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Discussion of a Worksheet on the Financial Aspect of Functions Transfer

2015

Session Objectives

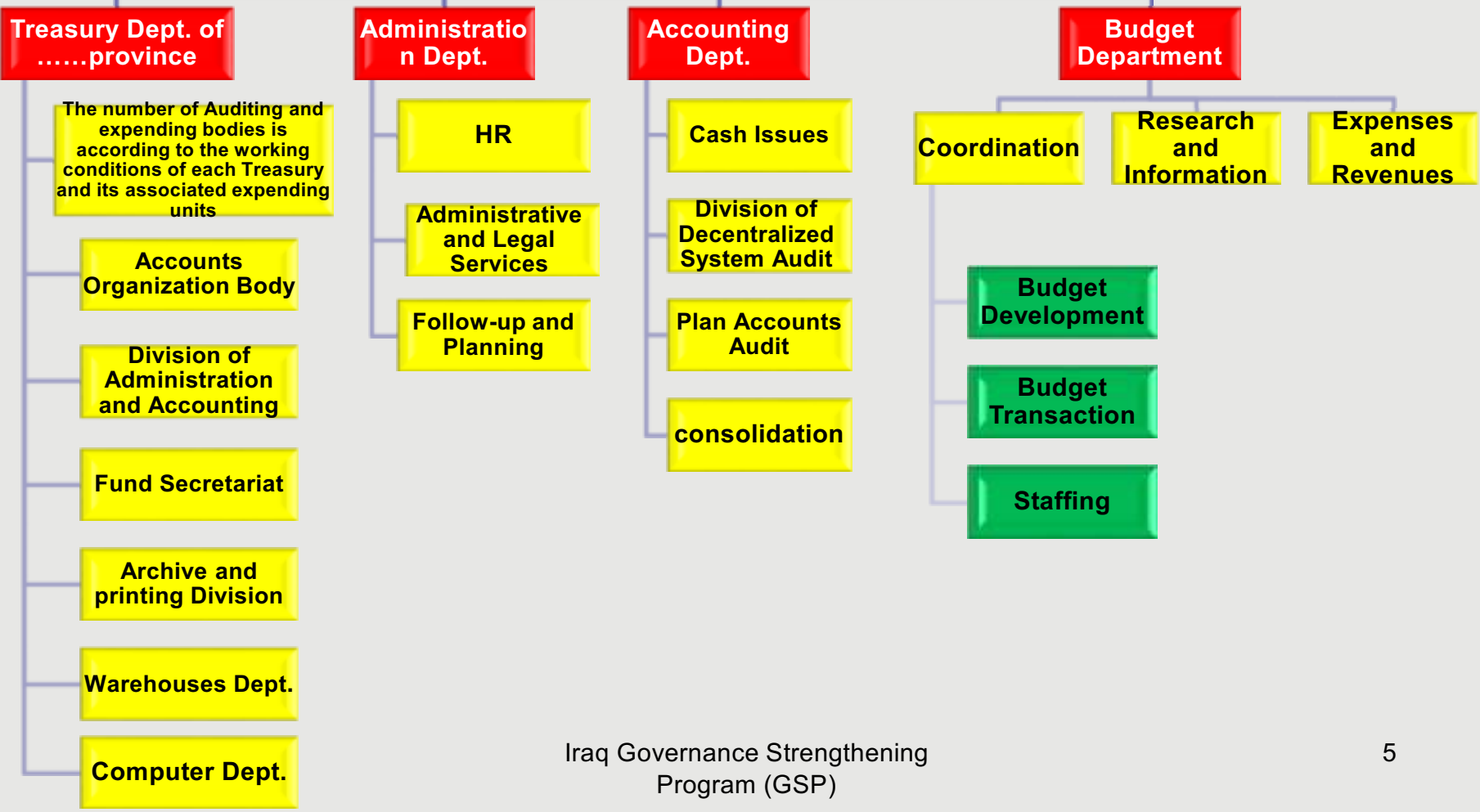
- Recognizing the financial aspects of transfer of functions, responsibilities and authorities upon implementation of Article 45 of the second amendment of the Law of Provinces not Incorporated into a Region (Law 21 of 2008), is a serious challenge for both the Federal Government and local governments.
- Explaining the direct effects of financial aspects on work progress in the Directorates which will be responsible for services delivery in the Provinces.
- Proposing a series of financial procedures that are compatible with the applicable financial rules and regulations, taking into consideration a set of improvements and procedural changes in line with the transfer of functions and powers to the provinces.

Principles and Basis of Sound Financial Management

- The Directorate of Treasury will conduct some functions of the Ministry of Finance in the Provinces. An organizational structure has been suggested for this Directorate whose name will be changed to (the Financial Affairs Directorate).
- Each Province shall have two main bank accounts (an account for the operational expenses and an account for the investment expenses). Managing and operating those accounts shall be by the provincial Financial Affairs Directorate, and all the expending units are funded by this Directorate through these two bank accounts.
- The Financial Affairs is administratively linked to the Governor and technically to the Ministry of Finance.

The Structure Proposed for the Financial Affairs Directorate for the Province serves as a Mini-Ministry of Finance in the Province.

Directorate General of Finance in Province



Tasks and Responsibilities of Departments, Sections and Units of the Provincial Financial Affairs Directorate

- I. Budget Department in the Directorate General of Finance.**
 - A. Division of Revenues and Expenses**
 - B. Division of Information and Research**
 - C. Coordination Division**
 - 1. Budget Development Unit**
 - 2. Budget Transaction Unit**
 - 3. Staffing Unit**

Tasks and Responsibilities of Departments, Sections and Units of the Provincial Financial Affairs Directorate

2. Accounting Department in the Directorate General of Finance.
 - A. Division of Cash Issues
 - B. Division of Decentralized System Audit
 - C. Division of Plan Accounts Audit
 - D. Consolidation Division

Tasks and Responsibilities of Departments, Sections and Units of the Provincial Financial Affairs Directorate

3. Administration Department in the Directorate General of Finance.
 - A. HR Division
 - B. Division of Legal and Administrative Services
 - C. Division of Follow-up and Planning

Tasks and Responsibilities of Departments, Sections and Units of the Provincial Financial Affairs Directorate

4. Treasury Department

- A. Division of Spending and Auditing Body (their number is according to the working conditions of each Treasury and its associated spending units)
- B. Division of Accounts Organization Body
- C. Division of Administration and Accounting
- D. Division of Fund Secretariat
- E. Archive and Printing Division
- F. Warehouses Division
- G. Computer Division

Procedures to fund Provincial Expending Units

1. An Expending Unit shall submit the funding request to the provincial Financial Affairs Directorate
2. The Funding request is submitted with the following:
 - A trial balance for the last month containing tables of expenses and revenues.
 - A statement of current account for the expending unit at the Bank for the last 5 days starting from the date of the funding request.
 - A statement of reconciliation of current accounts is submitted based on the sample adopted in the instructions of (decentralized) Governmental accounting system.
 - If the funding request concerns the current expending, it will be submitted to the Division of Decentralized System.

Procedures to fund the Expending Units in the Province

4. If the funding request concerns the investment expending, it will be submitted to the Plan Accounts Audit Division.
5. The trial balance with all its annexes is audited by the concerned Division to check the soundness of the financial procedures taken by the Expending Unit and review cash balance in the statement of current account upon which cash amount needed by expending unit is assessed to achieve goals and cover its expenses for the specified month.
6. The concerned Division regulates a funding form approved by the Accounting Dept. in the Ministry of Finance containing all information required for the funding process.

Procedures to fund the Provincial Expending Units Province

7. After the completion of the checking procedures, the request is referred to the Cash Division to provide cash liquidity from its bank current account after confirming that the expending unit deserves the amounts according to allocations assigned in the Province budget and cash balance available to the expending unit upon a current account statement submitted under the funding card approved by the accounting department in the Ministry of Finance, which contains all information required by the funding process.
8. After completing all procedures, the Directorate of Finance/ Cash Division will issue a spending order from its current account at the bank for amounts approved to be released to the expending unit and deposits them in its current account at the bank after identifying name of branch and account number. The Directorate of Finance will send a copy of this spending order to the GO for review.
9. When making sure that the amount is deposited in the current account of the Expending Unit and shown in the Statement of the current account, the Expending Unit will spend it to meet its financial needs.

The Ministry of Finance / Directorate of Budget shall open new items within the administrative classification of Provinces not incorporated into a region and regions to be distributed as follows:

It is considered a sample for Provinces to be decentralized.

Item	Section	Title
47		Babil Province
	01	The Provincial Council
	02	The Governor Office
	03	Directorate of Finance
	04	Babil Directorate of Health
	05	Babil Directorate of General of Education
	06	Babil Directorate of Municipalities
48		Diyala Province
	01	The Provincial Council
	02	The Governor Office
	03	Directorate of Finance
	04	Diyala Directorate of Health
	05	Diyala Directorate of General of Education
	06	Diyala Directorate of Municipalities

Thanks for Listening



Iraq Governance Strengthening
Program (GSP)

