



Budget & Accounting Classification Manual

Public Expenditure Management Strengthening Program (PEMS)
Finance Division, Ministry of Finance
Government of the People's Republic of Bangladesh

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Acronyms

ADB	Asian Development Bank
ADP	Annual Development Program
BACS	Budget and Accounting Classification System
CAO	Chief Accounts Offices
CGA	Controller General of Accounts
CoA	Chart of Accounts
COFOG	Classification of the Functions of Government
CORBEC	Committee on Reform in Budgeting and Expenditure Control
DAO	District Accounts Offices
DCA	Divisional Controller of Accounts
DGA	Demand for Grant and Appropriation
DMTBF	Deepening of Medium Term Budgetary Framework
FMRP	Financial Management Reform Programme
GoB	Government of Bangladesh
GFS(M)	Government Financial Statistics (Manual)
iBAS	integrated Budget and Accounting System (original)
iBAS++	integrated Budget and Accounting System (new)
IFAC	International Federation of Accountants
IFMIS	Integrated Financial Management Information System
IMF	International Monetary Fund
IPSAS	International Public Sector Accounting Standards
IPSASB	International Public Sector Accounting Standards Board
MDTF	Multi-Donor Trust Fund
MoE	Ministry of Education
MoHFW	Ministry of Health and Family Welfare
MoF	Ministry of Finance
MTEF	Medium Term Expenditure Framework
ODA	Overseas Donor Assistance
PFM	Public Financial Management
RIBEC	Reform in Budgeting and Expenditure Control Project
RPA	Reimbursable Project Assistance
SPEMP	Strengthening Public Expenditure Management Program
TSA	Treasury Single Account
UN	United Nations
WAN	Wide Area Network

Preface

Enhancements in Public Financial Management in Bangladesh have been progressing since the birth of the Republic. However, the present phase of reform in this sector started with formation of Committee on Reform in Budgeting and Expenditure Control (CORBEC) in 1989. CORBEC report was accepted by the Government in 1993.

On the basis of recommendation of this committee Reform in Budgeting and Expenditure Control Project (RIBEC) was launched in 1995. In addition to implementing specific suggestions on macro-economic policy issues (including budget formulation), the RIBEC project worked on rules and regulation, introduction of new digital classification chart for budgeting and accounting and automation of government accounting in the Controller General of Accounts (CGA) Office.

This was followed by the Financial Management Reform Programme (FMRP) was launched in July 2003 and was completed in September 2009. The FMRP was responsible for: Launching automated Integrated Budgeting and Accounting System (iBAS) for capturing every day transactions and accounting information of all government pay and account offices; Launching of Wide Area Network (WAN) linking 64 DCA and DAO offices and 49 CAO offices across the country for facilitating everyday accounting data transmission to CGA and Finance Division; Improved quality of Government Accounts; Introduction of automated import of debit & credit scroll data from banks performing treasury functions; and Examine and determine the CGA's Training requirement.

This, in turn, was followed by the Strengthening Public Expenditure Management Program (SPEMP). Included in this program were the Deepening of Medium Term Budgetary Framework (DMTBF) and the Strengthening of Financial Accountability Project which was launched in April 2009. The **new Budget and Accounting Classification System (BACS)** was prepared under the Deepening of Medium Term Budgetary Framework (DMTBF) and the Strengthening of Financial Accountability Project. It was developed in parallel with another area under that Project the *integrated Budget and Accounting System (iBAS++)* design and development.

This project ended on 30 June 2014. However, the Government has continued to fund finalization and implementation of both the BACS and iBAS++ under Public Expenditure Management Strengthening Programme financed by Finance Division, Ministry of Finance. The International Monetary Fund is also assisting the Government in developing and implementing the BACS under funding provided by the Government of Japan.

This new BACS Manual is in three volumes:

- **Manual** : Description of the Functionality of the new system;
- **Volume # I** : The New BACS - Detailed Codes for Organisation
- **Volume # II** : The New BACS - Detailed Codes for Operation
- **Volume # III** : The New BACS - Detailed Codes for Fund, Economic, Mode of payment, Location, Authorisation, COFOG and Budget Sector

Chapter 1: Rationale

Budget and Accounting Classification System (BACS)

1.1 The Budget and Accounting Classification System (BACS) is a logical accounting structure through which financial transactions, including budgets, are posted, stored, maintained and reported upon. It is a core element in the financial management system as it enables transactions with similar characteristics to be grouped together for budget planning, accounting, control and reporting purposes. BACS will support uniform introduction of double entry accounting. Whilst, initially, the BACS will be used to report government finances on a modified cash-basis, it has been formulated enable the future transiation to full accrual accounting.

1.2 The BACS will support better public financial management in Bangladesh by providing additional and better quality information to decision makers regarding public finances. The scope of the information available will expand, for example by enabling the gathering of information for a broader set of government entities, reporting of both financial assets and liabilities, and the ability to report on the location of spending. The quality of information will improve due to the improvements in the coding structure and introduction of double entry accounting.

1.3 The use of a structured classification system facilitates financial management, policy analysis and planning. Detailed budgeting and the recording of actual performance against the budget aids transparency of income and expenditure, allowing judgements to be formed as to the financial performance of an organisation.

1.4 The BACS has been upgraded to improve its functionality and to accommodate reporting financial information both internally and externally, including:

- **Classification of Functions of Government (COFOG):** this was developed by the United Nations Statistics Division and analyses government expenditure into ten main categories including defence, health and education;
- **Government Financial Statistics (GFS):** this was developed by the International Monetary Fund and classifies transactions of government into standardised groupings; and
- **International Public Sector Accounting Standards (IPSAS):** The International Federation of Accountants' (IFAC) International Public Sector Accounting Standards Board (IPSASB) develops accounting standards for public sector entities. Most countries have adopted IPSAS; either adopted an equivalent national standard or announced an intention to adopt IPSAS.

Conceptual Framework of the New Structure

1.5 The task of any classification system is to identify the core similarities in government operations and organize individual transactions into homogeneous categories. These categories (or code segments) can provide useful information on the nature, composition and impact of government revenues and expenditures. The categorization, thus, facilitates the analysis of government operations and activities.

1.6 A sound budget classification system follows three fundamental principles of classification:

- **Homogeneity:** Each of the classification segments should have a unique set of defining characters to which every transaction must comply:

- **Independence:** Each segment has defining characteristics that are different from and independent of, the others; and,
- **Comprehensiveness:** The definitions of each segment dimensions are complete and comprehensive.

1.7 The new BACS framework has been designed incorporating these fundamental principles. On the basis of these principles it will be possible to classify transactions in a variety of ways and unambiguously, without duplication, overlap or repetition.

Purpose of the Budget and Accounting Classification

1.8 The BACS is a system for codifying planned and actual financial transactions according to a predetermined classification framework. As an example, in its most primitive form, a BACS would be used to define whether a transaction is in the nature of a revenue or expense. Totalling all the expenses and revenues enables a surplus or deficit to be planned and recorded – a fundamental function of any organization.

1.9 A BACS has special significance for government due to the unique planning, control, transparency and accountability requirements of the public sector. The BACS defines the content (and the limits) of the information captured when financial transaction occur within the government. As almost all of the activities of government involve financial transactions, ensuring that the most appropriate set of information is collected during processing of those transactions is essential for day-to-day decision making, control and accountability at all levels of government.

1.10 In its most advanced form, accounts based on a well-functioning BACS could tell you that a particular transaction involved an amount paid out of a specific bank account to acquire a particular type of good from a certain supplier at an identified location by a specific unit of a ministry performing a defined function as part of a unique project funded from a particular source. When embedded in an Integrated Financial Management Information System (IFMIS), the BACS would support controls that ensured that this same amount – with these characteristics – was executed according to the budget planned by that ministry and approved by the government and the Parliament.

Multi-Dimensional Classification Systems

1.11 Government budgetary transactions, both expenses and revenues, can be classified in a variety of ways. The choice of budget classification systems largely depends on the needs of users who usually want different pieces of information to help them make economic, social, managerial and political decisions. It is universally acknowledged that no single budget classification system can possibly meet the divergent information demands of many different stakeholders.

1.12 In order to satisfy this demand, governments usually adopt multi-dimensional classification systems that incorporate at least four essential dimensions. These are:

- Classification by administrative unit;
- Classification by function;
- Classification by economic feature; and ,
- Classification by program.

1.13 In order to satisfy the constitutional, legal and managerial requirements of managing public finance in Bangladesh, a nine segment classification framework has been developed. The rationale for recommending a nine segment classification system and the reasons and relevance for each segment are shown in the following chapters.

1.14 The BACS, is not just concerned with classifying and recording financial transactions as it, is critical for effective budget management, including tracking and reporting on budget execution. As such, the design of the new coding regime was planned to take care of current management needs and potential future requirements.

Structure of the new BACS

1.15 The overall structure of the BACS comprises four core “posted” segments of 35 digits. These are the Organisation (11), Program (9), Fund (8) and Economic (7) segments. Posted segments, are those that involve a user of the accounting system describing their transaction using these segments at the time it is entered into the system.

1.16 In addition, Two new posted segments with additional information are consists of: the Mode of Payment(1 digit) and the Location (8 digits). There are a further three “derived” segments: Authorisation (1), Function (COFOG) (4) and Budget Sector (4). Users of BACS do not need to enter coding for these three segments as they are “derived” (produced automatically) by the system.

1.17 When using the new BACS, users should be aware that it only uses “digits” (the numbers 0 to 9). It does not use alphabet letters or any other symbols.

1.18 The following summary sets out the overall structure:

Posted Core Segments (Users to enter in iBAS)		
Segment	Digits	Purpose
1. Organisation	11	Identifies the organisational unit (Ministry/Division, Department, Operating Unit) responsible for a transaction
2. Operation	9	Identifies whether a transaction is for development or non-development purposes and, if part of an activity/ project, the activity/project to which it relates
3. Fund	8	Identifies the fund in which a transaction is recorded (Consolidated Fund, Public Account) and, for those transactions within the Consolidated Fund, identifies whether the Government, a foreign grant or a foreign loan funds the transaction
4. Economic	7	Identifies the economic nature of the transaction (tax or non-tax receipts, salaries, goods and services, grants, etc.)
Posted Additional Information Segments (Users to enter limited data as required in iBAS)		
Segment	Digits	Purpose
5. Mode of Payment	1	Identifies whether a transaction is reimbursable project expenditure or direct project assistance
6. Location	8	Identifies the location to which a transaction should be attributed
Derived Segments (Pre-defined in iBAS)		
Segment	Digits	Purpose
7. Authorisation	1	Identifies whether an expenditure transaction is voted or charged expenditure
8. Function (COFOG)	4	Identifies the purpose of a transaction according to the Classification of Functions of Government (COFOG)
9. Budget Sector	4	Identifies the budgetary sector to which a transaction should be attributed

1.19 The overall structure of the BACS has been selected based on the following design criteria:

- Legal Compliance;
- Assignment of Responsibility/Accountability;
- Mutual Exclusivity;

- Use of Hierarchy;
- Least Complexity; and
- Comprehensiveness.

These are detailed below.

Legal Compliance

1.20 A key requirement for the BACS is that it allows the Government's financial transactions to be classified and summarised in a manner suitable to meet the statutory reporting requirements determined by the Constitution and under the Comptroller and Auditor-General (Additional Functions) Act 1974. The Constitution establishes the Consolidated Fund and the Public Account of the Republic. The BACS distinguishes between the two funds through the Fund segment. The Constitution also distinguishes between voted and charged expenditure. In Authorization Segment, the BACS derives this distinction from the Organisation segment and certain economic codes, where organisation codes, representing offices and activities including debt servicing and the provision for legal settlements, are linked to voted and charged categories.

Responsibility/Accountability

1.21 The BACS within Government must be able to identify uniquely the individual budget responsibilities that are assigned within the Government's public financial management system. Where a civil servant is responsible for a budget allocation, that allocation must have its own unique account number(s) of 35 digits. Thus, it will now be possible for the government to hold managers to account for delivery of the services for which they been allocated funds via performance measurement. The individual budget responsibilities are classified according to the economic nature of the transactions that occur. For expenditure, these individual budget responsibilities are further classified by the purpose of the expenditure.

1.22 With the new BACS, a unique identification is provided through the administrative segment and the economic classification through the economic segment. The purpose of expenditure is classified using the functional segment. The other segments within the scheme are included to provide additional information for inclusion in budget papers presented to Parliament and in financial reports prepared from the accounting system.

1.23 Examples of this coding are to be found in Appendix 2.

Mutual Exclusivity

1.24 To ensure that reporting capabilities are maximised within a workable number of digits, the segments have been designed to be mutually exclusive. Mutual exclusivity ensures that there is no duplication or overlap across segments. Each segment can stand alone in representing discrete and logical information about a financial transaction. Further, each segment can be combined with other segments to provide sophisticated and detailed information about a financial transaction. Examples of this coding are to be found in Appendix 2.

Hierarchy

1.25 The new BACS uses hierarchical numbering within each segment. For example, the Organisation Segment is based on Type of Public Entity, Ministry/Division, Department within Ministry/Division, Operational Group within Department and Operating Unit within Operational Group. This hierarchical approach permits the introduction of additional organisational units within a Ministry without the need to

re-number existing organisational units. Similarly, new types of economic transactions can be introduced without undermining the overall structure of the economic classification.

1.26 A hierarchical approach provides flexibility to accommodate future changes without requiring a fundamental change to the underlying structure of the BACS. This provides stability in the scheme that facilitates year on year comparisons. Such comparisons are important for both budget presentation and financial reporting.

Least Complexity

1.27 A further requirement for the new BACS is that the number of digits used is the minimum required for internal and external reporting requirements. As the account numbering system expands, the probability of coding error increases. In these circumstances, the aim of achieving greater precision trades off against potential increases in classification errors. BACS design must therefore focus on meeting diverse reporting requirements with the minimum length of classification numbering. The introduction of the IBAS++ system supports expanding the number of digits in the BACS (compared to the existing system) as it enables certain segments to be derived and use of software tools that simplify the coding of transactions (including drop-down lists, defaults, and memory of prior coding for each user). In IBAS++, users will not be required to memorise long coding strings. In this way, the number of digits could be expanded whilst also achieving simplification for users.

Comprehensiveness

1.28 The complete set of accounts defined in the BACS make up the Government's general ledger, which is used to provide budget and accounting control together with reporting capability for the Government. The BACS must therefore cover the full range of economic transactions for all institutional units within the public sector. As well as meeting the criterion of least complexity, the BACS must also be comprehensive.

1.29 The following Chapters of this manual set out the details of the new BACS including the values used in each of the segments along with the descriptions necessary to guide the reader in properly classifying the transactions of Government.

1.30 Appendix 1 provides a Glossary of Terms and Naming Conventions used in this manual; Appendix 2 provides examples of segment coding; and Volume # 1 – 3 provides more details of the new BACS.

Chapter 2: New Classification Structure

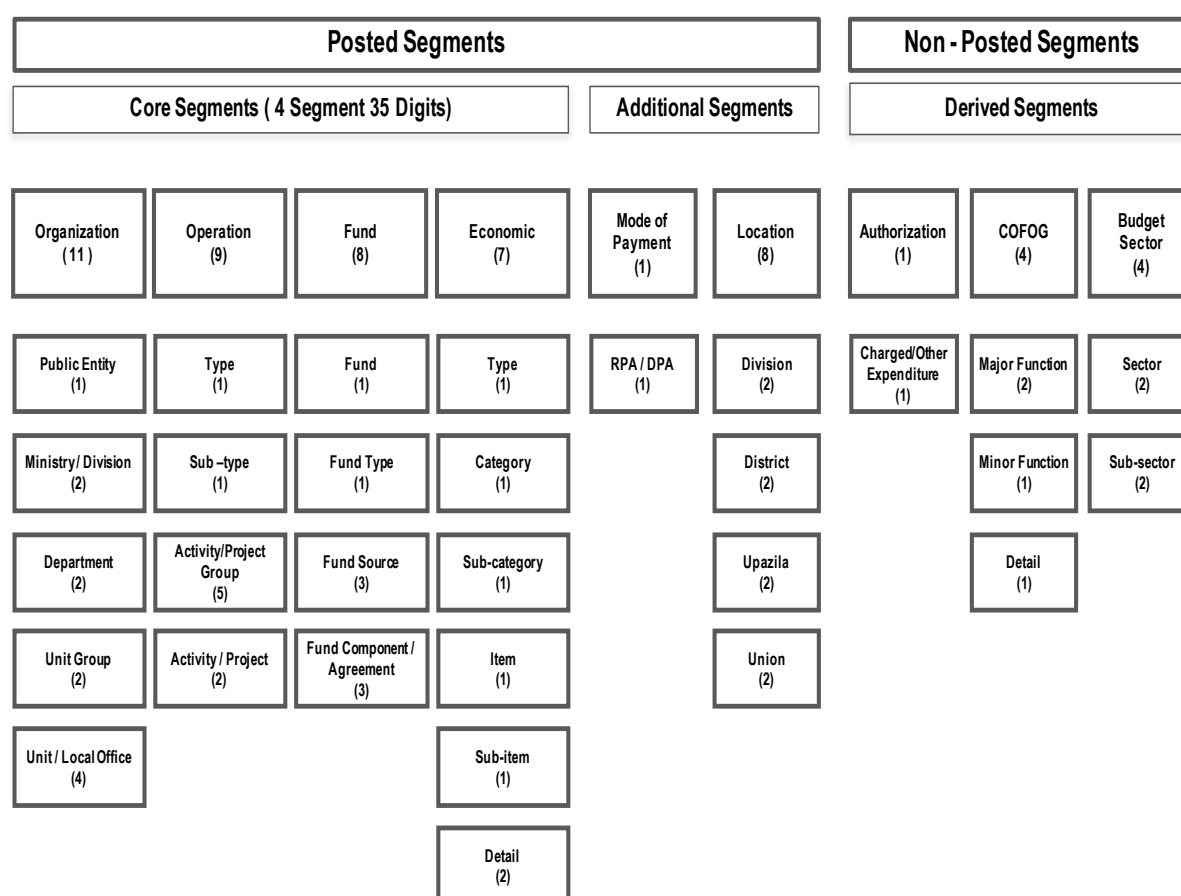
Introduction

2.1 Based on an in-depth evaluation of the present BACS code, discussions with stakeholders and an assessment of international best practice, a new classification structure has been designed.

2.2 The following budget classification framework overcomes significant weaknesses in the existing code framework, provides additional enhancements to accommodate district-centric budget estimates, allows for the possible adoption of program budgeting and permits the Government of Bangladesh to meet international reporting standards and practices.

New Coding Structure

2.3 A diagram of the classification that includes code segments, coding requirements and the precise nature of the connection between these segments is given below.



2.4 This diagram shows the major classification segments and the coding space (digits are shown in parenthesis) assigned to each BACS segment. This structure will amply accommodate fund, legal, organization, function, project, recipient, location and economic data.

Segments

2.5 The segments of the new structure and their coding requirements are shown here:

- **Organization:** an eleven (11) digit code;
- **Operation:** a nine (9) digit code;
- **Fund:** an eight (8) digit code;
- **Economic:** a seven (7) digit code;
- **Mode of Payment:** a one (1) digit code
- **Location:** an eight (8) digit code;
- **Legal/Authorization:** one (1) digit code;
- **COFOG:** a four (4) digit code; and
- **Budget Sector:** a four (4) digit code.

2.6 The mutually exclusive nature of the segments means that the various components of the BACS regime are standardized. Each financial transaction will be classified only once in the system and is identified with a unique code. Examples of the use of BACS codes appear in Appendix 2 and the complete Budget and Accounting Classification codes in Volume #1 - 3 of this manual.

Chapter 3 Organisation Segment

3.1 The Government of Bangladesh currently comprises 59 **Ministries and Divisions**. These Ministries and Divisions contain various **Directorates/Departments** and, within those Directorates/Departments, there are various **Subordinate Offices/Operational Groups**. Some of these Subordinate Offices/Operational Groups can contain within them further **Field Offices/Operating Units**. Budget authority and accountability is allocated out to the appropriate Administrative Unit to enable them to pursue Government objectives by delivering public goods and services to the community.

Purpose

3.2 The purpose of the **Organisation Segment** is to identify the Administrative Unit responsible for a particular budget or transaction. This is a key accountability requirement for assigning budgetary responsibility and for classifying the Government's financial transactions.

Structure

3.3 The **Organisation Segment** comprises five dimensions:

Organisation Segment				
Public Entity (X)	Ministry/Division (XX)	Directorate/Department (XX)	Subordinate Offices/Operational Groups (XX)	Field Offices/ Operating Units(XXXX)

3.4 It is important to note that, because of relative numbering, the full eleven digits of the segment are required to identify a particular Operating Unit uniquely.

Description

3.5 The following table sets out descriptions of the individual dimensions within the **Organisation Segment**. A detailed list of all possible values is included in Volume #1 of this Manual.

Level	Dimension	Description
Level 1	Public Entity Type: <ul style="list-style-type: none"> Budgetary Central Government (1) Extra Budgetary Central Government (2) Local Government (3) Other General Government (4 and 5) Public Non-financial Corporations (6) Public Financial Corporations (7) 	<p>The Government Finance Statistics Manual provides for the compilation of statistics for the Public Sector which, for Bangladesh, includes central government (both budgetary and extra budgetary), local government, public non-financial corporations and public financial corporations. The Organisation Segment is capable of recording the transactions of all of these institutional units in the long term.</p> <p>The first digit of the segment is therefore used to identify the type of institutional unit that the organisation represents. A key distinction is drawn between market and non-market producers. General Government Units provide goods and services to the community on a non-market basis and redistribute income and wealth.</p> <p>Public Corporations are market producers, which sell goods and services at economically significant prices.</p>

Level	Dimension	Description
		More detailed guidance on the distinction between the various institutional units that make up the public sector is given in the Government Finance Statistics Manual.
Level 2	Ministry/Division/Other Offices: summary of all Directorate/Department within a ministry	Ministry/Division/ Other Offices means the Ministries and Divisions that make up the Government of Bangladesh. For example: <ul style="list-style-type: none"> • Office of the President (01); • Parliament Secretariat (02); • Office of the Prime Minister (03); • Bridges Division (59). (a complete list is in Volume #1 of this Manual)
Level 3	Directorate/Department: summary of all Subordinate Offices/Operational Groups within a Directorate/Department	Directorate/Department means a major organisational section within a Ministry or Division, established to deliver a common group of services or other public goods. For example: <ul style="list-style-type: none"> • Agriculture Secretariat (01); • Department of Agricultural Extension (02); • Plant Protection Department (03); • Agricultural Education and Training (04); • Seed Certification Agency (05); • Agricultural Information Office (06); • Department of Agricultural Marketing (07); and • Soil Resource Development Institute (08);
Level 4	Subordinate Offices/Operational Groups: summary of all Field Offices/ Operating Units with the Group	Subordinate Offices/Operational Groups means a smaller organisational section/group within a Directorate/Department. For example within the Department of Agricultural Extension there is: <ul style="list-style-type: none"> • Head Office (01); • Cash Crop Division -Tobacco and Jute (02); • Food Crops Division (03); • District Agriculture Offices (40); and • Upazila Agriculture Offices (50).
Level 5	Field Offices/ Operating Units	Field Offices/Operating Units means the smallest organisational section within a Subordinate Office/Operational Group. For example: <ul style="list-style-type: none"> • Dohar Upazila Agriculture Office (2175); • Keraniganj Upazila Agriculture Office (2188); • Nawabganj Upazila Agriculture Office (2195); and • Savar Upazila Agriculture Office (2203).

Examples of Organisation Segment

L 1	L 2	L 3	L 4	L 5	Description
X					Public Entity
	XX				Ministry / Division
		XX			Department
			XX		Subordinate offices/Operational Group
Example				XXXX	Operational Unit / Field Office
1					Budgetary Central Government
	25				Ministry of Education
		01			Education Secretariat
			01	0000	Secretariat
					Complete Code 12501010000
		02			Directorate General of Secondary & Higher Education
			01	0000	Head Office
			40		District Education Offices
				1001	District Office- - Barguna
					Complete Code 12502401001
			50		Upazila Education Offices
				2001	Upazila Office- Amtali
					Complete Code 12502502001

Chapter 4 : Operation Segment

4.1 The Government undertakes various activities that can be grouped together based on the common purpose they serve. The **Operation Segment** is used to identify and group the transactions of activities with a similar purpose into activities, schemes and projects.

Purpose

4.2 A purpose of the Operation Segment is to provide information on the exact cost of the Government policy objectives and services it delivers. The purpose of the OperationSegment is to identify and group the transactions of activities with a similar purpose into activities and projects.

4.3 The OperationSegment also differentiates between Development and Non-development Expenditure. Within development expenditure a separate series of project numbers are used to distinguish between ADP (Annual Development Program) Expenditure and Non-ADP projects and schemes. The OperationSegment has nine digits which are divided into four discrete levels.

4.4 Operations are typically broken down into sub-operation, Group activities/projects and activities/projects details to better define how the funds will be spent. Operational classification of expenditures is important from the point of the Government's decision making process, as it allows for the decisions on where to spend the limited available resources to be made based on whether that operation will achieve the national policies and priorities for the upcoming year, as well as whether the operation has been achieving the planned results in the past.

4.5 Department needs to be completed certain form for each new activity, scheme and project. Based on the information provided by the department, the appropriate activity, scheme and project code number will be issued.

Structure

4.6 The **Operation Segment** comprises three dimensions:

Operation			
Type (X): Distinguishes between those activities, schemes and projects that are intended to promote economic growth and development and those which are not related to development	Sub-type (X): Indicates the kind of activity, scheme and project within the operation	Group Activity/Scheme/Project (XXXXX): A sequential number issued for all activities, schemes and projects group	Activity/Scheme/Project Number (XX): Used to identify each individual activity, scheme and project, allowing up to 99 - activities, schemes and projects for each group of activity/ scheme / project.

Description

4.7 The **Operation Type Indicator** is used to distinguish between those activities, schemes and projects, that are intended to promote economic growth and development and those which are not related to development and that are funded from the Revenue Budget. Values for the Development/Non Development Indicator are:

Operation Type Indicator	
1	Operating Activities: all recurrent financial transaction that do not relate to development project or scheme
2	Development Activities: a scheme/project which is related to development

4.8 The **Sub-Operation Type Indicator** indicates the type of activity/scheme/project within the operation group. The values used are:

Sub-program Type Indicator	
Operating Activities	1 General Activity: ongoing day to day recurrent activity i.e.salary 2 Special Budgetary Activity: a discrete ongoing operation within Operating Activity 3 Support Activity: providing operational support to a specific organisation/fund
Development Activities	1 Non-annual Development Program: operations which are not part of the ADP 2 Annual Development Program: operations which are part of the ADP of the Government.

Operational Classification

4.9 The table below provides a detailed example by Level.

Operational Classification 3				
Type	Sub-type	Activity/ Project Group	Activity/ Project	Description
Level 1	Level 2	Level 2	Level 4	
1 digit	1 digit	5 digit	2 digit	
1				Operating Activities
	11	1100000	110000000	General Activity
	12	1200000	120000000	Special Budgetary Activity
	13			Support Activity
		1310000	131000000	Extrabudgetary Central Government
		1320000	132000000	Extrabudgetary Fund
		1330000		Local Governments
			133010000	City Corporation
			133020000	Hill Tracts Regional Council
			133030000	Local Government Parishad
			133400000	Zila Parishad
			133100000	Pourashava / Municipality
			133200000	Upazila Parishad

			133300000	Union Parishad
		1340000	134000000	Public Non Financial Institutions
		1350000	135000000	Public Financial Institutions
		1360000	136000000	Non Government Private Organizations
		1370000	137000000	Foreign Governments & International Organizations
		1380000	138000000	Others
2				Development Activities
	21			Non-Annual Development Program
		2110000	211000000	Food for Works Program & Transfer
		2120000	212000000	Non ADP Special Project
		2130000	213000000	Scheme
	22			Annual Development Program
		2210000	221000000	Reserve for unapproved A.D.P Projects
		2220000	222000000	ADP- Study Project
		2230000	223000000	ADP- Technical Assistance Project
		2240000	224000000	ADP- Investment Project

4.10 The Planning Commission acts as expert adviser to the Government on development matters. The Planning Commission appraises project proposals prepared by implementing agencies and submitted to it by line Ministries. Where a project proposal is approved, the Line Ministry will apply to the Finance Division for the issue of a **Project Number**. Usually as part of the budget process, Finance Division allocates a sequential project number from the series reserved for ADP projects.

4.11 Appendix 2 to this Manual provides an example of using code number for a project.

4.12 For activities, schemes and projects that are not included in the Annual Development Program, Finance Division will also allocate a sequential **Activity/Scheme/Project Number** from the series reserved for Non-ADP projects and Operating Activities.

4.13 These numbers are used thereafter to identify that Activity/Scheme/Project. The number is retained for the life of a activity/scheme/project and may not be re-used until at least three years after completion of the activity/scheme/project.

4.14 Projects/activities/schemes may also have group. This group facility is used where development partners may have particular reporting requirements or where separate agencies are responsible for undertaking different aspects of the same project. Two further digits, the **detail activity/ project Number**, are used to identify activities, projects and programs, allowing up to 99 activities, schemes or projects or for a group activity or project. A detailed list of all existing activities, schemes and projects is included in Volume #2 of this Manual.

Examples

Operational Classification				
Type	Sub-type	Activity/ Project Group	Activity/ Project	Description
Level 1	Level 2	Level 2	Level 4	
1 digit	1 digit	5 digit	2 digit	
1				Operating Activities
	11	1100000	110000000	General Activity
			31111	Officers' pay
	12	1200000	120000000	Special Budgetary Activity
			120000200	Elections
	13			Support Activity
		1310000	131000000	Extrabudgetary Central Government
			131000200	Bangladesh Economic Zones Authority
		1320000	132000000	Extrabudgetary Fund
			132000700	Equity Development Fund-IT
		1330000		Local Governments
			133010100	Dhaka North City Corporation
		1340000	134000000	Public Non Financial Institutions
			134001400	Bangladesh Chemical Industries Corporation
		1350000	135000000	Public Financial Institutions
			135000200	Agrani Bank Limited
		1360000	136000000	Non Government Private Organizations
			136002300	BishwaSahitya Kendra
		1370000	137000000	Foreign Governments & International Organizations
			137000300	ADB (Asian Development Bank)
		1380000	138000000	Others
2				Development Activities
	21			Non-Annual Development Program
		2110000	211000000	Food for Works Program & Transfer
			211000200	Development of Rural Infrastructure (Earth work) (Non-ADP)
		2120000	212000000	Non ADP Special Project
			212004900	National Service
		2130000	213000000	Scheme
			213000200	Parliament Bangladesh Television
	22			Annual Development Program
		2210000	221000000	Reserve for unapproved A.D.P Projects
			221000125	Reserve for Ministry of Education
		2220000	222000000	ADP- Study Project
			222000100	Feasibility Study of Surface Water Treatment Plant for Rajshahi WASA
		2230000	223000000	ADP- Technical Assistance Project
			223000300	Access to Information (II)
		2240000	224000000	ADP- Investment Project
			224001100	Establishment of Election Resource Centre

Chapter 5: Fund Segment

5.1 The majority of the revenue collected by government agencies is allocated to the Consolidated Fund and is available to finance the general budget subject to the appropriations authorised by Parliament. However, there are other funds which come from a specific source and are restricted in their use. For example, grants and loans from development partners are often restricted to specific purposes. Such funds may also include Government funds that - according to a specific law - are received from a particular source and, as a result, can only be spent for a particular purpose for which they are ear-marked. General Government and Development Partners are the fund sources for the Consolidated Fund; while Trust Fund receipts and payments and Special Deposits are fund sources for the Public Account.

Purpose

5.2 The purpose of the **Fund Segment** is to identify and control where funds will be drawn from at the time a payment is made. The segment distinguishes between the transactions of the **Consolidated Fund** and the transactions of the **Public Account**. Within the Consolidated Fund, the fund segment also distinguishes between transactions using funds that are restricted for various reasons and transactions using funds that are not restricted. Finally, for funds that are restricted, the fund segment also identifies the development partner and the particular financing agreement to which a transaction relates.

Structure

5.3 The **Fund Segment** comprises four dimensions:

Fund Segment			
Fund (X)	Fund Type (X)	Fund Source (XXX)	Fund Component (Agreement) (XXX)

Description

5.4 The following table sets out descriptions of the individual dimensions within the **Fund Segment**. A detailed list of all possible values is included in Volume #3 of this Manual.

Dimension	Description
Fund: a stock of money used for a common purpose	Identifies the funds operated by the Government. The Funds are: (1) Consolidated Fund: Constitution section 84. (1) All revenues received by the Government, all loans raised by the Government, and all moneys received by it in repayment of any loan, shall form part of one fund to be known as the Consolidated Fund; (2) Public Account of the Republic: (2) All other public moneys received by or on behalf of the Government shall be credited to

	<p>the Public Account of the Republic;</p> <p>(3) Own Source Fund: internally raised funds by government entities operating in the marketplace, which do not form part of the Public Account; and</p> <p>(4) Other Funds: funds not included above.</p>
Fund Type: stocks of money used for specific purposes within Funds	<p>Identifies Fund Types within the funds identified above.</p> <p>Consolidated Fund:</p> <p>(11) General Fund;</p> <p>(12) Foreign Grant;</p> <p>(13) Foreign Loan;</p> <p>(14) Domestic Grant;</p> <p>(15) Domestic Loan;</p> <p>(16) Other Specific Purpose Funds; and</p> <p>(17) Inter-ministerial Receipts.</p> <p>Public Account:</p> <p>(21) Deposits</p> <p>(22) Trust Fund</p> <p>Own Source Fund:</p> <p>(31) Own Source Revenue Fund;</p> <p>(32) Foreign Grant;</p> <p>(33) Foreign Loan;</p> <p>(34) Domestic Grant;</p> <p>(35) Domestic Loan;</p> <p>(36) Central Government Grant;</p> <p>(37) Central Government Loan;</p> <p>(38) Own Resources Outside Approved Budget; and</p> <p>(39) Others.</p> <p>Other Funds:</p> <p>(41) Specific Purpose Funds;</p> <p>(42) Mutual Fund; and</p> <p>(43) Own Resources Outside Approved Budget.</p>
Fund Source: identifies the source of money within funds.	<p>Identifies the particular Funding Source.</p> <p>Public Sector Source :</p> <p>11001 Own Source Revenue</p> <p>11002 Budget Support (as Sector Support)</p> <p>11003 Special Budget Fund</p> <p>11004 Reserve Fund</p> <p>14000 Domestic Grant</p> <p>14000 Domestic Loan</p> <p>16001 Reserve Fund</p> <p>16002 Government Fund</p> <p>16003 Pension Management Fund</p> <p>16004 Debt Management Fund</p> <p>16005 Subsidy Management Fund</p> <p>16006 Asset Management Fund</p> <p>16007 Currency Management Fund</p> <p>16008 Emergency Management Fund</p> <p>16009 Revolving Fund</p> <p>17000 Interministerial Receipts</p> <p>21001 Deposits Bearing Interest</p> <p>21002 Deposits not Bearing Interest</p> <p>21003 National Savings Schemes</p> <p>22001 General Provident Fund (Civil)</p> <p>22002 General Provident Fund (Defence)</p> <p>22003 General Provident Fund(Railway)</p> <p>22004 General Provident Fund(Postal)</p> <p>22005 General Provident Fund(T&T)</p>

	<p>22006 Contributory Provident Fund 22007 Welfare Fund 22008 Relief Fund 22009 Employee Benevolent Fund 22010 Employee Group Insurance Fund 31001 Own Source Revenue 31002 Budget Support (as Sector Support) 31003 Special Budget Fund 31004 Reserve Fund 31005 Pension Management Fund 31006 Debt Management Fund 31007 Subsidy Management Fund 31008 Asset Management Fund 31009 Currency Management Fund 31010 Emergency Management Fund 31011 Revolving Fund 31012 Other Source 32000 Foreign Grant 33000 Foreign Loan 34000 Domestic Grant 35000 Domestic Loan 36000 Central Government Grant 37000 Central Government Loan 38001 Reserve Fund 38002 Revolving Fund 38003 Other Source 39001 Other Fund Source 41001 Specific Purpose Fund 42001 Mutual Fund 43001 Own-Resources Outside Approved Budget</p> <p>Foreign Governments/ Foreign Governments'Organisation (001 – 199) International Organisations (200 to 399) International Financial Corporations (other than Int. Org.) (400 to 599) Multi-Donor (600 to 699) Others (700 to 999) <i>Detail list of fund source is included in Volume # 3</i></p>
Fund Component (Agreement)	<p>Identifies the particular Financing Agreement under which the development partner has made the funds available:</p> <p>Grant Agreements (001 – 999): grants are where funds do not have to be repaid by the GoB</p> <p>Loan Agreements (001 – 999): loans are where funds are borrowed and have to be repaid – usually with added interest. NB Grant and Loans are number from 001 within donor organisation. The Funding Source makes each of the above unique. For example</p> <p>12004 – 001: Australian Grant for Primary Education Development Program 13025 – 003: Japanese loan for Jamuna Fertilizer Project</p>

Examples

L 1	L 2	L 3	L 4	Description
X				Fund
	X			Sub-fund
		XXX		Development Partner
			XXX	Financing Agreement
1				Consolidated Fund
	1			General Fund
		001		Own Source Revenue
			000	No financing agreement
				Complete Segment 11001000
1				Consolidated Fund
	3			Foreign Loan
		201		Asian Development Bank
			016	Natural Gas Development- 0506-Ban(SF)
				Complete Segment 13201016

Chapter 6: Economic Segment

6.1 The Economic Segment classifies transactions by the economic impact of those transactions. Different inputs have different economic impacts and the Economic Segment classifies according to those different impacts. For example, where the Government purchases inputs to deliver services to the community (salaries, goods etc.), the Economic Segment classifies those purchases according to the type of input being purchased. Similarly, where Government raises revenue, the Economic Segment classifies the revenue according to its type (taxation, sale of goods etc.).

Purpose

6.2 The purpose of the Economic Segment is to facilitate accounting, reporting and control in accordance with international standards. It also provides data about Government receipts and payments in a form useful for macro-economic modelling and the preparation of the national accounts.

Structure

6.3 The Economic Segment comprises two dimensions:

Economic Segment					
Type	Category	Sub - Category	Item	Sub – Item	Detail
(X)	(X)	(X)	(X)	(X)	(XX)

6.4 Values for the Economic Type dimension are:

Account Type		
1	Recurrent Revenue	Cash Inflow
2	Capital Revenue	Cash Inflow
3	Recurrent Expenditure	Cash Outflow
4	Capital Expenditure	Cash Outflow
5	Holding Gains / Losses	Gains and Losses in Financial Assets and Liabilities
6	Volume Changes	Gains and Losses in Assets and Liabilities
7	Assets	Inflows, Outflows and Stock of Assets
8	Liabilities	Inflows, Outflows and Stock of Liabilities
9	Net Financial Worth	Financial Asset minus Liabilities

6.5 The Economic Segment allows for the preparation of the accounting and statistical reports required by Government.

Description

6.6 The economic classification is designed to support double entry accounting. The economic classification includes the balance sheet items of financial assets and debt liabilities as well as the revenue and expenditure codes. This enables both stocks and flows associated with government transactions to be tracked.

6.7 The balance sheet includes financial assets and liabilities and thus reflects a modified cash basis of accounting.

The value of financial assets minus liabilities indicates the Net Financial Assets of the Government.

$$\text{Financial Assets} - \text{Liabilities} = \text{Net Financial Assets}$$

Movements in the net financial asset position can result from revenue transactions (that increase net financial assets) or expenditure transactions (that decrease net financial assets). In the Chart of Accounts, revenues are coded with a prefix of 1 and 2 and expenditures are coded 3 and 4.

6.8 In addition, changes in the net financial asset position can occur as a result of changes in the value or volume of financial assets or liabilities that result from events other than transactions. For example, the value of financial assets held in a foreign currency (in our embassies for example) can change as a result of movements in exchange rates. These Other Economic Flows, which see the value of assets and liabilities change as a result of events other than transactions, are coded with a prefix of 5 (value changes) and 6 (volume changes).

6.9 Transactions can also occur which change the composition of the balance sheet without changing the net financial assets position. For example, borrowing money will increase both the stock of cash at the bank and the stock of debt and not result in any change in the net financial asset position. These types of transactions are not recorded as revenues or expenditures as they do not change the net financial assets position. The movements in assets and liabilities are however recorded in the accounts as changes in the stock of assets and liabilities and reflected in the balance sheet.

6.10 The chart of accounts has been developed so that, in future, the Government can account for a full balance sheet, which includes financial assets as well as non-financial assets and all liabilities (including pensions). Full accrual accounting will need to be adopted to account for all changes in a full balance sheet. The structure of the economic classification will change during the transition to accrual accounting – particularly for transaction and flows relating to capital expenditure and non-financial assets but the Chart of accounts has been designed so that these changes can be readily accommodated with minimal changes to coding. Distinguishing between recurrent and capital revenues (1 vs 2) and expenditures (2 vs 3) has been done in part to accommodate this future change.

6.11 The following table sets out the coding structure of the economic classification segment:

Account Category	Title	Description
1XXXXXX	Revenue	Revenue is the gross inflow of economic benefits or service potential to the Government during a reporting period
11XXXXX	Taxes	Compulsory transfers to the general government sector, excluding fines, penalties, and most social security contributions
111XXXX	Taxes on Income, Profit and Capital Gains <ul style="list-style-type: none"> Payable by Individuals Payable by Corporations and Other Enterprises 	Taxes on income, profits, and capital gains generally are levied on: <ul style="list-style-type: none"> Wages, salaries, tips, fees, commissions, fringe benefits, and other compensation for labor services Interest, dividends, rent, and royalty incomes Capital gains and losses, including capital gain distributions of investment funds Profits of corporations, partnerships, sole proprietorships, estates, and trusts Taxable portions of social security, pension, annuity, life insurance, and other retirement account distributions Miscellaneous other income items.
112XXXX	Taxes on Payroll and Workforce	Reserved for Future Use
113XXXX	Taxes on Property <ul style="list-style-type: none"> Land Development Tax Wealth Tax Gift Tax 	Taxes levied: <ul style="list-style-type: none"> Regularly on the use or ownership of immovable property, which includes land, buildings, and other structures Regularly on net wealth, which is usually defined as the

	<ul style="list-style-type: none"> Property Transfer Tax 	<p>value of a wide range of movable and immovable property less liabilities incurred on that property</p> <ul style="list-style-type: none"> On transfers of property at death and on gifts
114XXXX	<p>Taxes on Goods and Services</p> <ul style="list-style-type: none"> VAT on Domestic Products and Services Supplementary Duty on Domestically Produced Commodities Supplementary Duty on Domestic Services VAT on Imported Commodities Supplementary Duty on Imported Commodities Turnover Tax Excise Duty Narcotics and Liquor Duty Advertising Tax Travel Tax Motor Vehicle Tax Road Tax Business Licences Real estate Licences Stockbroker Licences 	<p>Taxes levied on the production, extraction, sale, transfer, leasing, or delivery of goods and rendering of services, including taxes on the use of goods and on permission to use goods or perform activities</p>
115XXXX	<p>Taxes on International Trade and Transactions</p> <ul style="list-style-type: none"> Customs Duty Supplementary Duty Export Duty 	<p>Taxes levied on international trade and transactions including customs and other import duties, taxes on exports, profits of export or import monopolies established by Government, exchange profits, exchange taxes and any other taxes on international trade and transactions.</p>
116XXXX	<p>Other Taxes</p> <ul style="list-style-type: none"> Payable solely by business Stamp Sales Duty on Impressing Documents Other Tax 	<p>Stamp taxes that do not fall exclusively or predominantly on a single class of transactions or activities covered by other taxes</p>
12XXXXX	Social Contributions	Reserved for Future Use
13XXXXX	<p>Grants</p> <ul style="list-style-type: none"> From Foreign Governments Current <ul style="list-style-type: none"> Food Aid General Commodity Aid Project Aid Budget Support Capital <ul style="list-style-type: none"> General Grants Project Aid Budget Support From International Organisations <ul style="list-style-type: none"> Current Capital From Other General Government Units <ul style="list-style-type: none"> Current 	<p>Non-compulsory current or capital transfers received by a government unit from either a foreign government, an international organisation or another government unit.</p>

	○ Capital	
14XXXXX	Other Revenue	Other Revenue includes property income, sales of goods and services, and miscellaneous other types of revenue
141XXXX	Property Income <ul style="list-style-type: none"> • Interest • Dividends • Royalties • Leases 	Property Income includes interest, dividends, withdrawals from income of quasi-corporations, property income attributed to insurance policyholders and rent of non-produced assets (land etc.)
142XXXX	Sale of Goods and Services <ul style="list-style-type: none"> • Railways • Post Office • Administrative Fees • Sale of Food • Other Fees and Charges Levied by General Government Units 	Sales by public corporations, rent of produced assets (buildings etc.), administrative fees, and incidental sales by general government units
143XXXX	Fines, Penalties and Forfeits	Compulsory transfers imposed by courts of law or quasi-judicial bodies for violations of laws or administrative rules. Out-of-court agreements are also included. Forfeits are amounts that were deposited with government pending a legal or administrative proceeding and that have since been transferred to the government
144XXXX	Other Transfers not elsewhere classified <ul style="list-style-type: none"> • Election Receipts • Gifts and Donations • Leave and Pension Contributions 	Gifts and voluntary donations from individuals, private nonprofit institutions, non-governmental foundations, corporations, and any other source other than governments and international organisations
145XXXX	Premiums, fees, and claims related to nonlife insurance and standardized guarantee schemes	Includes any revenues that related to nonlife insurance and standardized guarantee schemes
2XXXXXX	Capital Revenue	Assets are resources controlled by an entity as a result of past events and from which future economic benefits or service potential are expected to flow to that entity. Assets can be financial or non financial. When Government sells non financial assets, the proceeds are classified as capital receipts
21XXXXX	Sale of non financial assets	
211XXXX	Sale of fixed assets <ul style="list-style-type: none"> Buildings and Structures <ul style="list-style-type: none"> ○ Residential Buildings ○ Non Residential Buildings ○ Other Structures • Machinery and Equipment <ul style="list-style-type: none"> ○ Transport Equipment ○ Other Machinery and Equipment • Other Fixed Assets 	Fixed assets are produced assets that are used repeatedly or continuously in processes of production for more than one year
212XXXX	Inventories	Reserved for Future Use
213XXXX	Valuables <ul style="list-style-type: none"> • Museum Artefacts, Paintings, Archives and Films 	Valuables are produced goods of considerable value that are acquired and held primarily as stores of value over time and are not used primarily for production or consumption
214XXXX	Sale of nonproduced assets <ul style="list-style-type: none"> • Land 	Non produced assets include naturally occurring assets and constructs of society. Naturally occurring assets include land,

	<ul style="list-style-type: none"> • Other naturally Occurring Assets • Intangible nonproduced assets • Mineral and energy resources 	subsoil mineral deposits, fish in open but territorial waters, and the electromagnetic spectrum when ownership rights are enforced. Constructs of society that are assets include patents and leases.
3XXXXXX	Expense	Expense is the decrease in economic benefits or service potential during a reporting period in the form of outflows or consumption of assets or incurrences of liabilities that result in decreases in the net worth of the Government
31XXXXX	Compensation of Employees	Includes wages and salaries and social contributions
311XXXX	Wages and Salaries <ul style="list-style-type: none"> • Officers' Pay • Staff Pay • Allowances 	
312XXXX	Social Contributions	Reserved for Future Use
32XXXXX	Goods and Services <ul style="list-style-type: none"> • Administrative Expenses • Fees, Charges and Commissions • Training • Travel and Transport • Supplies, Materials and General Expenses 	Goods and services acquired to support the provision of public services
33XXXXX	Consumption of Fixed Capital	Reserved for Future Use
34XXXXX	Interest <ul style="list-style-type: none"> • Paid to Foreign Entities • Paid to Domestic Entities 	Interest expense incurred on all general government liabilities (public debt and others)
35XXXXX	Subsidies <ul style="list-style-type: none"> • To Public Nonfinancial Corporations • To Public Financial Corporations • To Private Nonfinancial Enterprises • To Private Financial Enterprises 	Transfers to corporations on the basis of the levels of their production activities or the quantities or values of the goods or services they produce, sell, export or import
36XXXXX	Grants <ul style="list-style-type: none"> • To Foreign Governments <ul style="list-style-type: none"> ○ Current ○ Capital • To International Organisations <ul style="list-style-type: none"> ○ Current ○ Capital • To Other General Government Units <ul style="list-style-type: none"> ○ Current ○ Capital 	Current or capital transfers from one government unit to another government unit or an international organisation
37XXXXX	Social Benefits <ul style="list-style-type: none"> • Social Security Benefits <ul style="list-style-type: none"> ○ In Cash ○ In Kind • Social Assistance Benefits <ul style="list-style-type: none"> ○ In Cash 	Transfers in cash or in kind to protect the entire population or specific segments of it against certain social risks that may affect households adversely by reducing incomes or imposing additional costs. Medical treatment grants and burial grants are examples of social benefits. Some social benefits are provided in kind rather than in cash. Grants of blankets or rice are example of in kind benefits.

	<ul style="list-style-type: none"> ○ In Kind • Employer Social Benefits ○ In Cash ○ In Kind 	
38XXXXX	Other Expense	
381XXXX	Property Expense Other Than Interest	Reserved for Future Use
382XXXX	Miscellaneous Other Expense <ul style="list-style-type: none"> • Court Orders • Donations 	Other transfers not elsewhere classified
4XXXXXX	Capital Expenditure	Assets are resources controlled by an entity as a result of past events and from which future economic benefits or service potential are expected to flow to that entity. Assets can be financial or non financial. When Government buys or otherwise acquires non financial assets, the costs are classified as capital expenditure
41XXXXX	Acquisition of Non Financial Assets	
411XXXX	Fixed Assets <ul style="list-style-type: none"> • Buildings and Structures <ul style="list-style-type: none"> ○ Residential Buildings ○ Non Residential Buildings ○ Other Structures • Machinery and Equipment <ul style="list-style-type: none"> ○ Transport Equipment ○ Other Machinery and Equipment • Other Fixed Assets 	Fixed assets are produced assets that are used repeatedly or continuously in processes of production for more than one year
412XXXX	Inventories	Reserved for Future Use
413XXXX	Valuables <ul style="list-style-type: none"> • Museum Artefacts, Paintings, Archives and Films 	Valuables are produced goods of considerable value that are acquired and held primarily as stores of value over time and are not used primarily for production or consumption
414XXXX	Non Produced Assets <ul style="list-style-type: none"> • Animal resources yielding repeat products • Radio spectra 	Non produced assets include naturally occurring assets and constructs of society. Naturally occurring assets include land, subsoil mineral deposits, fish in open but territorial waters, and the electromagnetic spectrum when ownership rights are enforced. Constructs of society that are assets include patents and leases.
5XXXXXX	Holding Gains/Losses	Reserved for Future Use
6XXXXXX	Valume Changes	Reserved for Future Use
7XXXXXX	Assets	Assets consist of financial claims, monetary gold, and Special Drawing Rights allocated by the International Monetary Fund. Financial claims are assets that entitle the Government to receive one or more payments from another party.
71XXXXX	Domestic Financial Assets	Domestic financial assets are those assets where the counterparty is a resident of Bangladesh
711XXXX	Currency and Deposits <ul style="list-style-type: none"> • Treasury Single Account • Cash on Hand • Cash in Transit 	Currency consists of the notes and coins in circulation that are commonly used to make payments. Deposits also are financial assets that have fixed nominal values and are used to make payments.
712XXXX	Securities other than Shares	Reserved for Future Use

713XXXX	Loans <ul style="list-style-type: none"> To Government Employees To Autonomous Bodies 	Financial instruments that are created when the Government lends funds directly to a debtor and receives a nonnegotiable document as evidence of the asset
714XXXX	Shares and Other Equity <ul style="list-style-type: none"> Share Capital 	Includes all instruments and records acknowledging that, after the claims of all creditors have been met, the Government has claims on the residual value of a corporation
715XXXX	Insurance Technical Reserves	Reserved for Future Use
716XXXX	Financial Derivatives	Reserved for Future Use
717XXXX	Other Accounts Receivable <ul style="list-style-type: none"> Advances to Officers Advances to Bangladesh Bank Advances to SAEs 	Trade credits, advances and miscellaneous other items due to be received
72XXXXX	Foreign Financial Assets	Foreign financial assets are those assets where the counterparty to is not a resident of Bangladesh
721XXXX	Currency and Deposits <ul style="list-style-type: none"> Embassy Bank Accounts High Commission Bank Accounts Consular Bank Accounts 	Currency consists of the notes and coins in circulation that are commonly used to make payments. Deposits also are financial assets that have fixed nominal values and are used to make payments.
722XXXX	Securities other than Shares	Reserved for Future Use
723XXXX	Loans <ul style="list-style-type: none"> To Government Employees 	Financial instruments that are created when the Government lends funds directly to a debtor and receives a nonnegotiable document as evidence of the asset
	Shares and Other Equity <ul style="list-style-type: none"> Share Capital 	Includes all instruments and records acknowledging that, after the claims of all creditors have been met, the Government has claims on the residual value of a corporation
	Insurance Technical Reserves	Reserved for Future Use
	Financial Derivatives	Reserved for Future Use
	Other Accounts Receivable <ul style="list-style-type: none"> Advances to Foreign Missions 	Trade credits, advances and miscellaneous other items due to be received
8XXXXXX	Liabilities	Present obligations arising from past events, the settlement of which is expected to result in an outflow of resources embodying economic benefits or service potential
81XXXXX	Domestic Liabilities	Domestic liabilities are those liabilities where the counterparty is a resident of Bangladesh
811XXXX	Currency and Deposits <ul style="list-style-type: none"> Savings Certificates Postal Savings Savings Bonds State Provident Fund Renewal, Reserve and Depreciation Welfare Funds Gas Accounts Deposits 	Currency consists of the notes and coins in circulation that are commonly used to make payments. Deposits also are financial assets that have fixed nominal values and are used to make payments.
812XXXX	Securities other than Shares <ul style="list-style-type: none"> Treasury Bills Treasury Bonds 	Negotiable financial instruments backed by the Government and issued for policy purposes or for liquidity purposes
813XXXX	Loans <ul style="list-style-type: none"> Ways and Means 	Financial instruments that are created when the Government borrows funds directly from a creditor and issues a nonnegotiable document as evidence of the liability
814XXXX	Shares and Other Equity	Reserved for Future Use

815XXXX	Insurance Technical Reserves	Reserved for Future Use
816XXXX	Financial Derivatives	Reserved for Future Use
817XXXX	Other Accounts Payable <ul style="list-style-type: none"> Cheques and Bills Suspense Accounts Remittance Accounts 	Advances and miscellaneous other items due to be paid
82XXXXX	Foreign Liabilities	Foreign liabilities are those liabilities where the counterparty is not a resident of Bangladesh
821XXXX	Currency and Deposits	Reserved for Future Use
822XXXX	Securities other than Shares	Reserved for Future Use
823XXXX	Loans <ul style="list-style-type: none"> Foreign Loans Transactions with the IMF 	Financial instruments that are created when the Government borrows funds directly from a foreign creditor and issues a nonnegotiable document as evidence of the liability
824XXXX	Shares and Other Equity	Reserved for Future Use
825XXXX	Insurance Technical Reserves	Reserved for Future Use
826XXXX	Financial Derivatives	Reserved for Future Use
827XXXX	Other Accounts Payable	Reserved for Future Use
9XXXXXX	Financial Net Worth	Financial net worth is the difference between the total value of all financial assets and the total value of all liabilities
91XXXXX	Accumulated Surplus/Deficit	Reserved for Future Use

Examples

Type (Level-1)	Category (Level-2)	Sub-Category (Level-3)	Item (Level-4)	Sub-Item (Level-5)	Details (Level-6)	Description (English)
1						Recurrent Revenue
	11					Taxes
		111				Taxes on income, profits and capital gains
			1111			Payable by individuals
				11111		Payable by individuals
					1111101	Income tax payable by individuals
					1111102	Advance income tax payable by individuals
3						Recurrent Expenditure
	31					Compensation of employees
		311				Wages and salaries
			3111			Wages and salaries in cash
				31111		Officers' pay
					3111101	Basic pay
					3111102	Personal pay

Chapter 7 :Posted Segments with Additional Information

7.1 Two new segments, the mode of payment and the location, are proposed to be introduced to facilitate budget preparation, control and reporting. Unlike the core posted segments, these will not be posted for all transactions.

Mode of Payment

7.2 This segment was created to clearly indicate the various financing mechanisms available for government projects. In the new segment, a single digit code has been designed to indicate whether projects are supported directly by government or receive financial assistance from the international community.

L 1			Description
X			Mode of Payment
Example			
L 1			Description
		1	RPA Through GoB
		2	RPA - Special Account
		3	Direct Project Aid

7.3 As the project assistance segment is a roll-up structure, every transaction must be coded as either non-defined or assigned a specific code describing the type of project assistance. Project Assistance codes are broken into four types; these types are:

- **Reimbursable Project Assistance (RPA) through the GoB (1):** here the GoB initially spends the money on a project but can then reclaim it from the specified donor;
- **RPA Special Account (2):** similar to RPA but spending is funded by a separate “special” account before being reclaimed; and
- **Direct Project Aid assigned by development partners to a specific project or set of projects (3):** here the donor will spend the money or supply the equipment directly themselves without the money going through the GoBbank accounts.

7.4 The Mode of Payment will be configured in iBAS at the time of transaction. In case of expenditure from donor project, in fund segment, after entering the agreement number a box will appear asking the user to tick a box to indicate whether it is a “Reimbursable Project Aid (RPA) - through GoB or Reimbursable Project Aid (RPA) - special account or Direct Project Aid (DPA)”. The system can be configured to only provide this tick box for certain types of projects that allow reimbursable or direct project expenditures. If this box is selected, entering and approving the payment will be completed through a special accounting transaction behind the screen that will be automatically generated from the system.

Location

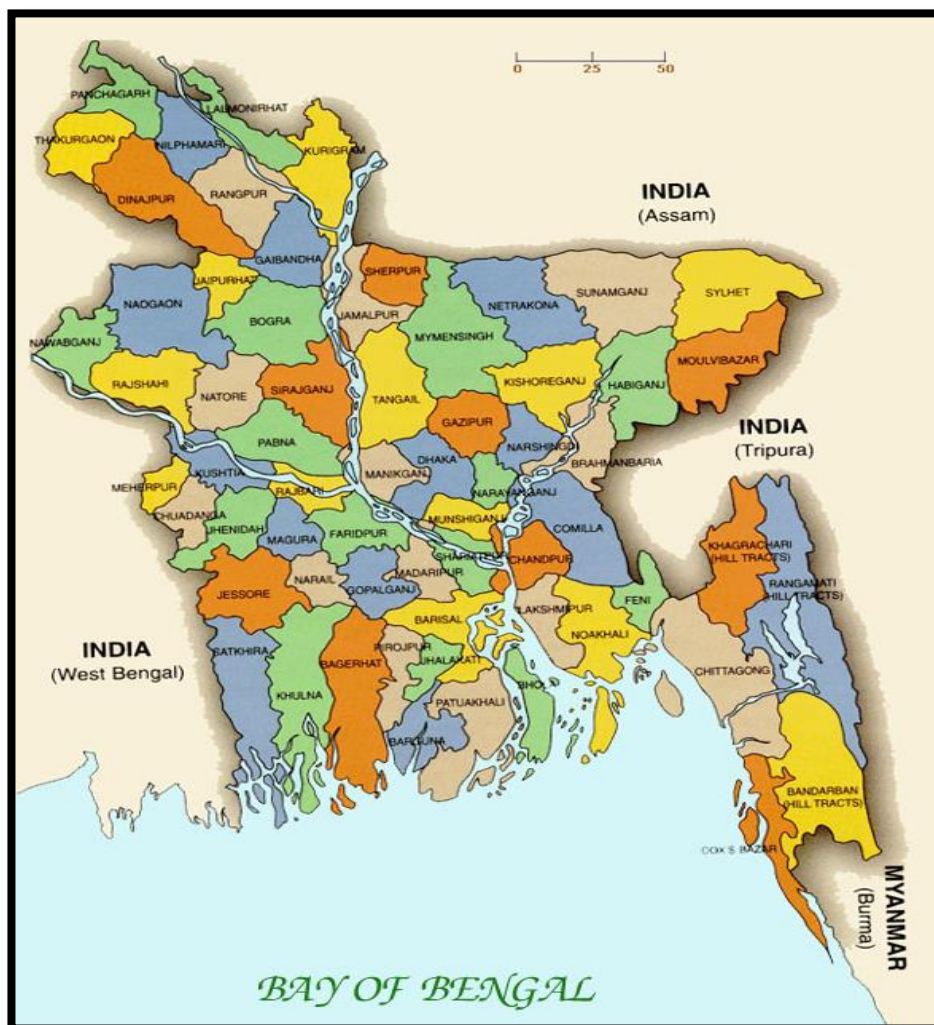
7.5 The geographic location records the name of the division, district, and Upazila where revenues are collected and government expenditure is incurred. As opposed to the administrative classification, which tries to answer the question “who” incurred the expenditure, or the economic segment that answers the question “what for”, the geographic classification captures “where” the revenues are collected and expenditure is incurred.

7.6 This segment will allow whole of Government expenditure and revenue reports to be prepared by location (e.g. by District, or by Upazila). Thus it will provide useful analytical information for inter-regional comparison of government spending. It may be important to analyse how different parts of the country benefit from public spending – which areas receive more resources than others and how resources are applied in different geographical areas. This segment will provide information for such analysis, and it could also be applied to government revenues to gather information on its spatial distribution.

7.7 Within the Organisational Segment, the Level 5 element (Upazilla) will be used to identify where the expenditure was made to enable this segment to be completed. An example of this appears in the table below:

Organisation Segment						Location Segment			
Public Entity	Ministry/ Division	Department	Unit / Local Office Group	Unit / Local Office	Description	Code			Location
Level 1	Level 2	Level 3	Level 4	Level 5		Division	District	Upazilla/Thana	Description
						Level 1	Level 2	Level 3	Description
	125				Ministry of Education				
		12502			Department of Secondary & Higher Education	10			Barisal Division
			1250250		Upazila Education Offices		1004		Barguna
				1250250 2001	Upazila Office - Amtali			100409	Amtali

7.8 A map of geographic locations within Bangladesh and an example of the segment coding are given below:



Level	Code	Description	Digits	Use of Levels
L 1	XX	Division	2	Budget/Reporting
L 2	XXXX	District	2	Budget/Reporting
L 3	XXXXXX	Upazila/Thana	2	Budget/Reporting
L 4	XXXXXXXX	Union	2	Budget/Reporting
		Total	8	Budget/Reporting
Level 1	Level 2	Level 3	Level 4	Description
XX				Division
10				Barisal Division
	XX			District
	1004			Barguna
		XX		Upazila/Thana
		100409		Amtali
			XX	Union
			10040901	Gulisakhali
			10040902	Kukua

Chapter 8: Derived Information

8.1 iBAS has been configured to identify and report financial transactions according to segments which are posted by the user and those that are derived by the system. For derived segments, users do not enter this information for individual transactions. Instead, it is **derived** (produced automatically) from the other information that is posted by the users. The relationships that allow this derived information to be associated with individual transactions will be set up by the iBAS System Administrator. For example, it is assumed that purchases of medical and surgical supplies (economic code -3252105) by the Ministry of Health and Family Welfare (organisation code- 127) are all associated with the “health” function. iBAS will contain a mapping table that assigns the “health” function code to all purchases of medicine by the Ministry of Health. All expense transaction will receive a function code that is derived based on such mapping table.

8.2 The purpose of the **Derived Information** is to enhance the reporting capability of the Government’s iBAS, allowing financial transactions to be classified by dimensions additional to those posted in the four main segments of the BACS. The derived information encompasses the following dimensions:

Derived Information		
Authorisation (X)	Function (COFOG) (XXXX)	Budget Sector (XXXX)

Description

8.3 The following table sets out descriptions of the **Derived Information**. A detailed list of all possible values is included in Volume #3 of this Manual.

Dimension	Description
Authorisation	Identifies whether expenditure is charged or voted. It is based on certain organisation codes (from the organisation segment) and certain economic codes (from the economic segment).
Function (COFOG)	Identifies the function to which a transaction relates. Functions are based on the Classification of Functions of Government (COFOG) issued by the Department of Economic and Social Affairs, Statistics Division, of the United Nations. COFOG applies only to expense transactions and transactions in non-financial assets. Transactions in financial assets (Loans and Advances) and liabilities (Principal Repayments, Moneys Held On Trust) are not included. Function is based on organisation codes, operational codes and certain economic codes.
Budget Sector	Identifies the Bangladesh Budget Sector to which an organisation or project/program has been assigned.

Authorisation

8.4 The sole purpose of this segment is to differentiate between **Voted Expenditure** and **Charged Expenditure**. As the name implies, voted expenditure represents government spending programs

appropriated by the parliament for discretionary spending initiatives. Conversely, charged expenditure represents expenditure outlays authorized by the Constitution, including costs such as those associated with managing the national public debt portfolio.

L 1	X	Legal Type	1	Budget/Reporting
		Total	1	
	L 1	Description		
	1	Charged Expenditure		
	2	Other Expenditure (Voted)		

8.5 The Constitution distinguishes between charged and other (voted) expenditure. Proposed Classification structure provides this distinction through Organisation segment and Economic segment. The table below indicates the departments to which **Charged Expenditure** applies with examples of Level 3 to 5 coding:

1 Charged Expenditure						
The recurrent expenditure under following organisations and economic codes are linked to charged category						
Organisation Segment		Program Segment		Economic Segment		Legal Type
Code	Description	Code	Activity/Project Name	Code	Description	
101	President's Office					
10101	Office of the President	100000000	Non Program Transaction	All Economic Codes under Recurrent Expenditures		Charged
1010101	Personal Division	100000000	Non Program Transaction			Charged
1010102	Public Division	100000000	Non Program Transaction			Charged
102	Parliament Secretariat					Charged
10201	Parliament Secretariat	100000000	Non Program Transaction			Charged
1020101	Secretariat	100000000	Non Program Transaction			Charged
1020102	Parliament Medical Centre	100000000	Non Program Transaction			Charged
10202	Assembly	100000000	Non Program Transaction			Charged
1020201	Office of the Parliamentary Standing Committee	100000000	Non Program Transaction			Charged
1020202	Office of the Speaker and Deputy Speaker	100000000	Non Program Transaction			Charged
1020203	Office of the Leader & Deputy Leader of the House	100000000	Non Program Transaction			Charged
1020204	Office of the Leader & Deputy Leader of Opposition	100000000	Non Program Transaction			Charged
1020205	Office of the Chief Whip and Whips	100000000	Non Program Transaction			Charged
1020206	Office of the Members of the Parliament	100000000	Non Program Transaction			Charged

Organisation Segment		Program Segment		Economic Segment		Legal Type
Code	Description	Code	Activity/Project Name	Code	Description	
105	Supreme Court of Bangladesh			All Economic Codes under Recurrent Expenditures		Charged
10501	Supreme court	100000000	Non Program Transaction			Charged
1050101	Appellate Division	100000000	Non Program Transaction			Charged
1050102	High Court Division	100000000	Non Program Transaction			Charged
106	Election Commission Secretariat					Charged
10601	Election Commission Secretariat	100000000	Non Program Transaction			Charged
1060101	Election Commissioners	100000000	Non Program Transaction			Charged
1060102	Secretariat	100000000	Non Program Transaction			Charged
1060103	Election Training Institute	100000000	Non Program Transaction			Charged
1060132	Reginal Offices	100000000	Non Program Transaction			Charged
1060140	District Offices	100000000	Non Program Transaction			Charged
1060150	Upazilla Offices	100000000	Non Program Transaction			Charged
108	Bangladesh Public Service					Charged
10801	Public Service Commission	100000000	Non Program Transaction			Charged
1080101	Public Service Commission	100000000	Non Program Transaction			Charged
1080102	Secretariat	100000000	Non Program Transaction			Charged
1080132	Regional Offices	100000000	Non Program Transaction			Charged
110	Office of the Comptroller & Auditor General of Bangladesh					Charged
11001	Comptroller and Auditor General	100000000	Non Program Transaction			Charged
1100101	Office of the Comptroller and Auditor General	100000000	Non Program Transaction			Charged
11002	Directorate of Civil Audit	100000000	Non Program Transaction			Charged
1100201	Directorate of Civil Audit	100000000	Non Program Transaction			Charged
11003	Directorate of Performance Audit	100000000	Non Program Transaction			Charged
1100301	Directorate of Performance Audit	100000000	Non Program Transaction			Charged
11004	Directorate of Mission Audit	100000000	Non Program Transaction			Charged
1100401	Directorate of Mission Audit	100000000	Non Program Transaction			Charged
11005	Directorate of Foreign Aided Projects Audit	100000000	Non Program Transaction			Charged
1100501	Directorate of Foreign Aided Projects Audit	100000000	Non Program Transaction			Charged
11006	Directorate of Local and Revenue Audit	100000000	Non Program Transaction			Charged
1100601	Directorate of Local and Revenue Audit	100000000	Non Program Transaction			Charged

Organisation Segment		Program Segment		Economic Segment		Legal Type
Code	Description	Code	Activity/Project Name	Code	Description	
11007	Directorate of Commercial Audit	100000000	Non Program Transaction	All Economic Codes under Recurrent Expenditures		Charged
1100701	Directorate of Commercial Audit	100000000	Non Program Transaction			Charged
11008	Directorate of Works Audit	100000000	Non Program Transaction			Charged
1100801	Directorate of Works Audit	100000000	Non Program Transaction			Charged
11009	Directorate of Railway Audit	100000000	Non Program Transaction			Charged
1100901	Directorate of Railway Audit	100000000	Non Program Transaction			Charged
11010	Directorate of Defence Audit	100000000	Non Program Transaction			Charged
1101001	Department of Defence Audit	100000000	Non Program Transaction			Charged
11011	Directorate of Post, Telegraph & Telephone Audit	100000000	Non Program Transaction			Charged
1101101	Directorate of Post, Telegraph & Telephone Audit	100000000	Non Program Transaction			Charged
11012	Financial Management Academy (FIMA)	100000000	Non Program Transaction			Charged
1101201	Financial Management Academy (FIMA)	100000000	Non Program Transaction			Charged
All Organisations (including above six)		100000000	Non Program Transaction	3821206	Payment as per court decree / judgement/ order	Charged
		211000000	Budgetary Activity - Debt Management	3400000	Interest	Charged
				8120000	Securities (Domestic)	Charged
				8130000	Loans (Domestic)	Charged
				8220000	Securities (Foreign)	Charged
				8230000	Loans (Foreign)	Charged
		2	Other Expenditure (Voted)			
All expenditures other than above are linked to Other Expenditure (Voted) category						

8.6 The Organisation Segment will identify when expenditure does not need to be voted by Parliament (Charged Expenditure). All other expenditure will be Other (Voted) Expenditure.

Function

8.7 This segment classifies expenditures according to broad policy purpose and aggregates financial transactions by functional grouping. The functional segment is a four digit code with major functions/sectors, minor functions/sub-sectors and detailed functions.

8.8 The function segments are reporting segments only. It is essentially a mapping table linked to the delivery point – the lowest level of each organisation segment and program segment - for each government service actually being produced. From this mapping exercise, a functional report will be produced showing the range of government services provided by government ministries for each economic sector.

8.9 As government organizations are set up with the purpose of efficiently delivering public services to the Bangladesh community, a functional reporting system must be established identifying the services financed by government and linking those services to the broad sectoral definitions adopted by the Finance ministry, the Planning Commission and in medium term economic forecasts. In the future, it could also be used as a budget execution control point should the government move to releasing budget against function.

8.10 A major limitation of the legacy code was that one ministry could be linked to only one functional code (conversely one function could be tied to only one ministry), and this coding structure was not capable of reporting government spending – and functions - by sector. Instead, the legacy code used a series of poorly defined quasi functional categories in attempting to represent productive activity being pursued by ministries, every year.

8.11 In most cases, these functional codes represented a simple restatement of organizational spending rather than descriptions of the goods and services actually being delivered to the community.

8.12 Using this poorly defined code, Demand for Grant and Appropriation (DGA) statements were prepared showing financial resources appropriated to ministries for function and sub-functions. The DGA further subdivided approved government spending programs between Charged and Voted Expenditure, Revenue and Capital expenditure and outlays on Development and Non-Development projects.

8.13 The new BACS code overcomes these inherent reporting limitations by clearly identifying major and minor functions of each government ministry and then directly linking them to an appropriate economic sector.

8.14 The function is classified into two categories. These are: COFOG and Budget Sector. An abbreviated description of function classification is given in the following paragraphs.

COFOG

8.15 Classification of the Functions of Government (COFOG) is a functional classification defined by the United Nations Statistics Division. COFOG applies only to expense transactions and transactions in non-financial assets. Receipts and transactions in financial assets (Loans and Advances) and liabilities (Principal Repayments, Moneys Held on Trust) are not included.

8.16 COFOG segment is a four digit code with major functions requiring two digits, minor functions one digit and detailed functions one digit. The COFOG table is arranged into 10 major functions.

Classification of the Functions of Government (COFOG)	
Major Function (Level-1)	Description
01	General public services
02	Defence
03	Public order and safety
04	Economic affairs
05	Environmental protection
06	Housing and community amenities
07	Health
08	Recreation, culture and religion
09	Education
10	Social protection

8.17 An example of the COFOG coding is:

L 1	L 2	L 2	Description
XX			Major Function
	X		Minor Function
		X	Detail Function
01			General Public Services
	3		General services
		1	General personnel services
			Complete Segment 0131
04			Economic affairs
	2		Agriculture, forestry, fishing and hunting
		1	Agriculture
			Complete Segment 0421

Budget Sector

8.18 In addition to COFOG functional grouping, Bangladesh also groups planned expenditure by Budget Sector. The table below indicates the budget sectors.

Sector (15)	Description
01	General Public Services
02	Defense
03	Public Order and Safety
04	Industrial & Economic Affairs
05	Agriculture
06	Fuel & Energy
07	Transport & Communication
08	Local Government & Rural Development
09	Environmental Protection
10	Housing and Community Amenities
11	Health
12	Recreation, Culture & Religion
13	Education & Technology
14	Social Protection

8.19 An example of the Budget Sector coding is:

L 1	L 2	Description
XX		Sector
	XX	Sub-sector
01		General Public Services
	0101	Legislative Organs
		Complete Segment 0101
05		Agriculture
	04	Fisheries
		Complete Segment 0504

Chapter 9: Managing Changes to the BACS

Access to BACS

9.1 An electronic version of the BACS will be available to all relevant accounting and budget staff. This version will have strict read-only access (i.e. they will not be able to write changes to the document). The electronic version will be available in a secure software that enables a user friendly search facility to be used by all staff (e.g. Adobe Acrobat), to ease the process of navigating round the BACS.

Requests for New Activity, Scheme or Project Code

9.2 It is essential that any changes to the BACS are properly controlled otherwise the benefits of the new BACS will be rapidly lost.

9.3 The Finance Division shall be responsible for maintaining the "Master Code List" and shall have responsibility for adding, deleting or amending code numbers. The Finance Division shall obtain approval from the *Comptroller and Auditor General* where this is required to amend any code. Currently, the authority for modifying the Chart of Accounts is contained in Volume #1 of the Government's Account Code which states that for the:

- **Legal, Functional and Economic Codes:**

"The introduction of any new code, as well as the abolition or change of nomenclature of any of the existing code, may be made by the Finance Division and the Controller General of Accounts, Controller General of Defence Finance and Financial Adviser and Chief Accounts Officer of Railways with the approval of the Comptroller and Auditor General."

- **Major, Minor and Detailed Head:**

"The introduction of any new major or minor head, as well as the abolition or change of nomenclature of any of the existing heads shall require the approval of the Comptroller and Auditor General who will obtain the approval of the President where necessary."

9.4 The Finance Division shall seek to ensure that changes to the BACS during the year are avoided, so that where possible any new code applies from the start of a new fiscal year. Where possible, any change in the structure or coding within the chart of accounts should be planned in advance so that it can be used both for budget preparation and budget execution of a future fiscal year.

9.5 At the start of each Budget Process, Finance Division shall indicate in a budget circular any changes to the Chart of Accounts.

9.6 The Finance Division shall provide a mechanism for coding of newly approved programs, projects and schemes, so that line ministries can use these codes in budget planning. Where a Ministry becomes aware that a operation code is not available for a activity, scheme or project, a request for a new code shall be requested from within the IBAS system. A mechanism will be built into the system for

a code to be added for the proposed activity, scheme, project, with any required approval mechanism also built into the system.

The approvals required for new codes will include:

<i>New/change code for:</i>	<i>Approved by¹:</i>
Scheme/Activity/non ADP Project	Finance Division
ADP Project	Finance Division
Donor Fund/Agreement	Finance Division
Organisation	Finance Division
Economic	Finance Division
Location/Mode of Payment/Function	Finance Division

9.7 The Finance Division will issue detailed instructions for agencies requesting new codes or a changed coding and these instructions will be available within IBAS.

9.8 The Finance Division shall keep a physical master copy of the BACS comprising two sections:

- **Part One - Version/Update Control Section:** including the Request for New Program or Project Code Forms;
- **Part Two - the detailed BACS:** the full budget and accounting classification codes.

9.9 Part One should contain information (in a Register of Updates) of the changes made in each update of the BACS. This information should include:

- the version number;
- version date; and
- page numbers which should be removed and replaced (for this purpose the hard copy of the BACS should be in loose-leaf format).

9.10 There shall be a new printout of each page of the BACS printout that is changed by a new version. These changed pages shall also have their version reference in their page footer changed to the current version number and Issue Date. In this way, if there is no change made to a page, its page footer will retain its reference to the last Version and Issue Date during which it was amended.

9.11 Old versions of the BACS will be electronically archived and will be clearly labelled as an archived copy, with the date of archiving shown in the version control section of the file containing the BACS. Physical copies of old versions shall be stamped as “superseded” to prevent the accidental use of them by accounting staff.

¹Subject to any final approval by Comptroller and Auditor General

Appendix 1 – Glossary of Terms and Naming Conventions

The following table defines the terms and naming conventions adopted in assembling the classification framework. The abbreviations described here are reproduced throughout this document and will be used in all further versions of the table issued for the Ministry of Finance.

Term	Definition
Accountability	A key concept in governance and management, which means that people are held responsible for carrying out a defined set of duties and for conforming with rules and standards applicable to their posts.
Accounting	Accounting is a system that records, measures and reports the financial events of an economic entity. There are different types of accounting systems that may be used for this purpose. They are accrual accounting, cash accounting, fund accounting, and modified cash accounting.
Accounting Basis	The accrual or cash basis of accounting as defined in the Accrual Basis International Public Sector Accounting Standards and the Cash Basis International Public Sector Accounting Standards.
Accounting Control System	A series of actions which is considered to be part of the total internal control system concerned with realising the accounting goals of the entity. This includes compliance with accounting and financial policies and procedures, safeguarding the entity's resources and preparing reliable financial reports.
Accrual Accounting	Accrual accounting is an accounting system that recognizes revenue and expenses to be reflected in the accounts in the period in which they are deemed to have been earned and incurred whether or not the related cash receipts and disbursements occur in the same period. It is anticipated that Bangladesh will move to accrual accounting sometime in the next few years.
Activities	Various actions of an overall operation for a common objective, required to achieve the operation and that make up an operation and objective.
Appropriation	The maximum amount legally authorised by Parliament to be spent in a specific period. Appropriations are usually contained in the annual budget law and are usually for one fiscal year.
Asset	Economic resources owned by an entity from which future economic benefits may be obtained.
Autonomous General Government Funds	Funds that operate independently of the governments that created them. They are legislated to keep separate books of account; are able to own assets and incur liabilities; enter into contracts; accept obligations; and engage in economic activities for which they can be held directly

	responsible under the law. Since funds have no employees, they are managed by agents of the government.
Balance Sheet	A concise financial statement of financial assets, liabilities, and equity at a particular point in time, usually at the end of the fiscal year.
Budget Classification Framework	This is the conceptual framework of the Budget Classification structure. It is the framework that covers all code segments (e.g. Fund, Organization, Function, Operation, Economic, and Location), the relationship between them and the operating standards for each one.
Budgetary Unit	A unit financed by the legislative budget of government.
Capital Fund	A fund used to record the financing sources and expenditures for the acquisition, rehabilitation or replacement of capital assets. In general, capital assets refer to buildings, equipment, machinery and infrastructure.
Capital Grant	A non-compulsory transfer from one government unit or international organization to a second government unit or international organization in the form of cash that the recipient is expected or required to use to acquire an asset or assets other than inventories and cash.
Capital Tax	A tax levied on the values of the assets or net worth of institutional units or on the values of assets transferred between institutional units as a result of legacies, gifts <i>inter vivos</i> , or other transfers.
Capital Transfer	A transfer of a non-cash asset, the cancellation of a liability by mutual agreement between the creditor and debtor, the transfer of cash that was raised by disposing of an asset, the transfer of cash that the recipient is expected or required to use for the acquisition of an asset, or the assumption by the one unit of a debt of the other unit. In each case, inventories are excluded.
Cash Accounting	Cash accounting is an accounting system that requires revenue and expenditures to be reflected in the accounts only when the related cash receipts and disbursements occur.
Chart of Accounts	The Chart of Accounts (COA) refers to the iBAS accounting structure and includes the accounts and associated hierarchies within iBAS that are used to produce budget and financial reports, financial statements and other statutory reports for the Government. Therefore the Chart of Accounts is a sub-unit of the overall Budget Classification structure.
Consolidated Fund	Consolidated fund includes all funds received by the State for general or special purposes.
Current Grant	A non-compulsory transfer from one government unit or international organization to a second government unit or international organization

	made for purposes of current expense. It is not linked to or conditional on the acquisition of an asset by the recipient. Also, any grant that is not a capital grant is included.
Cost Centre	An organisational unit identified in the chart of accounts for which a manager is held accountable for financial management. Within the structure of a budget organisation, this is usually the level at which costs can be associated. It is an organisational entity rather than a programmatic activity.
Current Asset	Cash or other assets of the department that would, in the ordinary course of operations of the department, be consumed or converted into cash within twelve months after the end of the reporting period. Examples include debtors and inventories.
Current Liability	Those liabilities of the department that would, in the ordinary course of operations of the department, be due and payable within twelve months after the end of the reporting period. Examples include creditors and employee entitlements such as annual leave.
Debt	Any liability that requires a payment or payments of interest and/or principal by the debtor to the creditor at a date or dates in the future.
Deficit	The overall fiscal position is defined as revenue plus grants, minus expenditures and minus net lending. If the result is negative, then a deficit exists; if it is positive, then a surplus exists. The deficit may be measured on a cash or commitment basis.
Economic Categories	The economic code is the accounting segment that captures the nature of each receipt and expenditure transaction. Within the iBAS system, economic codes are further classified into the elementary areas of Revenues, Expenditure, Assets, Liabilities and Equity.
Entitlement Programs	This refers to legally-established programs such as pensions or social assistance programs, which provide for cash payments (or other types of transfers) to individuals who meet specific eligibility criteria. These are Mandatory payments and they generally involve a very large portion of most governments' budgets.
Expenditure	Total expense plus the net acquisition of non-financial assets.
Expense	A transaction that results in a decrease in net worth.
Extra-budgetary Unit	A unit not financed by the legislative budget of the controlling government.
Financial Asset	An asset of a financial nature, for example, cash, receivables and securities.

Financial Reporting	The development, analysing, and communication of financial information by an entity to interested parties. It encompasses all reports that contain financial information based on data generally found in the financial accounting and reporting system.
Financial Statements	The accounting statements prepared by a reporting entity to communicate information about its financial performance and position. They include those notes and schedules that are needed to clarify or further explain items in the statements.
Financial Transaction	A transaction involving the acquisition or disposal of a financial asset.
Financing	The means by which a government obtains financial resources to cover a budget deficit or allocates financial resources arising from a budget surplus. It includes all transactions involving government liabilities.
Fiscal Year (or Financial Year)	The regular annual budget and accounting period for which plans and requests for revenue and expenditure are made, and for which expenditures are monitored and controlled.
Fixed Asset	Fixed assets are tangible or intangible assets produced as outputs from processes of production that are themselves used repeatedly or continuously in other processes of production for more than one year.
Flow	Flow reflects the creation, transformation, exchange, transfer, or extinction of economic value and involves a change in the volume, composition, or value of an entity's assets and liabilities. (See also Financial Flows).
Foreign Debt	Debt to individuals and organisations (including banks and investors) which are non-residents.
Function	The functional classification is a system of classifying budget authority, receipts, and expenditures according to the national needs being addressed. The function code is directly related to the International Monetary Fund's Government Finance Statistics (GFS) classification scheme. The segment aggregates financial transactions by functional grouping. The functional segment is a nine digit code with functions requiring two digits, sub-functions two digits, activities three digits and sub activities taking a further two digits.
Fund	This segment shows the two funds operated by the Government of Bangladesh; these are the Consolidated Fund and the Public Account. This segment also describes inflows derived from government revenues, donor funding, loan proceeds, general budgetary support. This segment also differentiates government spending in terms of charged expenditure

	and spending priorities voted (and approved) by the national parliament.
Fund Accounting	Fund accounting is an accounting system in which a self-balancing group of accounts is provided, for each accounting unit established by legal, contractual or voluntary action, especially in government units and non-profit organizations. Examples of the types of funds that are accounted for separately by government units are the capital fund, the reserve fund, the current, operating, general or revenue fund, the sinking fund and the trust fund.
Governance	The way in which power and authority influence public life, especially economic and social development
Grant	A non-compulsory transfer from one government unit or international organization to a second government unit or international organization.
Information Requirements	These are three types of information that need to be captured for reporting purposes. These are budget estimates, revenue collections and actual expenditures incurred by Government ministries and agencies. Accounting forms will be developed to record information for both budgetary and accounting – type transactions. These forms contain information and COA codes that are needed to load transactional data into the iBAS system.
Legal	The legal segment distinguishes between government spending approved by the national parliament and special categories of expenditure authorized by the Constitution.
Liability	Obligations of an entity from past transactions, which may result in the transfer of financial assets or provision of services.
Location	The location segment indicates the geographic locality within Bangladesh where Government revenues are generated and where public-sector spending takes place in order to achieve the Government's priority objectives of promoting economic and social development.
Mapped Code	Similar to a roll-up structure, a mapped code provides a logical link between a subsidiary coding element and a higher-level summary point. This link is achieved by establishing a map (or cross-walk table) to generation of additional information.
Ministry	Refers to one of the currently (2015) ministries or departments of the government of Bangladesh.
Modified Cash Accounting	Modified cash accounting is an accounting system that uses the cash accounting convention during an accounting period but accrues certain items at the end of the period, e.g., trade accounts, sales and purchases

	of goods and services, and in some cases, taxes. It is the system currently used in Bangladesh.
Non-produced, Non-financial Assets	Examples are intangible assets such as patents, copyrights, trademarks, and franchises and tangible assets such as embassy land.
Organization	This BCAS segment stands for the organizational component – or other legal entity – representing the Bangladesh Government in delivering services to the community. In collective terms, the combination of ministries (and agencies) into a single entity stands for all public sector organizations responsible for managing the Government's annual budget program. Split into unitary organizational units, this segment represents a single ministry or agency that is administratively responsible for implementing specific government policy or reform initiatives.
Planning	Defining the objectives, setting policies and determining the nature, scope, extent and timing of the procedures and tests needed to achieve the objectives.
Program	The Program segment will allow for a detailed analysis of Government spending programs by the type of output-related task that is being pursued. Programmatic information will show progress being made by Government ministries and agencies in implementing development programs and activities.
Project	This segment summarizes project related information for programs and projects approved in the Annual Development Program.
Project Assistance	This segment indicates funding assistance provided by the international community in supporting government projects.
Public Accountability	The obligations of persons or entities, including public enterprises and corporations, entrusted with public resources to be answerable for the fiscal, managerial and program responsibilities that have been conferred on them, and to report to those that have conferred these responsibilities on them.
Recipient	This segment recognizes the external agencies and entities that are recipients of public funds as instruments and channels of public policy delivery. Such entities will include autonomous bodies and other agencies responsible for progressing spending initiatives on behalf of the Bangladesh Government.
Reconciliation	The checking of one set of records with another, to ensure consistency. For example, the daily statement from the Central Bank should be reconciled (checked) against the spending unit's own records of

	transactions. The two documents should align, or any discrepancy should be checked and reported.
Reserve Fund	A pool of money set aside by government authorization to meet the needs of a future event.
Sector	A group of resident institutional units that have similar objectives.
Segment	A segment is a component within the Budget Classification framework for capturing and storing information pertaining to the Government's financial and management systems. The revised framework has seven (7) mutually exclusive segments in all. Each segment captures and summarizes specific information for a variety of financial and management reporting purposes.
Statement of Assets and Liabilities	A financial statement that shows, at the end of each reporting period, each class of assets and liabilities of an organisation. The public sector equivalent of the Balance Sheet of private companies.
Subsidy	An unrequited payment by a government unit to an enterprise based on the level of its production activities or the quantities or values of goods or services it produces, sells, exports, or imports. Subsidies may be designed to influence levels of production, the prices at which outputs are sold, or the remuneration of the enterprises. Included are transfers to public corporations and other enterprises that are intended to compensate for operating losses.
Surplus	Results where operating revenue generated by a department is greater/less than the associated operating expenses for a particular accounting period. This is also known as the operating result.
Transaction	An interaction between two units by mutual agreement or an action within a unit that is analytically useful to treat as a transaction.
Transfer	A transaction in which one unit provides a good, service, asset, or labour to a second unit without receiving simultaneously a good, service, asset, or labour of any value in return.
Unit	An element of measure that represents a portion of a complex whole.

Appendix 2 - Examples of Coding

Examples of how the above segments are combined to identify specific financial transactions (revenue or expenditure or trust) are as follows:

Example 1 :*Recurrent Expenditure - Pay of Officers of Finance Division, Ministry of Finance*

CoA Segment	CoA Code	Description
1. Organization	10901010000	Secretariat
2. Operation	110000000	General Activity
3. Fund	11001000	GoB - Own Source Revenue
4. Economic code	3111101	Basic pay

The budgetary code to identify the above transaction would appear in the financial accounting records as under:

Organization	Operation	Fund	Economic code
10901010000	110000000	11001000	3111101

Example 2 :*Capital Expenditure for Purchasing of a Computer for Regional Election Office, Barisal*

CoA Segment	CoA Code	Description
1. Organization	10602310101	Regional Election Office, Barisal
2. Operation	110000000	General Activity
3. Fund	11001000	GoB- Own Source Revenue
4. Economic Code	4112202	Computer and accessories

The budgetary code to identify the above transaction would appear in the financial accounting records as under:

Organization	Operation	Fund	Economic Code
10602310101	110000000	11001000	4112202

Example 3 – *Income Tax Revenue collected by Tax Zone – 1, Dhaka*

CoA Segment	CoA Code	Description
1. Organization	11102080001	Tax Zone – 1, Dhaka
2. Operation	110000000	Non-project transaction
3. Fund	11001000	GoB - Own Source Revenue
4. Economic Code	1111101	Income tax payable by individuals

The budgetary code to identify the above transaction would appear in the financial accounting records as under:

Organization	Operation	Fund	Economic code
11102080001	110000000	11001000	1111101

Example 4 – Capital Expenditure (Grants) for Purchasing of a Truck from Operation Plan-03: Essential Service Delivery of Health Population and Nutrition Sector Development Program (HPNSDP) under Ministry of Health and Family Welfare

BACS Segment	BACS Code	Description
1. Organization	12702010000	Head Office Directorate General of Health Services Ministry of Health and Family Welfare
2. Operation	224024400	Health Population and Nutrition Sector Development Program (HPNSDP) (SWAp)
	224024403	Essential Service Delivery (Operation Plan Under HPNSDP)
2. Operation 3. Fund	12019031	Germany-Grants Health, Population and Nutrition Sector Development Program (HPNSDP). (Dt.18.10.2012) DMFAS Reference - G2820121018a
4. Economic code	4112101	Motor vehicle

The budgetary code to identify the above transaction would appear in the financial accounting records as under:

Organization	Operation	Fund	Economic code
12702010000	224024403	12019031	4112101

Example 5 – Capital Expenditure (Loan) for Purchasing of Educational Equipment from Third Primary Education Development Program (PEDP-3) under Ministry of Primary and Mass Education

BACS Segment	BACS Code	Description
1. Organization	12402010000	Head Office, Directorate of Primary Education Ministry of Primary and Mass Education
2. Operation	224012700	Third Primary Education Development Program (PEDP-3) (SWAp)
2. Operation	224012701	Component 1: Learning and Teaching
3. Fund	13205216	IDA (International Development Association) Loan Third Primary Education Development Program 4999-Bd DMFAS Reference - L3320111013a
4. Economic	4112312	Teaching and learning material

The budgetary code to identify the above transaction would appear in the financial accounting records as under:

Organization	Operation	Fund	Economic Code
12402010000	224012701	13205216	4112312