Overview and lessons learned from implementing the cash forecasting system

AUSTRIA

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Institutional Landscape

Tax revenues, Fees,
Revenue from goods and services

Bonds, loans,
Money market transactions

OeBFA Austrian Treasury

BAWAG PSK

Treasury Single Account

Transfers,
Payments
for goods
and services

LM provide:
a) internal budget appropriations
b) monthly forecast to MoF

MoF provides budget appropriations to LM (Annual and monthly)

Bundeskanzleramt
Bundesminister für EU, Kunst, Kultur und Medien

Bundesministerium Europa, Integration und Äußeres

Bundesministerium Digitalisierung und Wirtschaftsstandort

Federal Ministry Republic of Austria Finance

BUCHHALTUNGSAGENTUR DES BUNDES

Accounting Agency double checks on:
a) Budget limits
b) Accounting

- Alle contracts, projects above a certain threshold have to be approved in advance by MoF
- Each cash transfer to an off budget entitiy has to be contractual.

ABBAG

Österreichische Sozialversicherung

VIENNA

UNIVERSITY OF VIENNA

ÖBB

Neither Ministries, nor their agencies, companies have direct access to
a) the capital markets or
b) the TSA

Procedural Landscape

LM/Budget entities send their forecast for the next month till the 19th of the actual month, than MoF has time till the 25th to review and approve/decline, final forecast has to be approved till 30th of actual month.

2018	Termin E1/A1	E2	E3/A3
Jänner	**19.**	26.	30.
Februar	**16.**	23.	27.
März	**20.**	27.	29.
April	**18.**	25.	27.
Mai	**17.**	25.	29.
Juni	**19.**	26.	28.
Juli	**19.**	26.	30.
August	**21.**	28.	30.
September	**18.**	25.	27.
Oktober	**18.**	25.	30.
November	**20.**	27.	29.
Dezember	**13.**	20.	27.

LM/Budget entities have to get an approval for their monthly budget forecast before the start of the new month

Procedural Landscape and Arrangements

- TSA Structure
  - Two bank accounts (one at a commercial bank, one at the national bank)
  - Sub accounts for all line ministries (not cash carrying, just for TSA purposes)
  - Some, minor bank accounts (embassies, schools, are all part of IT system)
- Coverage and horizon of cash plans
  - Covers currently about 500 licenses (about 150 entities, mainly ministries and their departments, police stations, schools, social security agencies are not part of the system (they are independent))
  - 80% of funds are administered by the Ministry of Social Affairs (Pensions, Unemployment Benefits, Health) and the Ministry of Education (Tertiary Education and Secondary Education)
  - One month ahead and projected final for the year end
  - Functional and economical classification
- Cooperation with the Austrian Federal Treasury Agency
  - Monthly reports about current financing needs
  - Federal Treasury Agency has about 24 Auction dates a year, where they issue or add to current bonds
  - Financing volume in total (repayments + net financing needs (cash deficit) = ca. 28-32 bn. p.a.

Procedural Landscape and Arrangements

- Sources of information (top down vs bottom up)
  - IT systems
  - Internal documents of LM/Budget Entities and MoF
- Forecasting techniques
  - Linear (e.g. salaries, rent)
  - According to legal documents (e.g. contracts, laws, regulations, etc.)
- Who are the users?
  - LM/Budget Entities
  - MoF
  - Parliament (monthly Budget execution report)

Technical Landscape

PBCT – Planning and Controlling Tool

- All entities use the same IT Tool for Planning and Controlling (PBCT)
- PBCT is connected with the Accounting System and the Budget Management System (Commitments and Budget) – daily update
- PBCT provides a functional and economical classification
- PBCT allows a lot of customizing (Deadlines, Comments, attachment of documents, or link to workflow program, export in Excel) to the needs of the budget entity
- Data provided by PBCT include (Budget, Budget Correction, Actual Budget, Result of the reporting month, result for the month before, accumulated results actual year and year before, deviations as well as Commitments, Liabilities, Receivables and residual budget)

Reporting Elements in PBCT

- Cash Budget / Cash Accounts
- Accrual Budget / Accrual Accounts
- Chances and Risk Management
- Disposal of Assets

Cash Budget / Cash Accounts

Budget

Budget corrections

Actual Budget

Actual

Remaining Budget

Commitment /Receivable

Liability / Receivable

Remaining Budget after Commitments

Weit... BMF	BVA	Budgetkorrektur	Aktuelles Budget	Erfolg	JBR	Verpflichtung/ Berechtigung	Schuld/ Forderung	JVR	Abw. absolut zum BVA
☐	15,826	0,151	15,977	15,986	-0,009	0,000	0,000	-0,009	0,000
☑	15,788	0,169	15,957	15,973	-0,016	0,000	0,000	-0,016	
☑									
☑	0,038	-0,018	0,020	0,013	0,007	0,000	0,000	0,007	
☑									

Ways of compensationg budget overrun (additional revenue, budget shift, reserves, additional deficit)

MVAG	Weit... BMF	BVA	Abw. absolut zum BVA	Mehreinz. unterjahrig § 55 (3) BHG	Mittelumsch. DB1 § 53 (1) BHG	Rücklagen-entnahme § 56 (1) und (2) BHG	Kredit Op. § 54 (6) BHG	Umschicht. zw. MVAG § 7 (2) 4e BHG	Kontrollsumme	Datum	Erläuterung
Personalaufwand	☑	17,352	100,000	15,000		15,000		30,000	40,000	18.03.2016	HHLO Eingabe

Deviation Forecast/ Budget

Control item has to balance „0“

Comments / Documentation

Chances and Risks

Functional classification

Name, # of Risk

Description / Comment

Status

Risiken

UG	#	Bezeichnung	Erläuterungen	Wahrsch.	Status	ER/FR	GB	Jahr 2018
10	Ressort 01	Risiko 1	Erläuterung 1	Mittel	Aktiv	FR Auszahlungen	10.01	2,000
						ER Aufwendungen	10.01	10,000
	Ressort 05	Risiko 5	Erläuterung 5	Hoch	Eingetreten	FR Einzahlungen	10.02	-1,000
	Ressort 10	Risiko 10	Erläuterung 10 mit neuer Zeile	Mittel	Aktiv	ER Erträge	10.03	-4,000
	Ressort 30	Hochwasser	Sehr wahrscheinlich	Hoch	Aktiv	FR Auszahlungen	10.01	50,000
						ER Aufwendungen	10.01	49,000
						FR Einzahlungen	10.01	-20,000
	Fach 01	Risiko 10	Neue Fach Erläuterung	Mittel	Aktiv	ER Erträge	10.03	22,000
	Fach 05	Risiko 5	Erläuterung 5 jetzt komplett neu!	Niedrig	Eingetreten	ER Aufwendungen		
	Fach 11	Risiko 11	Erl 11	Mittel	Aktiv	FR Auszahlungen		667,000

Propability

Budgetary impact (cash in/ outflows), financial year, amount

Legal Landscape

- Budget Law constitutes:

I. Responsibility for budget managing entites to provide a monthly forecast on expenditures and revenues on the level of detail of the budget

II. Responsiblity of the MoF to consolidate monthly forecasts and ensure financing or take counter-measures

III. Responsibility for the Accounting Agency to cross check any payment order against the appropriation and forecast

Summary

- Lessons learned
  - High Quality Planning/Controlling is driven by knowledge and trust !
  - In order to have knowledge the controlling area must be limited in scope and directly administered by an responsible unit/entity
  - IT is a means, a facilitator not the solution in itself

  - Tax revenue is the most important single item to forecast

- Current plans / developments
  - No current plans for development