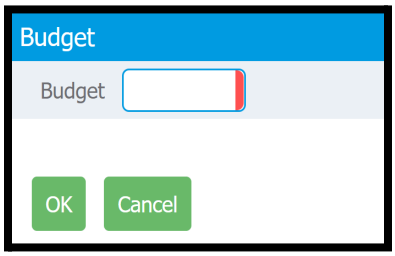
4.1.3 Recording Budget Reallocation into Bisan and Approval

Recording

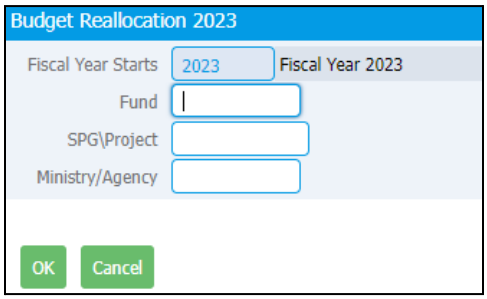
Step 1: Select Budget/Budget Reallocation from the main header as follows:



This will open a window showing all reallocation vouchers. Since you want to create a new reallocation, click Add button and the following definition window appears:



Step 2: Double click on the budget field and define the budget on which you are working. Select the budget and double click, you will be taken to the listing of all reallocation vouchers created to date for that budget. Since you want to create a new voucher, click on the Add button and the following further parameter screen will appear:



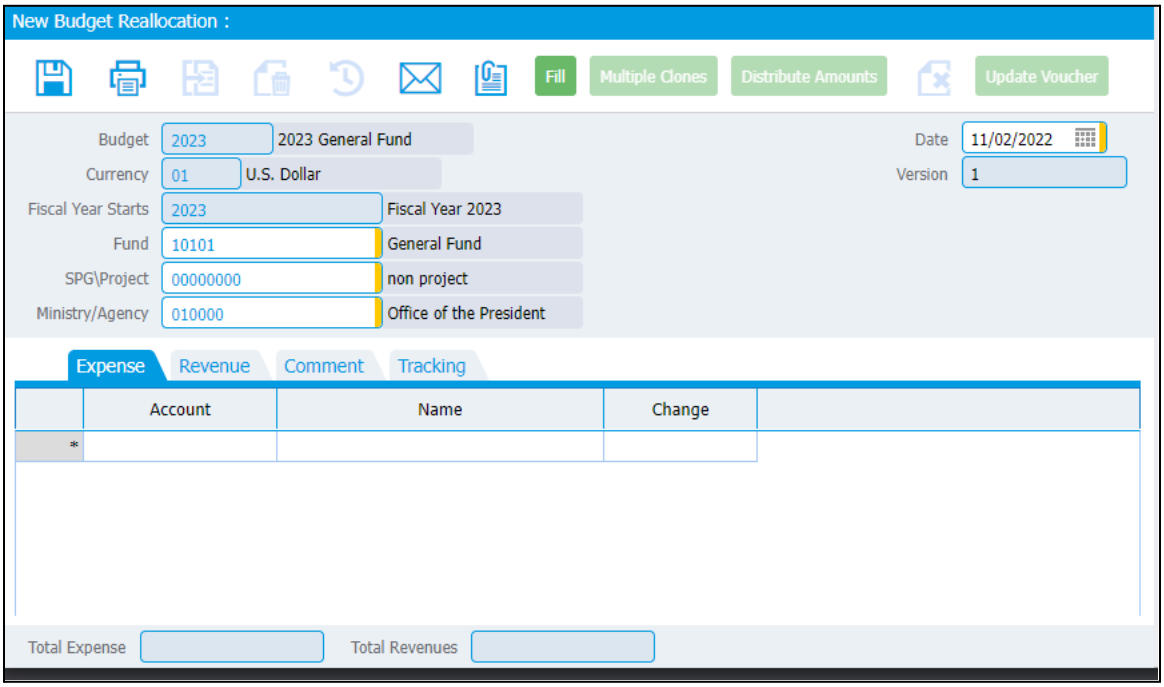
It is **very important** to understand that you have the option to define Fund, SPG/Project and Ministry /Agency (Division) here before creating the reallocation voucher or not completing and going directly to the reallocation voucher by simply clicking **OK** without completing any fields here (note, there is no red border around the cell therefore completion is not mandatory). By not completing the detail on this window, this opens up the reallocation voucher to allow you to reallocate across Fund, SPG/project and Ministry /Agency (Division). If you define the Fund, SPG/Project and Ministry /Agency (Division) at this first step, the voucher is restricted to only

allowing you to reallocate within designated Fund, SPG/project and Ministry /Agency (Division). The following table summarizes the options:

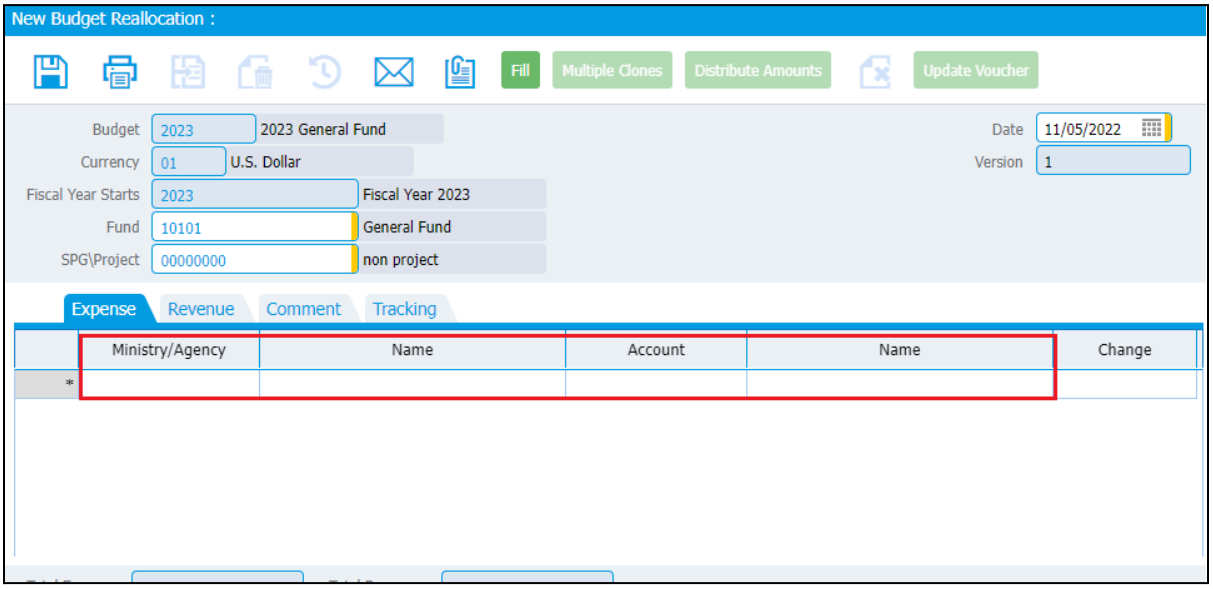
Combination	Functionality of Reallocation Voucher
Fund, SPG/Project Defined	The reallocation voucher will only be able to reallocate the original budget within the designated Fund, SPG/Project, for the Division and Account segments. Please note that the budget is defined for a specific Fund & SPG/Project which means there are no allocations between different Funds and SPG/Projects.
SPG/Project Undefined	Same as above option since the budget is not defined for a specific SPG/Project, this means allocation between different SPG/projects and Account is allowed. But the SPG/project has to be entered on every line item**.**
Division Undefined	The reallocation voucher will be able to reallocate the original budget across Divisions and Accounts.
Division Defined	The reallocation voucher will be able to reallocate the original budget across Accounts within the same division.

Once you define this window according to the above options available, the reallocation voucher will appear. The more defined in this window, the more information is fixed in the header of the reallocation voucher and the less defined the more information is required in the body of the voucher.

For example, when the **Fund**, **SPG/Project** and **Division** are defined here, the reallocation voucher will look as follows. Note that only the account can be defined in the body of the voucher.



Alternatively, if the **Division** is not defined, the reallocation voucher will look as follows. Note that the Division and Account must be defined in the body of the voucher.



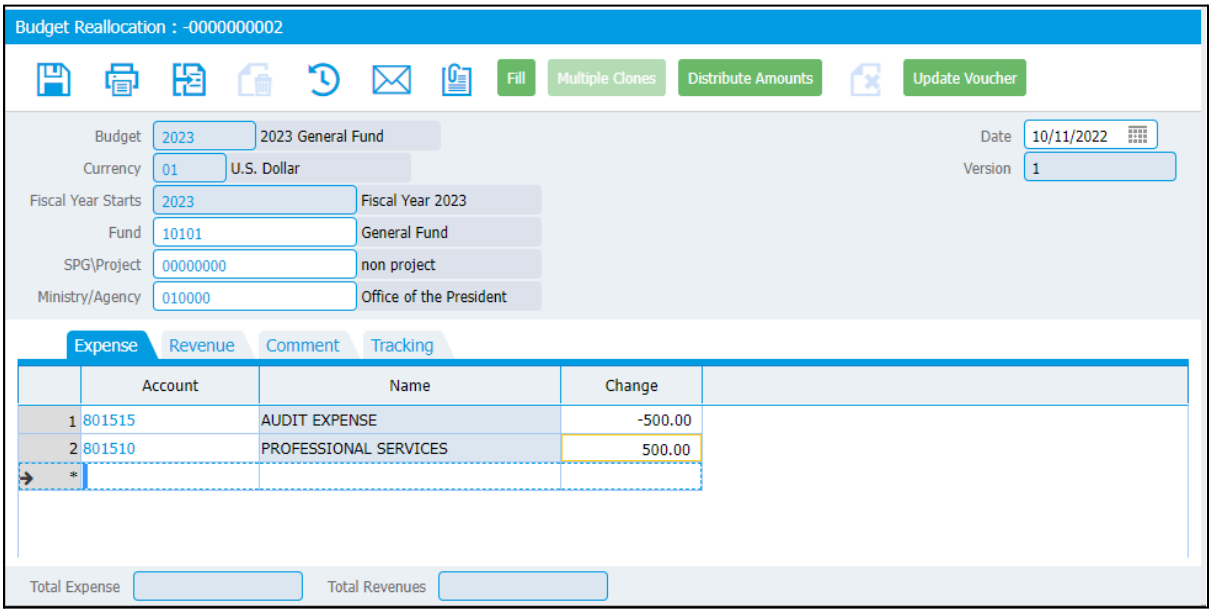
The next step is to complete the body of the voucher

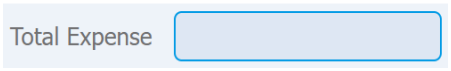
Step 3: Complete expense tab to perform reallocation of expense budget or revenue tab to perform reallocation of revenue estimate.

CONTROL NOTE

This voucher must balance to zero before it can be posted. The voucher can be saved being out of balance but it cannot be posted as this is when the validation check is performed. The reallocation voucher only adjusts budget once it is posted.

The most likely transaction will be to complete the expense tab when performing a reallocation of the original budget. Assuming you want to create a reallocation within a Division but across Accounts and the value is 500 USD, the body of the reallocation voucher would look as follows. Remember, completing the required fields just means double-clicking on them and choosing the correct values.



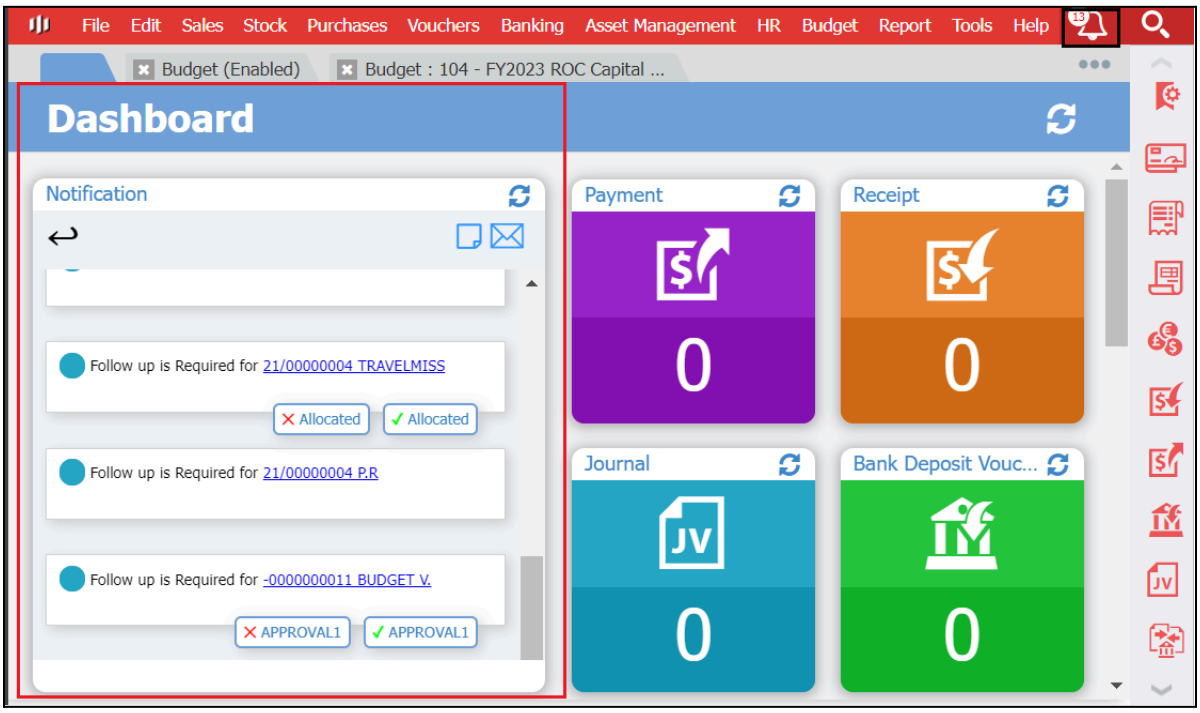
Please note that the + and – entries balance to zero as indicated in no value appearing in the Total Expense field at the bottom of the voucher 

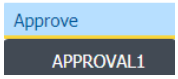
. If there is a value, then the voucher is out of balance and cannot be posted, however it can be saved.

When satisfied that the voucher is complete (remember, you can add lines as you wish by simply double clicking on the free line at the bottom of your entries and a new line will automatically be opened), click Save  button and reallocation voucher closes. This then automatically sends the voucher to the next person that must review/approve/post.

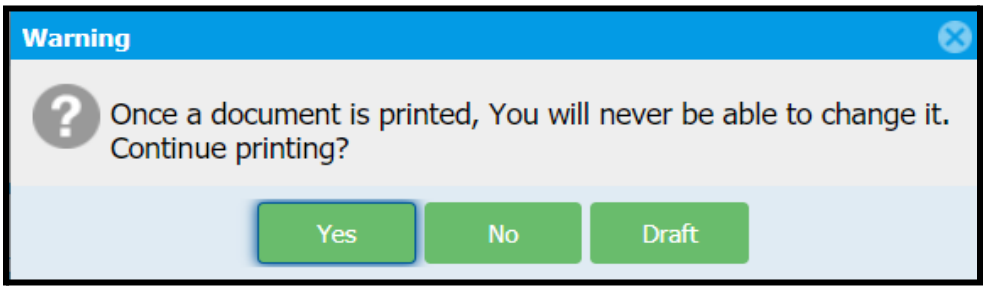
Approval Process

Review/Approve/Post: The next step is that the system has been set up so that the voucher is electronically sent to the Reallocation Officer's manager for review. This link is automatically configured in Bisan at time of setting up the workflow. The Approver will log onto Bisan and on the dashboard under the notification section vouchers pending approvals for this user are listed as showing in the screen shot below.



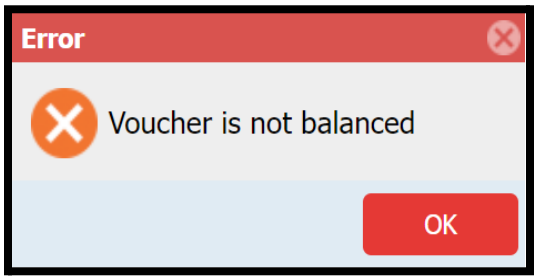
Select the outstanding items and double click one at a time to open and perform the review and approval process. Click **Approve** button in the header of the BRV when satisfied that the budget reallocation has been entered properly and choose APPROVAL1 

and this readies the voucher for the final approval stage APPROVAL2. Because the reviewer and Approver 2 is the same person, the voucher is still open on the screen. In order to perform the final step of approving, click Print  button, which then brings up the following window:



This gives you a final chance to amend the document. If you are satisfied, click YES and this will post the voucher and print a hard copy for your files for manual signature if required (see Appendix B for example).

If the reallocation voucher does not balance, the Approving person will see an error message as follows:



When this happens, the person will reject the voucher and it will be electronically returned to the person who entered the voucher for correction and the process will start over again from this point.

4.2 Recording Allotment Reallocation in Bisan and Approval

Allotment Release Reallocation Background

The processing of an Allotment Reallocation is different from the Budget Reallocation in that the original budget is **NOT** being changed. The only change that is happening occurs at the Allotment Release level. Unlike with Reallocations, the same types of restrictions/allowances do **NOT** apply since the original budget is not being adjusted.

4.2.1 Receipt of Allotment Reallocation Request

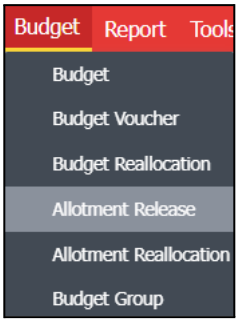
An Allotment Reallocation request is sent to the budget department by the relevant organization seeking an adjustment.

4.2.2 Review of Allotment Reallocation Request

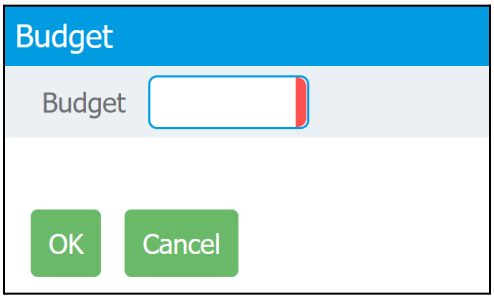
The request is directed to the requisite employee of the budget department for initial review of the request to determine if there is sufficient allotment to allow the “transfer from”. If it passes this first review, the information is entered into Bisan and saved, awaiting approval and posting.

4.2.3 Recording Allotment Reallocation in Bisan and Approval

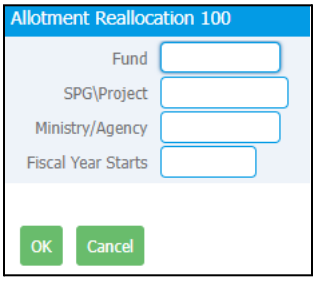
Step 1: Select Budget/Allotment Reallocation from the main header as follows:



This will bring up the following window to choose the budget



Step 2: Double click on the budget field and define the budget on which you are working. Once you define the budget, you will be taken to the listing of all allotment reallocation vouchers created to date for the respective budget. Since you want to create a new voucher, click on the Add button and the following further parameter screen will appear:



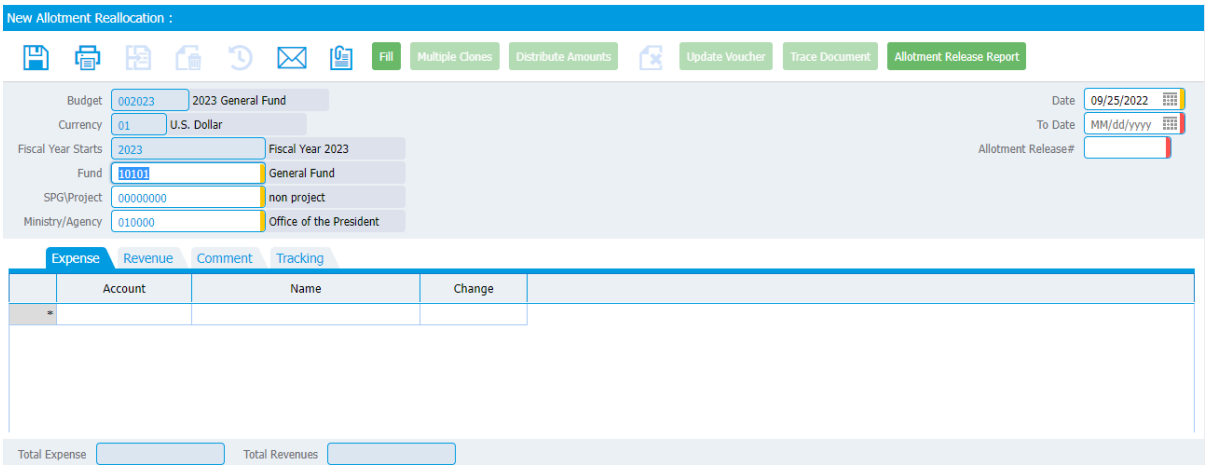
It is **very important** to understand that you have the option to define Fund, Organization (Ministry/Agency) and SPG/Project here before creating the reallocation voucher or not completing and going directly to the reallocation voucher by simply clicking **OK** without completing any fields here (note there is no red border around the cell therefore completion is not mandatory). By not completing the detail on this window, this opens up the reallocation

voucher to allow you to reallocate across Organizations and SPG/Project. If you define the Fund, Organization and SPG/Project here, the voucher is restricted to only allowing you to reallocate within a designated Fund/Organization/SPG-Project. The following table summarizes the options:

Combination	Functionality of Reallocation Voucher
Fund, Organization & SPG/Project Defined	The reallocation voucher will only be able to reallocate original allotment within the designated Fund and SPG/Project of the defined Organization.
Fund, Organization Defined, SPG/Project Undefined	The reallocation voucher will be able to reallocate original allotment across SPG/Projects within a defined Fund and Organization.
Fund, Organization Undefined, SPG/Project Undefined	The reallocation voucher will be able to reallocate original allotment across Funds, Organizations and SPG/Projects. This is the most flexible option but with this option, significant care must be taken to ensure there are no reallocation errors.

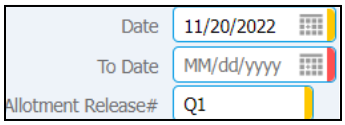
Once you define this window according to the above options available, the reallocation voucher will appear. The more defined in this window, the more information is fixed in the header of the reallocation voucher and the less defined the more information is required in the body of the voucher.

For example, when the **Fund**, **Organization** and **SPG/Project** are defined here, the reallocation voucher will look as follows. Note that only the account can be defined in the body of the voucher.



This will be the normal case for allotment reallocations and therefore reallocating appropriations across Funds, Organizations and SPG/Projects will not be contemplated here but the process is the same. The next step is to define the header and expense tab of the voucher.

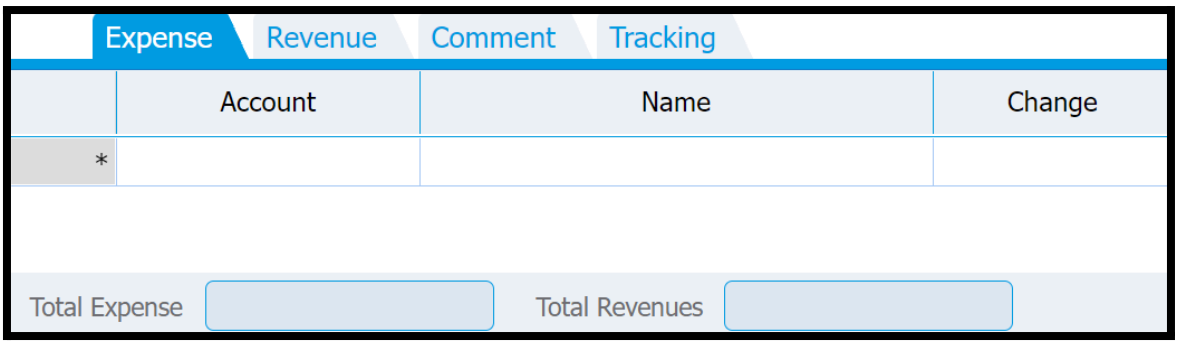
Step 3: Complete the header of the voucher. The only mandatory fields to complete are two on the right-hand side of the voucher



Like in module 1.2 on budget allocations, you also need to define the **To Date** and **Funds Release #** that you wish to reallocate.

Field	How to Interpret & Use
Date	This is the "From" date on the Allotment Reallocation Voucher and is the date of creating the voucher. It should not be changed
To Date	This is the end date for when the Allotment (Allocation) covers. As an example, if the allocation is for the third quarter, therefore it would be completed with a 30 June 2021 date. If it is a half-year allocation then the proper date would be chosen for 6 months in the future.
Allotment Release#	This is to indicate from which Allotment period you are reallocating (Quarter 1 through Quarter 4) so it can be controlled and reported properly.

Step 5: Complete the body of the reallocation voucher (expense tab)



As with the budget reallocation voucher, the allotment reallocation voucher is completed in the same manner and has the same control by having to be balanced with the + and – adding to zero. Please see detail on how to complete in section 4.1.

When satisfied that the voucher is complete (remember, you can add lines as you wish by simply double clicking on the free line at the bottom of your entries and a new line will automatically be opened), click Save button and reallocation voucher closes. This then automatically sends the voucher to the next person that must review/approve/post. Post the

voucher and print a hard copy for your files for manual signature if required (see Appendix C for example)

Approval Process

The process is the same as listed in step 3 of section 4.1.4 above.

5. Accounting Entries in Bisan

Note, the budget module (including allocations of the budget) is separate from the General Ledger, therefore, there are no accounting entries in the General Leger when adding or editing the budget. Although the BCS is used to enter the budget, it is only used as the "link" or "bridge" between the General Ledger and Budget.

Appendix A

Please refer for manual forms in the Business process document

Form 1-Appropriation Reallocation

Form 1A-Allotment Reallocation

APPROPRIATION REALLOCATION APPLICATION

Requesting Budget Entity:

Reallocation Request No (Manual):	**Bisan Generated Voucher#**

Identification of BCS & Reallocation Amounts

BCS Code & Amount (attach additional page if insufficient space):

Losing Accounts

Fund	SPG/Project	Division	Account	Amount
		TOTAL		

Receiving Accounts

Fund	SPG/Project	Division	Account	Amount

			TOTAL	

.

NOTE: Losing and Receiving Account Totals Must Equal

Justification for Appropriation Reallocation (add additional sheet is space is insufficient):

Appropriation Reallocation Authorization by Requesting Budget Entity					
Requesting Officer:		**Signature:**		**Date:**	
Authorizing Officer:		**Signature:**		**Date:**	

Budget Department Approval					
Approving Officer:		**Signature:**		**Date:**	

ALLOTMENT REALLOCATION APPLICATION

Requesting Budget Entity:

Reallocation Request No (Manual): **Bisan Generated AV#**

Identification of BCS & Reallocation Amounts

BCS Code & Amount (attach additional page if insufficient space):

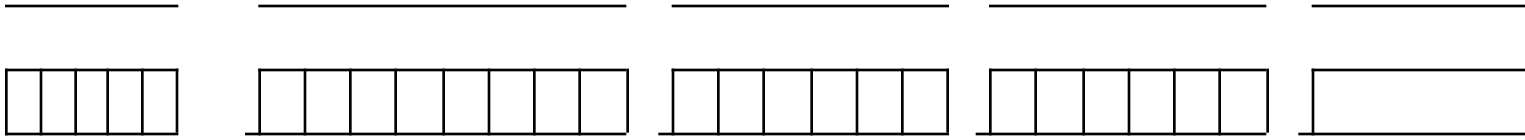
Losing Accounts

Fund	SPG/Project	Division	Account	Amount

TOTAL

Receiving Accounts

Fund	SPG/Project	Division	Account	Amount



TOTAL

NOTE: Losing and Receiving Account Totals Must Equal

Justification for Funds Reallocation (add additional sheet is space is insufficient):

Allotment Reallocation Authorization by Requesting Budget Entity					
Requesting Officer:		**Signature:**		**Date:**	
Authorizing Officer:		**Signature:**		**Date:**	

Budget Department Approval					
Approving Officer:		**Signature:**		**Date:**	

Appendix B

BUDGET REALLOCATION VOUCHER

Government of the Republic of the Marshall Islands

Budget Reallocation 2022/000001

09/30/2022

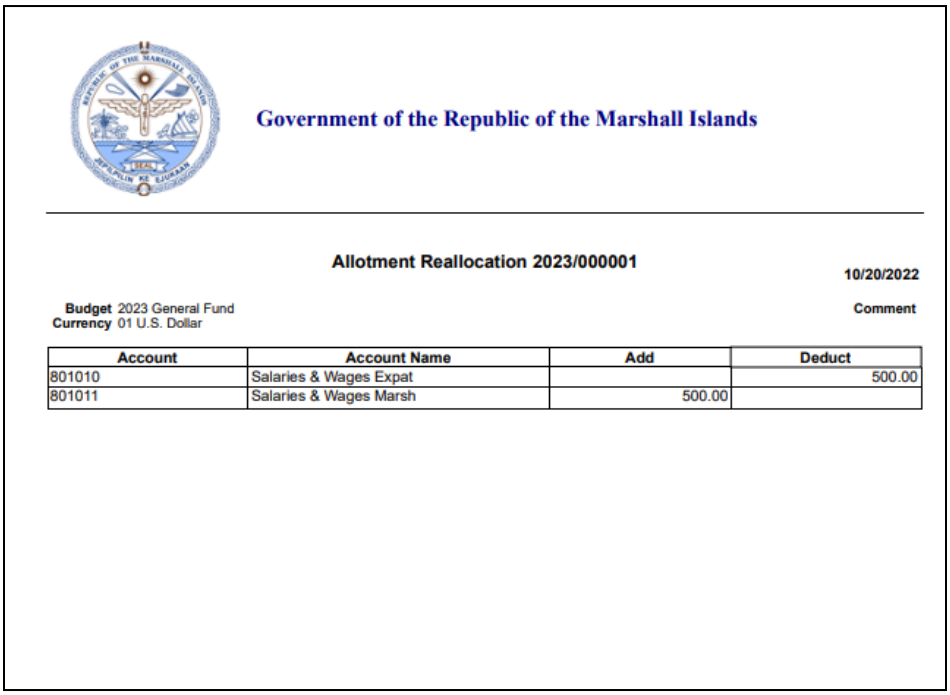
Budget 2022 General Fund 2022
Currency 01 U.S. Dollar

Comment

Account	Account Name	Add	Deduct
802205	RENTALS		100.00
802450	OTHER SUPPLUES/MATERIALS	100.00	

Appendix C

ALLOTMENT REALLOCATION VOUCHER



Government of the Republic of the Marshall Islands

Allotment Reallocation 2023/000001

10/20/2022

Budget 2023 General Fund
Currency 01 U.S. Dollar

Comment

Account	Account Name	Add	Deduct
801010	Salaries & Wages Expat		500.00
801011	Salaries & Wages Marsh	500.00	