



**REPUBLIC OF ALBANIA  
MINISTRY OF FINANCE  
TREASURY DEPARTMENT**

No .....Prot.

Tirana, on September 02, 2005

---

**I N S T R U C T I O N**

**ON**

**WORKING PROCEDURES OF TREASURY SYSTEM AND  
RELATIONS WITH THE BUDGETARY INSTITUTIONS**

Based on the provisions of the Law No. 8379, dated July 29, 1998 “Drafting and Implementing the State Budget in the Republic of Albania”, on the Decision of the Council of Ministers no.183, dated April 16, 1993 “The Organization and Functioning of the Treasury System” and following the Instruction of the Council of Ministers No.01, dated January 9, 1996 “The working procedures of the Treasury System”, to improve the procedures of the financial control on public expenditure, we:

**INSTRUCT:**

1. The process of budget expenditure execution includes the Institutions who are responsible for the management of public funds, the Treasury System – responsible for the control, approval and execution of public expenditure, and the banking system for the performing of payments in the following order:

**The Ordering Institution - Treasury System - Banking System**

2. Staffs that perform payments will not have any duty in approving payments or reconciling accounts.
3. All the state budget expenditures for the central and local government institutions are affected after the authorization, control and approval from the Treasury District Office or the Treasury Directorate in the Ministry of Finance (for defined levels and nature of public expenditure).
4. All general revenues of the State budget (tax and non-tax revenues), as well as the secondary revenues of the budgetary institutions themselves, are deposited and administered through budget account “Deposit of Government”-TSA, opened in the Bank of Albania on behalf of Treasury. These revenues are used in compliance with the legal and sub-legal acts in force.

5. The allocation of budgetary funds by the Ministry of Finance and by the Local Government institutions, and further division of those funds by spending agency is organized in a way that the proceeding of the state budget execution for any spending unit, expenditure category and revenues should be insured.
6. According to the standard defined by the Treasury Department, the Social Insurance Institute, the Healthcare Insurance Institute and any other state fund allowed to have current accounts outside the Treasury System, will report to the Treasury Directorate at each end month on the banking accounts balance at the beginning and end month.

#### **INSTITUTIONS – ORDER OF EXPENSE**

7. Institutions have the right to spend the budgetary funds within the limits relieved and according to their destination. The request for expenditure is made only for effective expenditures “service made and certified” or for engagements undertaken to make payments based on legal laws and expense voucher.
8. Based on the expense voucher or engagements undertaken, the institutions fulfill an order of expense for the Treasury District Office (TDO). All the expense voucher extremes, the nature of the expenditure and the total request will be signed in the order of expense without corrections and with numbers clearly read. The order of expense should be presented to the Treasury accompanied with its extremes and all the other documents attached.
9. The order of expense is drafted in two copies by the Spending Unit, signed by the head of the Institution (the first signature) or a person delegated by him (the first reserve signature) and by the head of finance department of the institution (the second signature). The expense vouchers (bills, receipt bills in the institution) attached to the order of request should be signed (certified) by the High official of the institution or the person delegated by him. The person delegated by the High official of the institution should not be representative of the finance department of the institution.
10. The Spending Unit (or budgetary institution) receives from the Treasury District office the daily information on the expenses approved and paid, revenues cashed and authorized, and at each end month, it makes the reconciliation of monthly transactions with the Treasury District office.

## TREASURY SYSTEM

11. The treasury system is composed by the Treasury Department in the Ministry of Finance and Treasury Offices (TDO) in the districts.
12. The Treasury Department in the Ministry of Finance has the following duties:
  - i. Financial planning (or the definition of the periodic expenditure limit), liquidity management, including control on cashing and payments in the government accounts in the banking system, aiming at the insuring the normal financing of the government expenditures;
  - ii. Management of the government financial assets, including the participation on capital in enterprises or financial institutions;
  - iii. Control on the execution of the central government budget, monitoring of the operations of non-budgetary and local government funds and accounting of the government operations.
13. Treasury district offices are established in 36 (thirty-six) districts. The minimum staff employment in one Treasury district office should be four employees to exercise control and execute the state budget, make the State accounting and execute payments based in cash limits defined by the Treasury Department.
14. The organization of the Treasury district offices depend from the category of the district as follows:
  - i. Treasury district office in the district of the third-category (with about 30 budgetary institutions) should have a staff by at least 4 (four) employees: a chief and 3 (three) employees (respectively for the expenditures, revenues and relations with the banking system);
  - ii. Treasury district office in the district of the second-category (about 50-80 institutions) should have a staff of 7-11 employees;
  - iii. Treasury district office in Tirana (with 200-250 institutions) is organized in four divisions: 2 (two) Divisions on the Expenditure, the Division on Revenues and the Division on the Relations with the Banks, with a total number by 40 (forty) employees.
15. The responsibilities of the employees of the Treasury District office are as the following:

Treasury district offices of the second/third category:

- **The Chief district office:** (the executive signature) is responsible for the performance of work and quality in the Treasury district office that covers; controls - by selecting the public expenditures approved by the experts on expenditures; executes the expenditure in compliance with the priorities and daily limitation of cash defined by the Treasury Department; and authorizes the usage of the institutional revenues according to the law;
- **Expert on the expenditure** – (approval signature) controls and approves the public expenditures;
- **Expert on revenues** – registers the revenues and makes a monthly balance with the institutions; controls and approves the public expenditure in case of temporary absence of the expert on the expenditure.

- **Banking Expert** - (the executive reserve (backup) signature) processes the banking mail; registers and balances with the Banks and the Institutions on the expenditure paid; prepares the table on deficit/surplus; and executes the payment as a function delegated by the chief district office.

Treasury district office of Tirana:

- **Chief of the district office** – (the executive signature) is responsible for the performance of work and quality in the Treasury district office it covers, makes control by samples of public expenditure previously approved (one (transaction) in 20 transactions for the expenditures which pass the value by 5,000,000 leke); one in 40 transactions for the expenditures under this limit), controls the implementation of the daily cash limit in cooperation with the Treasury Department and authorizes the payment of public expenditures according to the priorities defined:
- **Chiefs of the divisions on the expenditure** – (first approval signature): responsible for monitoring the tasks of the division, makes controls and gives a second approval on public expenditures, when the value of one transaction is equal to or more than 5,000, 000 leke (after the previous approval given by the employees on the expenditures);
- **Chief of the division on revenues** – responsible for monitoring the tasks of the division, makes controls (by samples) and authorizes the usage of the institutional revenues according to the law.
- **Chief of the banking division** – (the first executive backup signature) as a delegated employee by the responsible of the district office - authorizes payments based on the daily cash limit, responsible for monitoring and resolving the problems with commercial banks and prepares the deficit/surplus statement.
- **Expert on expenditure** (second approval signature) - is responsible for controlling of documents and approving all public expenditures. Meanwhile he carries out the duty of the other expenditure specialist in case of their temporary absences.
- **Expert on incomes** - is the responsible for registering the incomes and recording them once in a month with the other institutions. Meanwhile he carries out the duty of the other income specialist in case of their temporary absences.
- **Bank expert** - is responsible for elaborating the banking post, for registering and recording the executed expenditures with banks and other institutions.

By temporary absence, we mean the absence of the treasury specialist at work for some days up to one month, being justified in compliance with the legal framework in power. If the absence of the work is foreseen to be more then one month, a person with temporary contract has to be appointed from the Treasury Director, proposed by the chief of the treasury district office. The proposals must be more than two.

### **Documents presentation to the Treasury District Office.**

15. The prepared documentation as mentioned to point 7 and 8 of this guidelines has to be presented to the Treasury District Office from a person of ordering institution, being approved and officially known by the jurisdiction of the Treasury District Office. The

approved person has to be the chief of finance in the institution or his delegated person. In order to facilitate the communication and to define each party responsibilities during communication the Treasury District Office has to fulfill files of the budgetary institutions, which are composed of the information below:

- i. Budgetary title institution, address and phone number;
- ii. Identification number of the institution, that's to say the (INTP) Identification Number of Tax Payer;
- iii Budgetary unit (local or national) and its respective code;
- iv Titles and codes of the ministries or local governments which do includes the Institutions activity;
- v Number of staff based on the organic being approved by the Line Ministry or from the council of local governments; the planed staff number has to be approved by the General Budget Department of the Ministry of Finance;
- vi The finance staff with the job description within the District Office;
- vii Name and surname of the high official, of the person being delegated by him, and of the finance director in the institution, as well as their signature specimen;
- viii The name and surname of the authorized person who will communicate with the Treasury Department, as well as his passport number.

### **Control, approval and registration of the endorsement requirements.**

The Treasury specialist on expenditures has to carry out the following control to the documents:

16. **Formal control.** He has to control if the order of request is fulfilled with readable writing, without correcting and with all extremes included. He has to verify the signatures with the deposited specimen, as well as the institution's stamp.
17. **Documentary control.** It controls the Order of request, if there are enough original documents for the accounted expenditure being in compliance with the services (stamp or the notice of institution authority or his delegated person) or the commitment of the institution. It will control if the documents and their base extreme have been presented to the order of request.
18. **Parallel expense control.** It has to be realized for some expenditure, which are to be carried out parallel with the others. The typical case is the control on social security contribution, tax payment and other obligations derived from the law, which need to be carried out at the time of wages.
19. **Destination control and that for the amount fund in disposal.** It controls if the carried out expenditure according to the documents attached to the Order of request are expenditure of the same nature with the funds approved for that purpose, and if they are covered with unexpended funds of the institutions for very category of expenditure.
20. **Priorities Control.** It has to be used when the government has defined priorities in the special payment performance. In such cases the Treasury department controls if that priority has been taken into consideration form the budgetary institutions. The second control on that line has to be carried out by the chief of the District Office.
21. After performing the control as mentioned above, the Treasury Departments employee approves the expenditure where the documents fulfill all the written

requirements of this Order or being derived from other legal or sub legal acts. In other cases the document has to be turned back to the institution, in order to be corrected or to be canceled.

22. The approval from the Treasury Department Employee is finalized with signing and stamping all the Order of request copies as well as the attached documents. When one document corresponds to more than one order of request, the treasury employee has to signature every separated part of the expenditure corresponding to the document, as being approved.
23. The chief of the Treasury District Office, after the control (by samples) of the approved documents authorizes the payment of the expenditure, by signing (executive signature) and stamping the respective banking documents, being prepared by the bank officer.
24. The payment authorization has to be carried out in compliance with the day limited cash, defined by the Treasury Department (cash management function). In case when the amount of the Order of request is bigger than the disposal liquidity, then it has to be authorized the payment based on the priorities defined by the Ministry of Finance as parallel expenditure (contribution, taxes etc), electric power etc as well as proposed urgent payment from the ordering institution.

## **BANKING SYSTEM**

25. The treasury documents are deposited to the commercial banks, signed by the chief of the Treasury District Office (executive signature) and the expense officer (approval signature), whose specimen has been deposited primary at the Commercial Banks. The bank has to precede with the public expenditure payments. The payment and the cashing of the public expenditures have to be performed by the Banking system in compliance with the agreements connected with the Bank of Albania and Ministry of Finance, as well as with the annual Agreement between the Ministry of Finance and with the Commercial Bank.
26. Banks hand over the daily account to the Treasury District Office and report every day on the payment and cashing to the Bank of Albania.
27. After payment performance from the second level banks (commercial bank), the daily bank statement (with attached documents) is going to be elaborated by the specialist of the banking relation in TDO, who controls and registers in the general ledger the execution of the transaction through banking system, and it also reveals the periodic report for public institutions.
28. Errors resulting due to the control and daily records of the banking post have to be known to the bank, and in the next day it has to be prepared the systematization/cancellation based on the recording acts (when there are mistakes) or to the banking documents, prepared by the treasury District Office for that purpose. At the end of the month the treasury District Office prepare a summary statement of the bank accounts where have been recorded the daily debits and credits of the account, the incomes and expenditure as well as the daily deficit/ and surplus. Such a table has to be signed to the Treasury Department together with the other monthly reports. The Treasury department based on this table controls the Bank expenditure and the incomes on respective documents and records with the Center of Commercial Bank and with the Bank of Albania.