

PRESENTATION OF *Albanian* *Government Financial* *Information System-AGFIS* FUNCTIONALITIES

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Albanian Government Financial Information System- AGFIS

Definition

Albanian Government Financial Information System is the system, through which the Government of Albania performs the entire budget execution processes and financial reporting of the State Budget.

AGFIS is build in Oracle E-Business Suite platform
On 2006- Final Acceptance of the system
(design & test)
On 2010- Fully Live Implementation of the system

Albanian Government Financial Information System

Legal Basis:

- **Law on the management of the Budget System**
(No. 9936 dated 26.06.2008)
- **Law on financial management and Internal Control**
(No. 10296 dated 08.07.2007)
- **Specific Guideline on budget execution procedures for central government that use Government financial information system**
(No. 26 dated 20.11.2012)

Albanian Government Financial Information System

Key Objectives:



- **Monitoring and managing government liquidities,**
- **Perform budget execution and accurate accounting of all government transactions (electronic audit track),**
- **Preparation of consolidated financial reports for the Government.**

Albanian Government Financial Information System Reporting

- **Operational Reports**
- **Monitoring Reports**
- **Accounting Reports**
 - Cash & Accrual bases
 - Consolidated financial reports

Advantages of Albanian Government Financial Information System

- PFM rules are technically translated into the System, hence ensures that transactions can only be made in line with the applicable rules.
- Transparency throughout budget execution (what, by whom, when).
- Almost real time information on budget execution
- Time saved on financial consolidation process and financial reporting preparation of State Budget.

Albanian Government Financial Information System

AGFIS, includes information on the financial management of the General Government of Albania. Government entities (Central Government, Local Governments and Off-budgetary funds) are established as main financial reporting entities.

AGFIS accounting solution is established on a modified accrual basis. The system is able to produce accrual-based statements and also cash basis reports– in accordance with main system settings.

All financial transactions are recorded in General Ledger in a specific accounting flexfield combination in accordance with Albanian Budget Structures and Chart of Accounts.

Albanian Government Financial Information System

The Chart of Accounts structure supports financial reporting for the Central Government, each local government entity and of-budgetary funds.

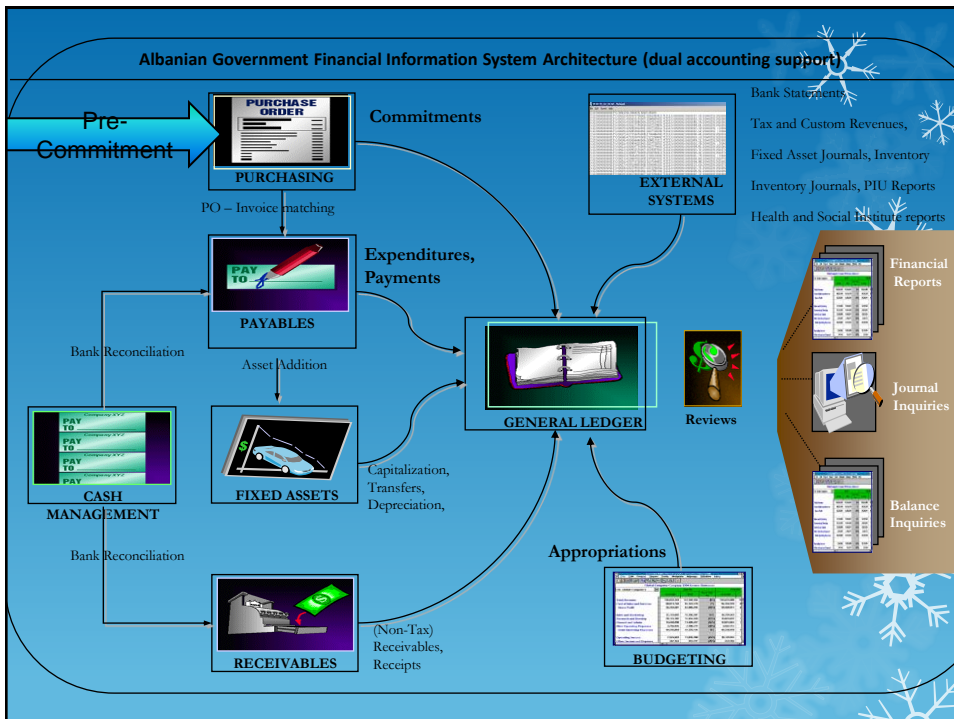
- The Budgetary accounting function in Albania ensures the connection between the budget classification and the general chart of accounts, which are unified: The budget execution is performed in the same budget structure where the budget is planned.
- The solution provides a multidimensional Chart of Accounts, which is designed to meet financial management and reporting requirements of the General Government of Albania (GoA). Design of GoA Chart of Account is implemented with Oracle Accounting Flexfield definition. Following structure is implemented:
 - Government Entity (including Central Government, Local Government and non-budgetary funds- in 3 digit level)
 - Line Ministry (2 digit level)
 - Spending unit (7 digit level)
 - Fund Source (Chapter-2 digit level)
 - Functions (5 digit level: function-2 first digit+ subfunctions-3 digit)
 - Economic Accounts (Budget is planned in 3 digit level and the execution is done in 7 digit level according to the nature of the financial transaction)
 - Subaccounts (technical code used for representing Bank Accounts, creditors for debt payments- 5 digit level)
 - Treasury Districts (-4 digit level)
 - Projects (7 digit level)

AGFIS OPERATING STRUCTURE

Government finances in **Treasury System** are run through three level operational structure, which have an on-line connection to the AGFIS, and off-line Spending Units:

Ministry of Finance – Head Office performs following main functions in the Treasury System:

- **Budgeting:** Budget implementation, Budget maintenance (Transfers, Supplementary Budgets) and Budget execution monitoring
- **Central Treasury Operations:** Cash management – Cash Forecasts, Budget Releases, Budget execution monitoring, Management of the Treasury Single Account, Registration and reconciliation of domestic and foreign debt payments/receipts, Reconciliation within second level banks and Central Bank, Registration of monthly budget execution reports from Health and Social Insurance Institutions, Project Implementation Units for Foreign Financing, Financial reporting.
- **Accounting:** Implementation of Accounting methodology, Reconciliation of accounting balances, Financial reporting
- **Treasury District Offices (TDO's) - 36 Treasury District Offices** has on-line access to the Treasury System. **Off-line Spending units** submit transactions, which are recorded into the AGFIS at the TDO site – by authorized TDO staff.
- **Spending Units accessing directly the AGFIS:** they perform themselves their budget execution and financial reporting process



Budget Module

- Budget Management
 - Budget Allocation Registration
 - Budget Revisions
 - Budget Transfers
- Treasury Plan Management
 - Revision Treasury Plan
 - Unconditional/Conditional funds release

Purchase Order Module

- **Supplier Register Management**
- **Purchasing Commitments Management**
 - **Pre-Commitment (on line BI's)**
 - Commitments**
 - Commitments Releases**
 - Standalone Purchase Orders**

Payable Module

○ Invoice Payment Management

- **Invoices** (Liabilities for goods, services, or works provided by suppliers. Supplier invoices can be based on contracts (purchase orders, releases), or can be entered as standalone transactions)
- **Credit/Debit Memos** (are used to reverse Invoice Payments, which were returned to the TSA. They are also possible if the previously paid invoice amount was returned (fully, or partially) due to inappropriate quality, or quantity of goods/services/works provided by the supplier)

○ Payment Transactions Management

- Payment Batches
- Single Payments (System-Generated)
- Single Payments (Manual)
- Refund Payments

○ Payment Bank Statements Management (TSA bank statement from BoA)

- Regular Payment Bank Statements
- Error Payment Bank Statements

Receivable Module

○ Customer/Taxpayer Register Management

- Register new Customer- (actually NA because the revenues are managed on cash bases)

○ Receivables (Accruals) Management

- Receivables Invoices (Accruals) - (actually NA because the revenues are managed on cash bases)

○ Revenue Bank Statements Management

- (BS from commercial banks. There are 15 CM and one BS for each revenue bank account) BS are sent every day from CM to The MoF Header were they are uploaded and than each TDO reconciles the respective data.

○ Revenue Distribution and Allocation

- Revenue Distribution/ Allocation (performed on TDO level and then released on MoF-Header level)

Cash management Module

- Cash Planning
 - Daily Cash Requirements
 - Manage Daily Limits (5 different types of Daily Limits)
- TSA Management
 - Manage TSA Bank Statements
 - Commercial Banks Reconciliation

Fix Assets Module

- Capitalization
- Reevaluation
- Depreciation
- Asset transfers
- Retirement
- etc

General Ledger Module

- **Subledger Transactions Accounting** (Subledger Transactions Accounting is performed in order to generate journal entries in the general ledger for transactions processed in subledgers (Purchase Orders, AP and AR Invoices, Payments, Receipts).
- **Internal Transactions/Clearings** (Internal Transfers/Grants are recorded using the GL Journal Entry functionality. The process enables execution of internal transfers without actual cash flows being done through the banking system. Settlements of internal transactions (services) within government institutions are registered using the GL Journal Entry functionality. The process enables clearing of payments / receipts between government institutions without movement of money through the banking system)
- **GL Accounting Adjustments**
 - GL Accounting Adjustments (like AP adjustments)

***Note.** In the MoF Header level is regularly performed the financial consolidation and period closing process (monthly/yearly closing) for each subledger (PO, AP, AR) and GL.*

Albanian Government Financial Information System Extension

In accordance with the Albanian PFM Strategy 2009-2013, on 2011 MoF started the Project for the Extension of AGFIS, which is still ongoing. The project is financed by European Union under IPA 2008 Funds and is implemented by Austrian Development Agency in close collaboration with Albanian Ministry of Finance (Treasury and IT).



The AGFIS extension consists on giving direct access to Line Ministries and other Budget Institutions operating online with it, so being able to record transactions/execute their budget and run financial reporting right away by themselves.



With the AGFIS extension, around 75 % of the functionalities of the system is used by Line Ministries and Budget Institutions directly!

Previously, the financial information system was only used by MoF Treasury officials, capturing transactions manually across the country through 36 Treasury District offices.

Right now, 26 % of total state budget is already executed directly by the 5 pilot institutions: Council of Ministers; Ministry of Finance, Ministry of Transport and Telecommunication; Albanian Roads Authority, NAIS-National Agency for Information Society

SETS Project - Introduction

Overall objective of SETS Project:

- To strengthen the public financial management in Albania in compliance with the European Partnership and the National Strategy for Development and Integration

SETS Project - Introduction

Purpose of SETS Project:

- To substantially strengthen the capacities of MoF, Line Ministries and large Municipalities to assure optimal financial management of government resources, and
- the expansion of the network between the MoF, TDOs, Line Ministries and large Municipalities.

SETS Project – Introduction

(Public Finance Sector Strategy 2007 – 2013)

Improve the Quality of Expenditure:

- Improving macroeconomic and fiscal forecasting
- Improving the planning and execution of public investments
- Improving the public expenditure management system
- Strengthening treasury management and control
- Strengthening accounting and the system of internal financial control across the public service
- Strengthen and institutionalize fiscal intergovernmental relations

Advantages of Albanian Government Financial Information System Extension

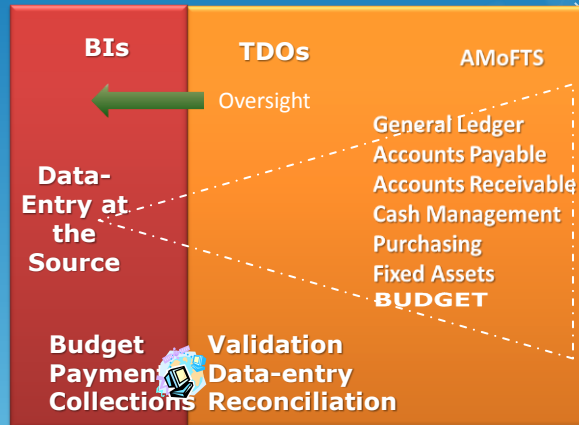
- Timely capturing of commitments and expenditures at the source.
- Accounting is done in one single system.
- Limiting data entry errors through same system usage.
- Line Ministries and other BIs have direct access to financial reports.
- Efficiency gains for both Treasury and Line Ministries and BIs.
- Line Ministries that directly access the system can monitor budget execution process of their subordinated budget institutions in real-time.

Desired Workflow Layout

Advantages:

- >data integrity
- >accuracy
- >reliability
- >reporting

Common Internal Control Framework
Chart of values
Accounting rules
Financial Reporting



Derived Benefits

- Better integration of budget planning and execution (i.e. medium-term and annual)
- Improved cash forecasting and liquidity management capabilities
- Enhanced transparency and accountability over public expenditures through reporting on budget execution
- Increased data integrity and reliability
- Ease of access to data for reporting at different levels

Albanian Government Financial Information System

Challenges ahead in line with Albanian PFM Strategy:



- Albanian Government Financial Information System Further Extension to BI's (Other 10 within 2016 and up to 100 BI's until 2020).
- Implementation of Document Management System and its integration with AGFIS.
- Integration of AGFIS with other systems (PPS, HRMS, Debt System, MTBP etc).



***THANK YOU FOR
YOUR ATTENTION!!!***

