Budget Execution Control and Cash Management

Lisbon

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Budget Execution Control and Cash Forecasting

Budget Execution Control	Cash forecasting and management
Related to the budget execution • Align expenses on actual revenues • Align budget execution on budgetary targets • Budgetary profiles as authorization for budgetary appropriation • Risk of confusing targets/budget controls with forecasts	Not limited to the budget period • What will happen vs. what should happen • Independent of spending limits and targets • All sources, budgetary and non-budgetary, as well as floating • Forecasting on effective incomes and payments
Controlling expense profile to ensure the fit with cash availabilities (cash rationing)	Ensuring cash release when it is needed (no cash rationing)
Identifying short-term cash surpluses and deficits	Minimizing the use of cash (paying as late as possible ?)
Establishing expenditure limits along the time: pre-commitment, commitment, payment	Liquidity management: treasury operations, debt issuance and redemption
Requires coordination between the treasury and the budget office	Usually managed separately from budget execution processes.

Budget Execution Control and Cash Management

Budget Execution Control and Cash Management Pillars

Information Pillar

Activities:

- Generating Information

  First step for Commitment Control improvement, due to lack of information on:

  - actual revenues/expenses
  - cash balances
- Collecting information
- Storing information
- Processing information (analysis and report)

Information Pillar

Generating information:

- Actual Expenses (covering all budget execution steps)
  - Budget execution local systems
- Actual Revenues
  - DCC, ECE accounting system and local systems
- Cash balances
  - TSA (Preferably real time)