



Department of Treasury and NEFC



CHART OF
ACCOUNTS

NEFC Regional workshops

Outline

- ▶ Penalties
- ▶ Chart of Accounts
- ▶ Issues
 - NEFC findings
- ▶ Way Forward



Penalties

- ▶ Breaking the law
- ▶ Withhold access to funds
 - Delayed warrant release
 - No support for additional funding
 - Shutdown the agency



Chart of Accounts

- ▶ The Chart of Accounts for Provinces, Districts, LLG and Grants was developed in 2009 and updated in 2011 to improve accountability in the provinces.
- ▶ The revised COA was compile by NEFC in consultation with, Treasury, Finance and other relevant agencies.
- ▶ Standard Chart of Accounts for all provinces



Chart of Accounts

▶ Chart of Accounts Provincial and District Expenditure Code Structure

- The PGAS Chart of Accounts coding has 14 digits as indicated below. (now increased to 22 digits)

Division			Indicator	Dist	LLG		Grant	Sector	Program	Activity	Item		
1	2	3	4	5	6	7	8	9	10	11	12	13	14

- The first 3 digits are for Division Identification. In case of Provinces, for example
 - 271– Western Province
 - 279– Western Highlands



Chart of Accounts

- ▶ The fourth digit is to indicate expenditure type 1.e.: 1 is for Recurrent and 2 is for Development (Capital Expenditure)
- ▶ Digits 5,6,7 are used to describe location where expenditure takes place, i.e.: the cost centre. These codes are specified to each Province based on the PHQ, Dist and LLG structure for example:
 - **010 Provincial Headquarters**
 - **011 District 1**
- ▶ The eighth digit is used for grant code
 - **1 Administration & Other Service Delivery Grants**
 - **Personnel Emolument Grants (staffing grant, TSC Salaries, PS leave fares, teachers leave fares & village court allowances)**
 - **Functional Grants (Health, Education, Infra maintenance, Primary Production & Village Court Ops)**



Chart of Accounts

- Local Level Government Grants
 - Urban Local Level Government Grants
 - Special Support Grant (SSG) and Mining Agreement
 - Other Economic Support Grants
 - Others: Loans, Aid, etc. through the National Government
- ▶ The ninth digit is the Function Code used to describe the expenditure sector
- 1 Administration
 - 2 Health
 - 3 Economic
 - 4 Education
 - 5 Law & Order
 - 6 Infrastructure
 - 7 Community Services
 - 8 Reserved
 - 9 Other



Chart of Accounts

- ▶ Digits 10 & 11 are used for Program, Activities and Projects and the options available for these codes are what is being outlined in this guide. The examples as indicated are the minimum priorities.
- ▶ Digits 12– 14 are for Item code
- ▶ Example
 - Activity Name: **Road Maintenance (Recurrent)**

Division	Indicator	Dist	LLG	Grant	Sector	Program	Activity	Item
288	1	1	0 0	3	6	1	3	128

- **288-1100-3613-128**



Findings on the COA

- ▶ Southern Region COA.xlsx

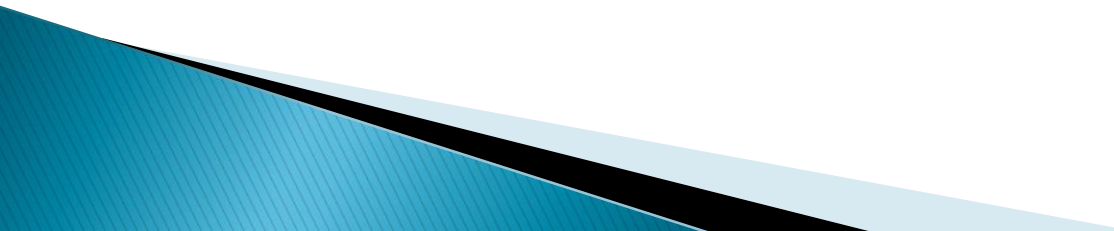
CRITERIA

Match (both Code and Activity)

Activity Description does not match the code

Both Activity and code does not exist

Highlighted issues

- One Activity Code can be used for several Activities or vice-versa
 - All Function Grant are coded as Grant type 3 except for Primary production. Only 6 provinces are using it while the rest are using Grant type 6 which is should be Special Support Grants (SSG) and Mining Agreements.
 - Most provinces are using Program names as their Activity Description which makes it hard to identify which activity.
 - The Use of Journal Entries.
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Results

- ▶ NEFC findings Chart of Accounts
 - Error on presentation of COA
 - Inconsistencies in the coding
 - Difficulties in Reporting



Way Forward

- ▶ NEFC to work together with Treasury to create a standard chart of accounts – **Error free COA**
- ▶ Provinces need to submit detailed budget with correct Chart of accounts for approval
- ▶ **Provinces need to work with Treasury and other central agencies and vice versa. We all need each other to make difference.**



Thank you

Any Questions??????

