BISAN SYSTEMS

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Public Financial Management – Ministry of Finance

FMIS

# 1.2 Allotment Release & Control

VERSION 1.0 OCTOBER 2022

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# 1. Objective

The objective of this module is to explain how the Budget Department releases and controls GRMI's quarterly allotments in compliance with the approved yearly budget and ensuring total allotments and expenditures are not made in excess of the approved yearly appropriation, or expenditures are not made in excess of the allotment ceiling.

The setup is defined to utilize two (2) levels of control to oversee 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//Organization//SPG/Project//Account per approved yearly budget) (budget law) |
| 2 | Regular Allotments<br>(Not exceeding Fund//Organization//SPG/Project//Account values against total budget) |

This module discusses how to process regular Allotments when managing and controlling the execution of the GRMI approved budget.

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
- Accounting and A/P Departments
- Line Ministries

## 3. Workflow/Process Flowchart

| Workflow Summary | Responsible Section |
|---|---|
| Allotment by Ministry is Determined by MoF (Budget & Treasury Departments) | MoF |
| Allotment Entered into Bisan | Budget Department |
| Review/Posting of Entered Allotment | Budget Department |
| Print Allotment Form from Bisan & Authorize & File | Budget Department |

# 4. Detailed Process Procedures

This process description starts from the position that the allotted values have already been determined through discussions/negotiations between the relevant departments and it is now a process of entering into Bisan, receiving the appropriate approvals and activating in Bisan so that expenditure can be controlled against the allotted amounts.

## 4.1 Understanding Allotments

Allotment is the process for releasing access to budget (not physical cash) to the various Ministries in order for them to execute the approved budget. Allotment could release the total appropriation (but not cash) at the beginning of the financial year, or the release could be in stages. The selection of time period for release depends on (1) the type of appropriation, (2) the Programmed expenditure flow requirement estimated against the appropriation item and (3) the expected Revenue profile for the GRMI Budget.

## 4.2 Workflow Organization for Creating Allotment Vouchers

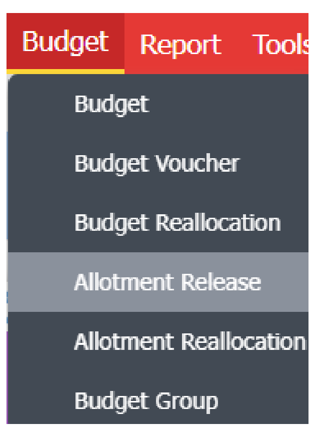
The Bisan system workflow has been configured in Bisan as follows:

**Employee #1**: Allotment entry /Approval 1
**Employee #2**: Allotment Approval 2 / Posting

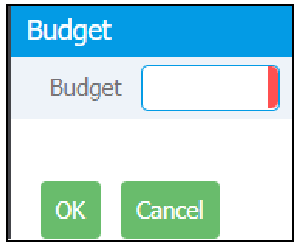
## 4.3 Create a New Allotment Voucher (AV)

**Step 1**: Navigate to and click on the Budget icon 

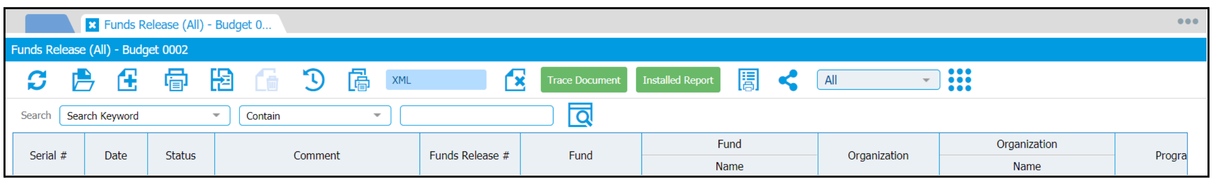
at the top of the screen when you log onto Bisan and you get the following choice:




**Step 2**: Choose *Allotment Release* and the following screen will appear:

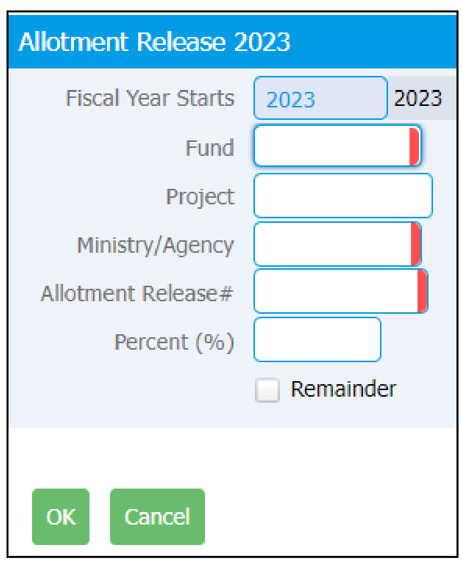



Here you choose the relevant budget by double clicking on the budget field and choosing the relevant budget. Once you choose the correct budget, click **OK** and the following screen appears:

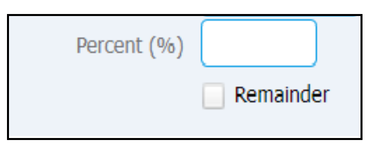



This screen will show all the Allotment Vouchers (AV) entered to date for the budget chosen in previous step. Since you want to create a new AV, you must add a voucher. See next step.

**Step 3**: Click on the Add  button and the following pop-up screen appears that must be completed:

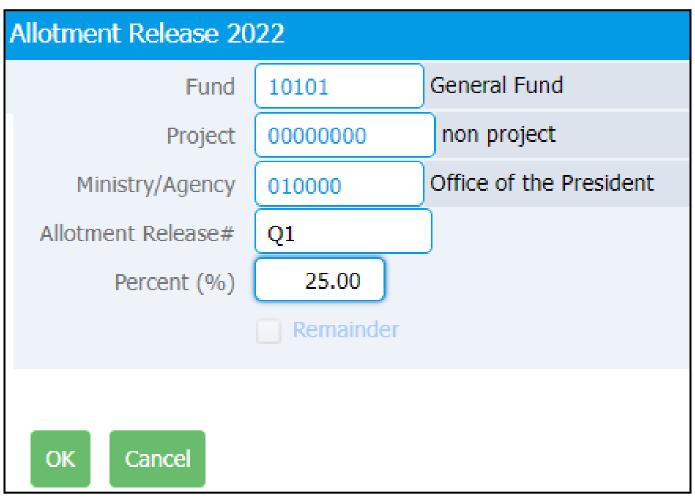



This screen contains the information on how you are going to define the Allotment you will create. It is important to understand each field at this time so it can be completed correctly.

| Field | How to Use |
|---|---|
| **Fiscal Year Starts** | For the General Fund Budgets the Fiscal Year is already set in the budget definition and is loaded automatically on the dialog and cannot be changed, for SPG/Project budgets double click and choose the related Fiscal year in most cases it will be the current Fiscal year unless the project spans over multiple GRMI Fiscal years. |
| **Fund** | Double click on this field and choose the Fund for which you want to create Allotment (for General Fund chosen in the first step, you will only be provided the General Fund to select in this step). See the GRMI code book to understand the meaning and use of the Fund segment. |
| **SPG/Project** | Double click on this field and choose the SPG/Project for which you want to create an Allotment. Even though this is a non-mandatory field but should be completed. See the GRMI code book to understand the meaning and use of the SPG/Project segment. |
| **Ministry/Agency** | Double click on this field and choose the Division for which you want to create an Allotment. See the GRMI code book to understand the meaning and use of the Organization segment. |
| **Allotment #** | The Allotment # is important for reporting purposes and allows for groupings by Allotment when reporting. It is important to use a consistent numbering protocol so allotments can be grouped accurately. The policy is to use only 4 choices for the numbering protocol based on quarter. Therefore, type in only Q1, Q2, Q3 or Q4.<br><br>The policy is to choose the quarter for which the Allotment is released. For example, if the AV is being created on 20 December but is for the quarter starting January, then it is appropriate to use Q2 in this field. Alternatively, if a half-yearly Release is being made on 12 December for example for immediate release, the appropriate Release # to use is Q1 since it is being used in Q1 but cuts across multiple quarters. |
| **Percent (%)** | This is ***used to create a pro rata Allotment voucher based on the original budget amount for the Organization.*** If one issues a Quarterly Allotment in Q1 as discussed above, you would input 25% here. When creating the AV in the next step, it would create a voucher based on the pro-rata Release.<br><br>If you want to issue an Allotment with Manual data entry, leave the percent field blank, this creates a free-form Allotment voucher that you must define each account manually related to the Organization, or |

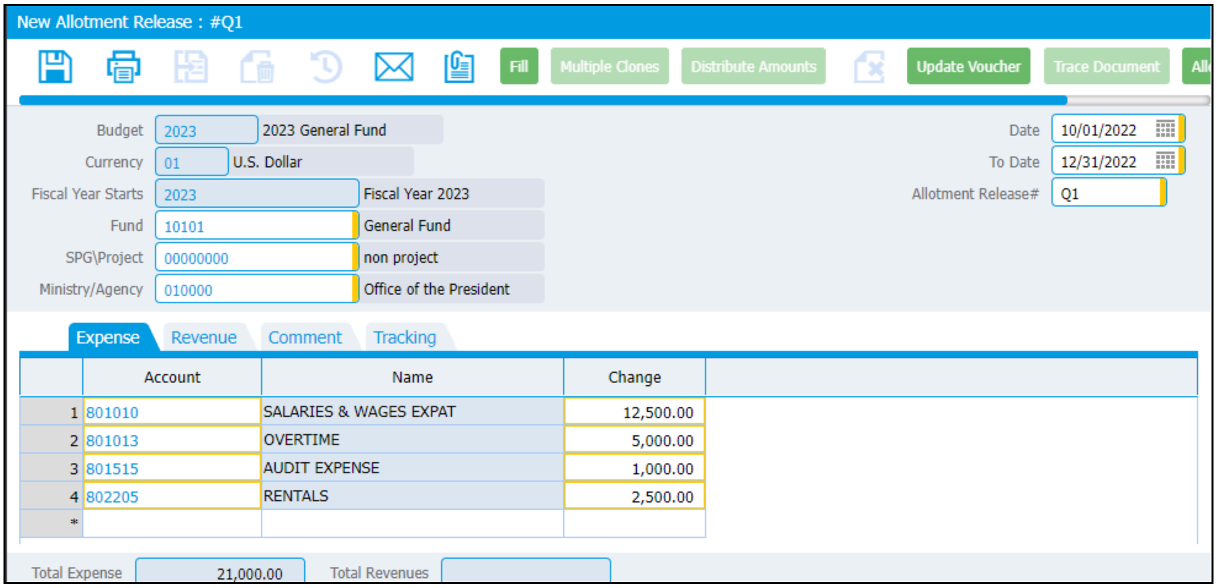
<table>
<tr>
<td></td>
<td>Second option is to choose blank as above in point 1 PLUS put a ✔ in the remainder dialog ✔ Remainder . This will automatically create a voucher that provides a Release for all lines that represents the outstanding balance to allocate (Budget less Allotted to date). This would become very useful during the last quarter of the year when final Allotments are to be issued and the full amount of the budget will be issued.<br><br>NOTE:<br>When the Allotment voucher is created on a pro-rata basis, the individual values of the lines of the created voucher can be changed or deleted in case a pro-rata distribution is not valid for certain lines. The system is configured so that there is a budget validation against each line item against the original summary of all BVs so one can never make an Allotment for more than the original budget value on a line-item basis for the Organization that is greater than (a) sum of all budget voucher versions for Organization <u>less</u> (b) sum of all past Allotments issued.</td>
</tr>
</table>

A completed AV definition screen based on the above description could look as follows:




Once the above fields have been completed, click **OK** to create the AV detailed voucher.

**Step 4**: After clicking **OK** from the above step, the following final window appears for completion.




You will note that the data defined in the earlier popup windows has been carried forward to the header in this window and the values per line is ¼ of the value of the original BV setting up the Allotment.

*__Understanding the Dating in the Header__*

In this example, the **Date** is automatically populated with today's date and user can change to the allotment start date. The **To Date** is empty and user can enter the end date of the allotment being recorded. In the above example, since we are creating an allotment voucher for the first quarter of the 2023 Fiscal year the dates used should be **Date:** 10/01/2022 and **To Date**: 12/31/2022 (the end data of allotment is 12/31/2022 so that the closeout period is covered): Please note moving on after the 1st quarter Allotment vouchers can be created/approved/posted prior to the allotment period start date but cannot draw down against before the date (the allotment does not become effective till 10/1/2022). If the user created an allotment voucher at the beginning of the fiscal year (10/1/2022) for Q2 with the following dating parameters: (Date: 01/01/2023 To Date 03/31/2023) allotted amounts cannot be used prior to 01/01/2023.

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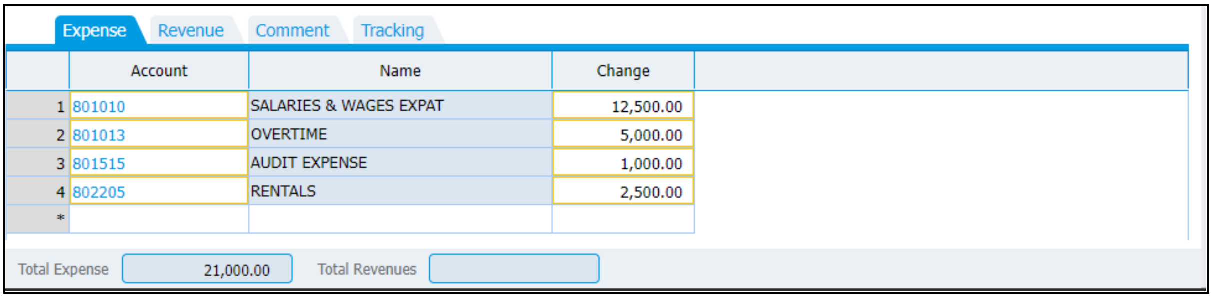
*__Allotment (Expense) Tab__*




In the above example, the user can adjust the amounts per line if required or even delete lines if user does not want to issue an Allotment for a particular line item. To adjust the values, simply double click on the values in the cells and amend.

Once complete and satisfied with the AV, click Save and the voucher is now ready to be moved to the next stage in the approval process. Please note that the Voucher will not be posted in case the validation on the line item exceeds the Original budget less the released amounts.
If the line item in the Allotment Release has exceeded the available amount (Budgeted vale – released amounts an error message will be displayed.

## 4.4 Understanding & Handling Budget Validation Error Messages on Allotment Vouchers

In order to understand budget validation error messages, you must understand **how** the system creates and calculates AVs and **when** and **how** it checks against the original available budget values before it allows the AV to be saved. Once this is understood then it is easy to handle budget validation error messages and know how to correct the AV so it can be saved.

*<u>How AVs are Created and Calculated Pro-rata</u>*

When AVs are created based on pro-rata (Percent %) as discussed in Step 3 above of section 4.3, Bisan creates the values of the line items based on the line-item value of the budgeted amount without taking into consideration any Allotments that have already been released against the original budget.

*<u>When Budget Validation Occurs</u>*

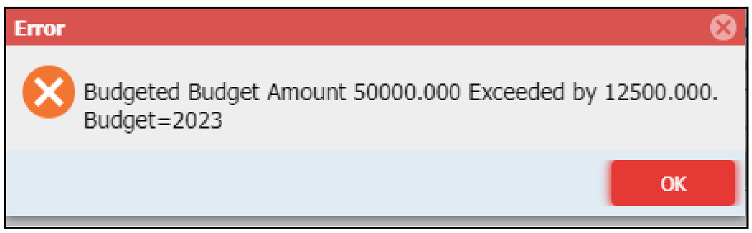
Budget validation (checking to ensure the value of the AV does not exceed the value of authorized budget on a line-item basis) occurs at time of saving the AV (not posting) by the budget officer creating the AV.

*<u>How Bisan Validates Against Budget</u>*

Bisan checks the AV against the original budget on a line-by-line basis (from top to bottom) as shown in the AV that is being saved. It checks each line item and if the value of a line exceeds the original budget (original budget, less allotments issued to date, less proposed allotment must be >= 0), a budget validation error message will be shown telling the amount by which the budget is exceeded. You can then correct the value in the AV and try to save again. When Bisan is validating against budget, it may find another line that has been exceeded and it will display another message. You can correct the line and try saving again. If no line has been exceeded, the AV will be saved.

*__Budget Validation Error Message Example__*

Assume you are creating an AV for the indicated Division and the following message appears when you are saving the AV:




The above message means that the line item that has a budget of 50,000 USD has been exceeded by 12,500 USD (50,000 less allotments issued to date less proposed allotment = -12,500). This is the second line of the AV above that possesses this budget and can be seen in the following budget report

Budget Report - 2023:2023 General Fund (USD)

| Fiscal Year Starts | Fund | SPG\Project | Ministry/Agency | Account | Name | Budget Percent | Budgeted | Allotment Release | Available | Balance | Paid Percent |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Expense | 100.00 | 84,000.00 | 21,000.00 | 21,000.00 | 84,000.00 | |
| 2023 | | | | | Fiscal Year 2023 | 100.00 | 84,000.00 | 21,000.00 | 21,000.00 | 84,000.00 | |
| | 10101 | | | | General Fund | 100.00 | 84,000.00 | 21,000.00 | 21,000.00 | 84,000.00 | |
| | | 00000000 | | | non project | 100.00 | 84,000.00 | 21,000.00 | 21,000.00 | 84,000.00 | |
| | | | 010000 | | Office of the President | 100.00 | 84,000.00 | 21,000.00 | 21,000.00 | 84,000.00 | |
| | | | | 801010 | SALARIES & WAGES EXPAT | 59.52 | 50,000.00 | 12,500.00 | 12,500.00 | 50,000.00 | |
| | | | | 801013 | OVERTIME | 23.81 | 20,000.00 | 5,000.00 | 5,000.00 | 20,000.00 | |
| | | | | 801515 | AUDIT EXPENSE | 4.76 | 4,000.00 | 1,000.00 | 1,000.00 | 4,000.00 | |
| | | | | 802205 | RENTALS | 11.90 | 10,000.00 | 2,500.00 | 2,500.00 | 10,000.00 | |

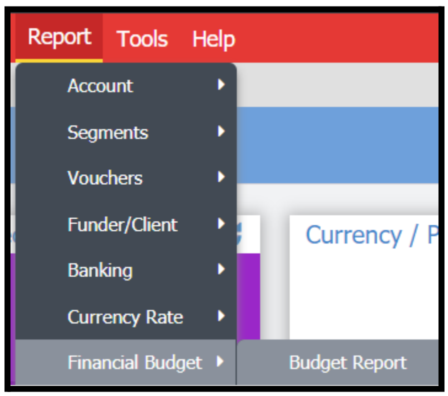
In order to correct this, simply click **OK** on the error message then (Follow the approval Rejection workflow back to the entry level) click on the change field for the line item and reduce the value to 37,500 USD or less depending on what you want to release. In this example the remaining value available on the line item for allotment is the Total Budgeted amount $50,000 less the Allotment Released $12,500, the remaining Available for Allotment release is $37,500 and cannot be exceeded. Try saving the AV again. If all lines pass the budget validation test, then the AV will be saved. If there is another line that exceeds the overall budget, another budget validation error message will appear and you simply need to follow the same process as for the first error message discussed above. Continue this process till the AV is saved.

## 4.5 Review Budget Detail Entered

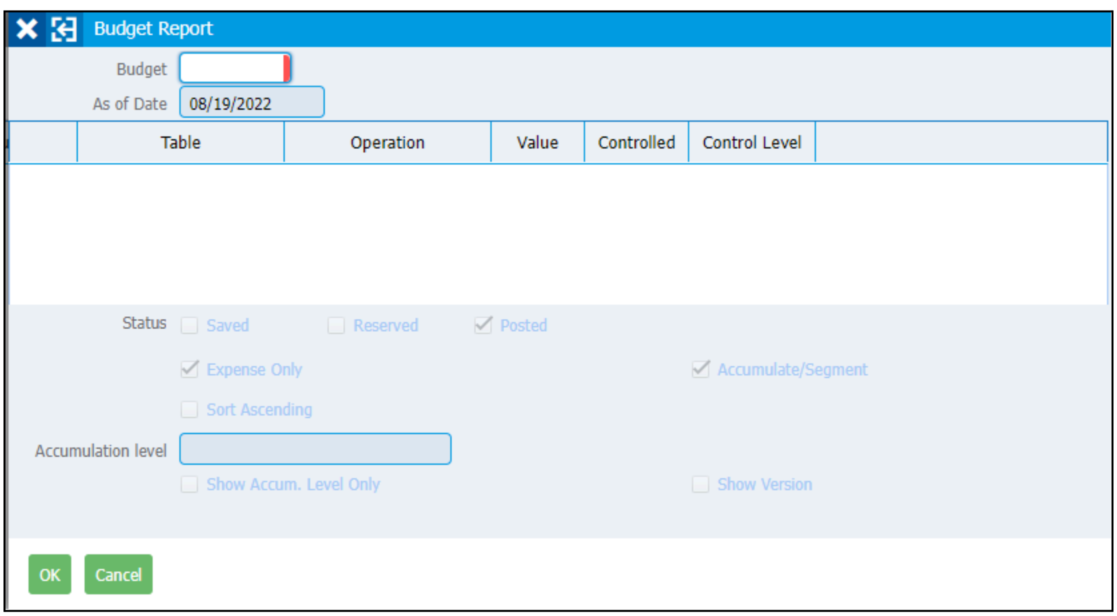
When you have completed entering the Allotment Vouchers or want to review one at a time after you enter an Organization to ensure you have entered all Organizations and check that there are no mistakes in entering values, it is recommended that you create a Budget Report. This is easily done by performing the following:

*Budget Report*

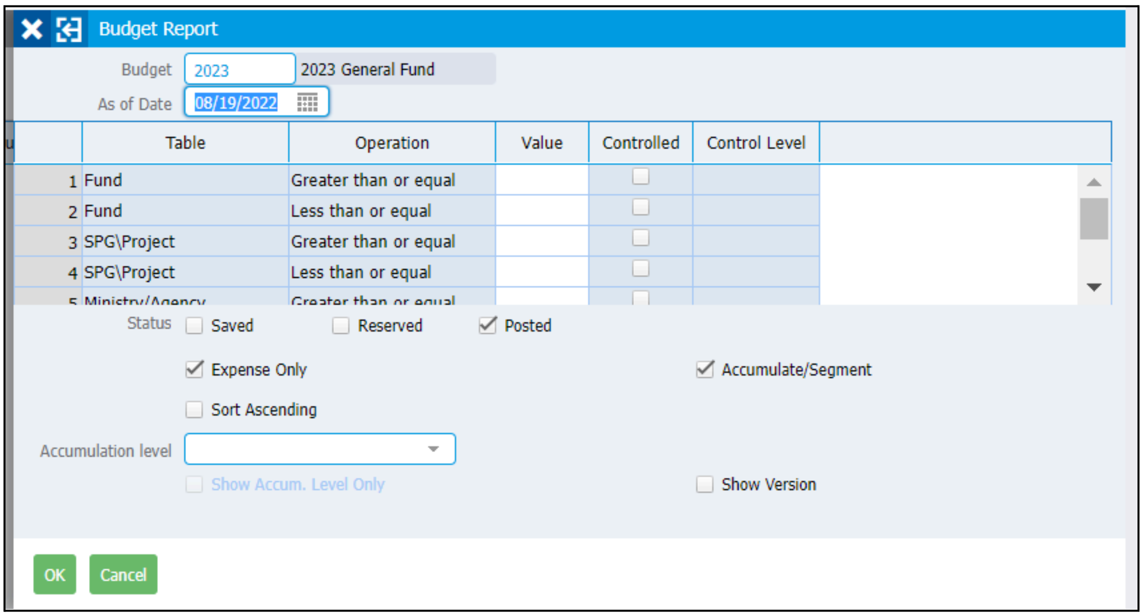
**Step 1**: Navigate from the main header as follows:




**Step 2**: Click on Report, scroll to Financial Budget and click on Budget Report. After clicking on Budget Report, the following screen appears:



From here, double click on the Budget field and select the budget year. There will only be one General Fund budget at this time when using it for the first year. After selecting, you will then be shown the following where you will have an opportunity to better define how you want to create the report:




Depending on your user access rights, you will only be able to view activity of the Organizations for which you are assigned. When generating this report, it is important to understand the difference between "**Saved**" and "**Posted**". Saved vouchers means they have not been fully authorized/posted by the Approver, thus are not finalized and available to issue an Allotment against. **Saved** vouchers can be changed, posted vouchers cannot. **Posted** vouchers can have Allotments issued against them, saved vouchers cannot.

Therefore, when the **Release Officer** enters AVs and wants to review what they have entered, it is important for them to remove the ✔ from the box marked **Posted** 

and place a ✔ in the box **Saved** or the Release Officer will only see those vouchers that have been approved/posted by the Approver and not the vouchers they have just entered and Saved. With the ✔ both boxes (saved and posted), the report will show both Saved and Posted AVs.

**IMPORTANT NOTE**:

When defining the report, it is very important to choose the correct "As of Date" in Step 2 above since this report selects all vouchers saved that are "as of" the date indicated and earlier. Remember the section *Understanding the Dating in the Header* in Step 4 of section 4.3 above and how the FRV is dated when choosing Period Type and Period. In the example in this section, the date of the voucher was 01 October. If you entered that FRV in September and created the report in September without changing the "As of Date" to 01 October, the report would not select this voucher and it would not be shown in the report.

**Step 3**: After clicking **OK** at the bottom of the window, the report will appear summarizing the total budget set up by Fund, SPG/Project, Organization and Account, plus the total value of all cumulated Allotments. The total budget is shown in the "Budgeted" column and total "Allocated" is shown in the "Allotment Release" column. An excerpt from the report is as follows:

Budget Report - 2023:2023 General Fund (USD)

| Fiscal Year Starts | Fund | SPG\Project | Ministry/Agency | Account | Name | Budget Percent | Budgeted | Allotment Release | Available | Balance | Paid Percent |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Expense | 100.00 | 84,000.00 | 21,000.00 | 21,000.00 | 84,000.00 | |
| 2023 | | | | | Fiscal Year 2023 | 100.00 | 84,000.00 | 21,000.00 | 21,000.00 | 84,000.00 | |
| | 10101 | | | | General Fund | 100.00 | 84,000.00 | 21,000.00 | 21,000.00 | 84,000.00 | |
| | | 00000000 | | | non project | 100.00 | 84,000.00 | 21,000.00 | 21,000.00 | 84,000.00 | |
| | | | 010000 | | Office of the President | 100.00 | 84,000.00 | 21,000.00 | 21,000.00 | 84,000.00 | |
| | | | | 801010 | SALARIES & WAGES EXPAT | 59.52 | 50,000.00 | 12,500.00 | 12,500.00 | 50,000.00 | |
| | | | | 801013 | OVERTIME | 23.81 | 20,000.00 | 5,000.00 | 5,000.00 | 20,000.00 | |
| | | | | 801515 | AUDIT EXPENSE | 4.76 | 4,000.00 | 1,000.00 | 1,000.00 | 4,000.00 | |
| | | | | 802205 | RENTALS | 11.90 | 10,000.00 | 2,500.00 | 2,500.00 | 10,000.00 | |

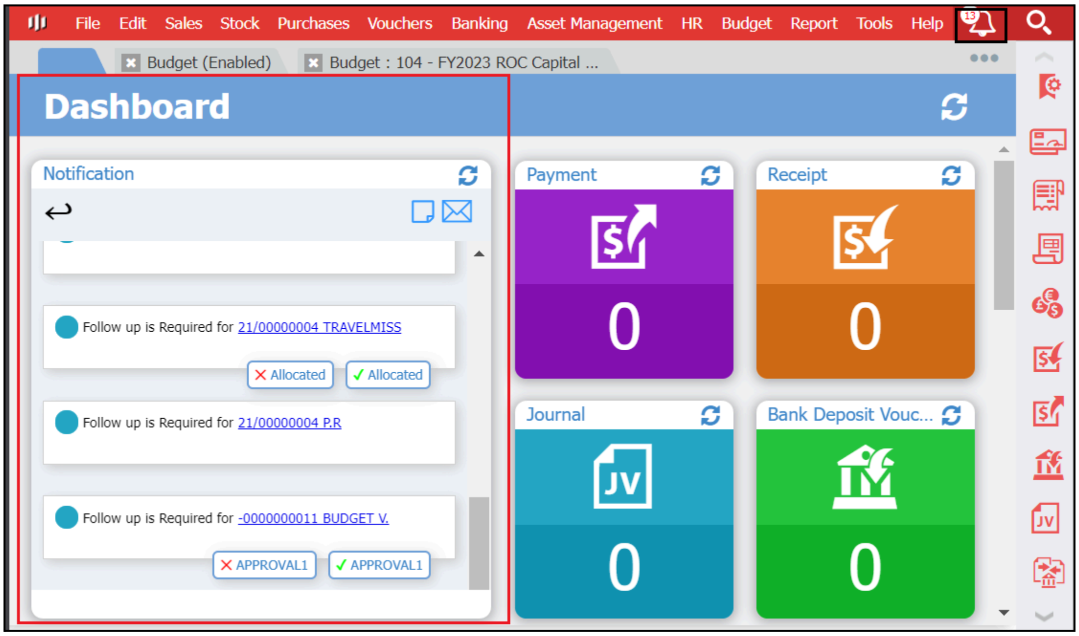
From here, you can determine if you have entered the Allotment values correctly. If not, you can click on the blue numbers that look incorrect, open up a list of the AVs that comprise the total value and select the AV that contained the error, double click on it to open, make the change then save again. If you refresh the report, the Allotment amount should now be what you expect.

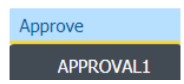
## 4.6 Finalizing the Organization Allotment Voucher

Now that you have entered the Allotment voucher for the Organization at the Fund//Organization//SPG/Project//Account level and saved, there is one review/approval/post process remaining in the workflow before the Allotment can be formally released and made effective in Bisan.

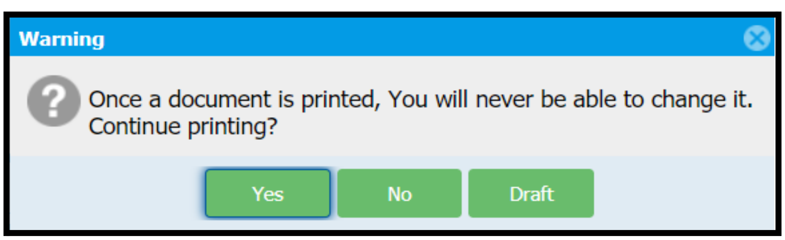
*Approval Process*

***Review/Approve/Post*** The next step is that the system has been set up so that the voucher is electronically sent to the Release 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 AV when satisfied that the Allotment 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 but 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 A for example).

## 5. Accounting Entries in BISAN

Note, the budget module (including Allotments of the budget) is separate from the General Ledger (GL), therefore, there are no accounting entries in the General Ledger when adding or editing the budget (see explanation in manual 1.1 Yearly Budget Set Up). Although the BCS is used to enter the budget, it is only used as the “link” or “bridge” between the General Ledger and Budget Ledger.

## Appendix A

Republic of the Marshall Islands
Ministry of Finance, Banking and Postal Services
Division of International Development Assistance
P.O. Box D Majuro Marshall Islands 96960
Phone No. (692) 625-5968/8311
Website: rmi-mof.com

**Copy**

**Allotment Release 2023/000001**

**10/01/2022**

**Budget** 2023 2023 General Fund
**Currency** 01 U.S. Dollar
**Fiscal Year Starts** 2023 Fiscal Year 2023
**Fund** 10101 General Fund

**SPG\Project** 00000000 non project
**Ministry/Agency** 010000 Office of the President
**Allotment Release#** Q1
**Comment**

| Account | Account Name | Change |
|---|---|---|
| 801010 | SALARIES & WAGES EXPAT | 12,500.00 |
| 801013 | OVERTIME | 5,000.00 |
| 801515 | AUDIT EXPENSE | 1,000.00 |
| 802205 | RENTALS | 2,500.00 |
| | Expense | 21,000.00 |

ADMIN 90194313338

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