Government of the Peoples’ Republic of Bangladesh

Ministry of Finance, Finance Division

Budget Wing-1, Section-1

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| 20 June 2021 |

**Circular**

Sub.- Terms of references of Budget Management Committee (BMC), Budget Working Group (BWG) and Budget Section/Branch/Wing of Ministries/Divisions/Other Institutions

All the Ministries/Divisions/Other Institutions have been brought under the coverage of Medium-Term Budgetary Framework (MTBF) for ensuring efficiency and effectiveness in public expenditure. One of the main purposes of introducing MTBF is to enhance capacity of the Ministries/Divisions and to empower them and make them responsible to prepare the budget keeping in line with the national priorities and implement it with efficiency and to monitor the achievements against the predetermined targets and thus monitoring the overall budget.

2. After introducing the MTBF, on 22.05.2005 all ministries/divisions/ other institutions were requested to form Budget Management Committee (BMC) and Budget Working Group (BWG) to assist preparing budget. Later, on 09.04.2008 some changes have been brought in the terms of references (ToR) of BMCs and ToR of BWGs was fixed. Besides that, on 09.04.2008 to build capacity of the line ministries, it was requested to create budget section/branch/wing along with a list of general generic functions. Section 16 of *The Public Money and Budget Management Act, 2009* renders a legal mandate for the formation of BMCs and BWGs and Budget Management Section/Branch/Wing of the ministries/divisions.

3. Finance Division issued a circular on 13.06.2012 to bring uniformity in the functions of these two committees (BMC and BWG) and the budget sections/branch/wing of the ministries/divisions. In the preceding 8 years, there have been considerable reforms made in the strategic goals and targets of the government to the way of poverty alleviation and macroeconomic economic growth of the country. Finance Division has recently made some procedural changes and institutional reforms to bring discipline in expenditure management and transparency. It also seeks to enable service delivery to the service seekers without any hassle and FD still has been carrying out some of these special programs.

4. Vision of the government is to achieve Sustainable Development Goals (SDGs) by 2030 and eradicate absolute poverty from the country by 2031 and graduate herself as higher-middle income country. Moreover, graduation as one of the advanced nations of the world in 2041 by eradicating all types of poverty. For this, along with achieving the above-mentioned goals and the implementation of the *Delta Plan 2100* and to ensure the increase of social sector spending, encounter the climate change induced impact (Adaptation and Mitigation), poverty alleviation and gender equality, Ministries/Divisions must align the MBF with the national priorities and produce medium term plans accordingly. Added to that, government spending in priority areas must be increased by ensuring allocative efficiency and efficiency of spending public money so that fiscal space can created.

5. In the above perspective, revisions/expansions have been made in the ToR of BMCs and BWGs. At the same time, revisions/expansions have been brought in the ToR of BMCs and BWGs of other departments/other institutions. Not only that, revisions have also been made of the budget section/branch/wing of the ministries/divisions/other institutions. Here the terms of references of these committees are attached (Appendix A, B, C & D).

6. Under above circumstance, being directed, ministries/divisions are requested to take the following initiatives:

(a) Revision of terms of references of BMCs and BWGs of the ministries/divisions/other institutions mentioned in **Appendix A**.

(b) Terms of references as mentioned in **Appendix B.**

(c) Terms of references of budget section/branch/wing of line ministries as mentioned in **Appendix C.**

Signed/-

**(Md. Ekhlasur Rahman)**

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**Distribution (Not according to seniority):**

1. Cabinet Secretary, Cabinet Division, Bangladesh Secretariat, Dhaka
2. Comptroller & Auditor General of Bangladesh of Bangladesh, Office of the Comptroller & Auditor General of Bangladesh, Kakrail, Dhaka
3. Senior Secretary, National Parliament, Sher-e – Bangla Nagar, Dhaka
4. Senior Secretary, Financial Institutions Division, Bangladesh Secretariat, Dhaka
5. Senior Secretary, Information and Communication Technology Division, 14/Y, Sher-e – Bangla Nagar, Dhaka
6. Senior Secretary, Internal Resources Division, Bangladesh Secretariat, Dhaka
7. Senior Secretary, Public Security Division, Bangladesh Secretariat, Dhaka
8. Senior Secretary, Ministry of Science and Technology, Bangladesh Secretariat, Dhaka
9. Senior Secretary, Local Government Division, Bangladesh Secretariat, Dhaka
10. Senior Secretary, Energy and Mineral Resources Division, Bangladesh Secretariat, Dhaka
11. Senior Secretary, Ministry of Water Resources, Bangladesh Secretariat, Dhaka
12. Senior Secretary, Ministry of Defence, Sher-e – Bangla Nagar, Dhaka
13. Senior Secretary, Ministry of Foreign Affairs, Shegun Bagicha, Dhaka
14. Secretary, Ministry of Agriculture, Bangladesh Secretariat, Dhaka
15. Secretary, Ministry of Public Administration, Bangladesh Secretariat, Dhaka
16. Secretary, Ministry of Youth and Sports, Bangladesh Secretariat, Dhaka
17. Secretary, Ministry of Housing and Public Works, Bangladesh Secretariat, Dhaka
18. Secretary, Public Division, Office of the President, Bangabhaban,Dhaka
19. Secretary, Road Transport and Highways Division, Bangladesh Secretariat, Dhaka
20. Secretary, Ministry of Railways, Rail bhaban, Abdul Gani Road, Dhaka
21. Secretary, Health Services Division, Bangladesh Secretariat, Dhaka
22. Secretary, Rural Development and Co-operatives Division, Bangladesh Secretariat, Dhaka
23. Secretary, Ministry of Commerce, Bangladesh Secretariat, Dhaka
24. Secretary, Ministry of Food, Bangladesh Secretariat, Dhaka
25. Secretary, Secondary and Higher Education Division, Bangladesh Secretariat, Dhaka
26. Secretary, Ministry of Fisheries and Livestock, Bangladesh Secretariat, Dhaka
27. Secretary, Medical Education and Family Welfare Division, Bangladesh Secretariat, Dhaka
28. Secretary, Planning Division, Sher-e – Bangla Nagar, Dhaka
29. Secretary, Ministry of Religious Affairs, Bangladesh Secretariat, Dhaka
30. Secretary, Prime Minister's Office, Tejgaon, Dhaka
31. Secretary, Ministry of Environment, Forest and Climate Change, Bangladesh Secretariat, Dhaka
32. Secretary, Ministry of Textiles and Jute, Bangladesh Secretariat, Dhaka
33. Secretary, Ministry of Primary and Mass Education, Bangladesh Secretariat, Dhaka
34. Secretary, Technical and Madrasa Education Division, Bangladesh Secretariat, Dhaka
35. Secretary, Economic Relations Division, Bangladesh Secretariat, Dhaka
36. Secretary, Ministry of Shipping, Bangladesh Secretariat, Dhaka
37. Secretary, Ministry of Expatriates' Welfare and Overseas Employment, Eskaton, Dhaka
38. Secretary, Ministry of Labour and Employment, Bangladesh Secretariat, Dhaka
39. Secretary, Implementation, Monitoring and Evaluation Division, Sher-e – Bangla Nagar, Dhaka
40. Secretary, Statistics and Informatics Division, Sher-e – Bangla Nagar, Dhaka
41. Secretary, Bangladesh Public Service Commission, Agargaon, Dhaka
42. Secretary, Ministry of Disaster Management and Relief, Bangladesh Secretariat, Dhaka
43. Secretary, Ministry of Cultural Affairs, Bangladesh Secretariat, Dhaka
44. Secretary, Posts and Telecommunications Division, Bangladesh Secretariat, Dhaka
45. Secretary, Bridges Division, Bangladesh Secretariat, Dhaka
46. Secretary, Power Division, Bangladesh Secretariat, Dhaka
47. Secretary, Ministry of Liberation War Affairs, Bangladesh Secretariat, Dhaka
48. Secretary, Anti-Corruption Commission, Shegun Bagicha, Dhaka
49. Secretary, Ministry of Civil Aviation and Tourism, Bangladesh Secretariat, Dhaka
50. Secretary Ministry of Land Bangladesh Secretariat, Dhaka
51. Secretary, Ministry of Industries, Bangladesh Secretariat, Dhaka
52. Secretary, Ministry of Social Welfare, Bangladesh Secretariat, Dhaka
53. Secretary, Election Commission Secretariat, Sher-e – Bangla Nagar, Dhaka
54. Secretary, Ministry of Chottagram Hill Tracts Affairs, Bangladesh Secretariat, Dhaka
55. Secretary Security Services Division, Bangladesh Secretariat, Dhaka
56. Secretary, Ministry of Women and Children's Affairs, Bangladesh Secretariat, Dhaka
57. Secretary, Ministry of Information and Broadcasting, Bangladesh Secretariat, Dhaka
58. Secretary, Legislative and Parliamentary Affairs Division, Bangladesh Secretariat, Dhaka
59. Secretary, Law and Justice Division, Bangladesh Secretariat, Dhaka
60. Secretary, Personal Division, President’s Office, Bangabhaban, Dhaka
61. Principal Staff Officer, Armed Forces Division, Dhaka
62. Registrar General, Bangladesh Supreme Court, Dhaka
63. Additional Secretary (Administration & Expenditure Management), Finance Division, Bangladesh Secretariat, Dhaka

**Appendix: A**

**Formation and Terms of Reference of Budget Management Committee of Ministry/Division**

**1. Formation:**

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| --- | --- | --- |
| **Sl.** | **Designation** | **Position** |
| 1 | Secretary/Principal Accounting Officer | Chairman |
| 2 | All Additional Secretary/Joint Secretary | Member |
| 3 | Additional Secretary/ Chief/Joint Chief Planning/Development Branch/Wing | Member |
| 4 | Head of all Departments/Agencies | Member |
| 5 | Deputy Secretary/Senior Assistant Secretary of Budget Branch | Member |
| 6 | Deputy Secretary, Concerned | Member(Technical) |
| 7 | Deputy Chief of Sector Division from Planning Commission | Member |
| 8 | Representative from Implementation and Evaluation Division (Not below the level of Director) | Member |
| 9 | Representative from Economic Resources Division (Not below the level of Director) | Member |
| 10 | Representative from General Economic Division (Not below the level of Director) | Member |
| 11 | Chief Accounts and Finance Officer, Concerned Ministry | Member |
| 12 | Head of the Budget Working Group | Member Secretary |

**2. Terms of Reference:**

**Strategic**

1. Approve MBF after reviewing its alignment with short, medium and long-term plans of the government (such as Bangladesh Perspective Plan (2021-2041), 8th Five Year Plan (2021-2025), SDG 2030, Bangladesh Delta Plan 2100, sector plan, specific policy plan);
2. Approve MBF after reviewing its consistency with the Annual Performance Agreement (APA) of the Ministry/ Division;
3. Approve MBF after reviewing and ensuring the incremental resource allocation for poverty alleviation and women empowerment activities of the Ministry/Division having alignment with short, medium and long- term plans of the government in this respect;
4. Approve MBF after ensuring adequate resource allocation to address the adverse impacts of climate change (adaptation & mitigation) having alignment with short, medium and long- term plans of the government in this respect;
5. Approve budget related plans/action plans of the ministry/division.

**Budget Review and Approval**

1. Approve the revenue targets and expenditure ceilings for the attached departments/agencies;
2. Approve the estimates and projections for revenue receipts, development and operating expenditures;
3. Review and approve the non-ADP programs proposals (scheme);
4. Review and approve proposals relating to foreign aided projects;
5. Review and approve the incidences of unexpected expenditures (if there is any), financed not from budget, before sending it to Finance Division;
6. Approve Advance Annual Procurement Plan (APP) of the Ministry/Division and the attached department as well as the Budget Implementation Plan;
7. Monitor the progress of revenue collection and financial & non-financial progress of the programs/projects/ activities against the targets set in the budget on a monthly basis in coordination with the development wing/planning cell;

**Evaluation, Monitoring and Audit**

1. Review and approve actual achievements against KPIs as set forth and take necessary steps to achieve the outputs and review and annual progress report;
2. Review and approve monthly progress report on revenue collection and expenditure target;
3. Approve Annual Appropriation Account of the ministry before sending it to C&AG for audit certification;
4. Review the internal and statutory audit reports and provide guidance for settlement of audit objections;
5. Any other matters related to budget implementation plan set out in budget, plans for revenue earning and expenditure and review the quarterly basis progress of budget implementation; and
6. Give necessary directions to the peer review team assigned to measure performance Indicator of the LM.

**Other**

1. Sub-committee of the BMC may be formed with competent officers to accomplish specialized assignments like setting strategic objectives, performance indicators and output indicators.
2. A BMC meets seven times or more in a year. The Chairperson may convene special meeting as and when required.
3. BMC can, if requires, co-opt any member.

**Appendix: B**

**Terms of Reference of Budget Working Group of Ministry/Division and other Agencies**

1. **Formation:**

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| **Sl.** | **Designation** | **Position** |
| 1. | Additional/Joint Secretary of Budget Wing | Chairman |
| 2. | Deputy Secretary/Senior Assistant Secretary of the Budget Management Branch | Member |
| 3. | Deputy/Senior Assistant chief of the Planning Cell | Member |
| 4. | All officers from concerned accounting and planning section of the attached department |  |
| 5. | Concerned Deputy/ Senior Assistant/ Assistant Secretary, Finance Division | Member |
| 6. | Assistant/Senior Assistant Chief of the Sector Division of Planning Commission | Member |
| 7. | Chief Accounts and Finance Officer, Concerned Ministry | Member |
| 8. | Accounts Officer, Ministry/Division | Member |
| 9. | Senior/Assistant Secretary/Chief of Budget Management Branch/Section | Member-Secretary |

\*Chiarman of other agencies /Constitutional bodies shall be appointed with the decision of Principal Accounting Officer.

**2. Terms of Reference:**

After examining and finalizing the following documents/resolutions have to be presented for the approval of the Budget Management Committee:

**Strategic**

1. Prepare/Update MBF after reviewing its alignment with short, medium and long-term plans of the government (such as Bangladesh Perspective Plan (2021-2041), 8th Five Year Plan (2021-2025), SDG 2030, Bangladesh Delta Plan 2100, sector plan, specific policy plan);
2. Prepare/Update after reviewing its consistency with the Annual Performance Agreement (APA) of the Ministry/ Division;
3. Prepare/Update MBF after reviewing and ensuring the incremental resource allocation for poverty alleviation and women empowerment activities of the ministry/Division having alignment with short, medium and long-term plans of the government in this respect;
4. Prepare/Update MBF after ensuring adequate resource allocation to address the adverse impacts of climate change (adaptation & mitigation) having alignment with short, medium and long-term plans of the government in this respect;
5. Plans/action plans of the ministry/division/other institutions relating to budget;

**Prepare/update budget implementation plan**

1. Prepare/update MBF of the ministry/division/other institutions (part A & B);
2. Set/update revenue targets and expenditure ceilings for the secretariat and attached departments/agencies;
3. Prepare estimates and projections for revenue receipts, development and non-development expenditure;
4. Prepare Annual Procurement Plan and Budget Implementation Plan of the Ministry/Division and subordinate departments/agencies;

**Report Preparation and Miscellaneous**

1. Prepare quarterly reports on revenue collection and expenditure;
2. Prepare annual report on achievement against the predetermined targets the KPI and output;
3. Publish reports on Budget Implementation;
4. Prepare working papers of BMC; and
5. Any other task assigned by the BMC or Principal Accounting Officer relating to budget preparation, implementation, monitoring and review**.**

**Appendix: C**

**Terms of References of the Budget Management Committee of the Department/Agency under the Ministry/Division**

**1.\* Formation:**

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| **Sl** | **Designation** | **Position** |
| 1. | Head of the Department/Agency | Chairman |
| 2. | Director of all Projects/Scheme | Member |
| 3. | Head of the Finance/Budget Cell | Member |
| 4. | Representative of Planning and Administration | Member |
| 5. | Deputy/Assistant Director (Budget) | Member -Secretary |

\*For formation of BMC of the Department/Agencies, permission of Ministry/Division is needed.

**2. Terms of Reference:**

**Strategic**

1. Prepare/Update MBF after reviewing its alignment with short, medium and long-term plans of the government (such as Bangladesh Perspective Plan (2021-2041), 8th Five Year Plan (2021-2025), SDG 2030, Bangladesh Delta Plan 2100, sector plan, specific policy plan);
2. Prepare/Update after reviewing its consistency with the Annual Performance Agreement (APA) of the Ministry/ Division;
3. Prepare/Update MBF after reviewing and ensuring the incremental resource allocation for poverty alleviation and women empowerment activities of the ministry/Division having alignment with short, medium and long-term plans of the government in this respect;
4. Prepare/Update MBF after ensuring adequate resource allocation to address the adverse impacts of climate change (adaptation & mitigation) having alignment with short, medium and long-term plans of the government in this respect;

**Prepare/Update Budget Implementation Plan**

1. Approve estimates and projections of revenue receipts and development and non-development expenditures of the department/agency;
2. Approval of Budget Implementation Plan including Advance Procurement Plan;
3. Preparation of estimates and projections of local matching fund and assistance on a quarterly basis for all foreign aided projects and monitoring the actual disbursement and use;
4. Any other matters related to budget implementation plan set out in budget, plans for revenue earning and expenditure and review the quarterly basis progress of budget implementation so that the actual expenditure does not exceed the budget allocation;

**Prepare Reports, Evaluation, Audit and Miscellaneous**

1. Monitor actual performance against output targets and take necessary steps to achieve targets and make annual publication;
2. Take necessary initiatives to make publications about budget implementation plan;
3. Review internal and statutory audit reports and provide necessary instructions on the disposal of audit objections;
4. Any other tasks assigned by the higher authority relating to budget preparation, implementation, monitoring including issues relating to financial management.
5. Extend necessary co-operation to the peer review team for assessing the performance of BMC & BWG; and

**3. Other**

1. The BMC of the department/agency will meet, at least eight times in a year based on necessity the Chairman of the BMC may convene meeting at any time; and
2. The minutes of the BMC meeting has to be sent to Budget Management Wing/Branch/Section of the ministry/division.

**Appendix: D**

**Terms of Reference of Budget Management Branch/Wing**

**Strategic**

1. Update MBF for the department/agency after examining short, medium and long-term plans such as Bangladesh Perspective Plan (2021-2041), 8th Five Year Plan (2021-2025), SDG 2030, Bangladesh Delta Plan 2100, Sector Plan and Specific Policy Plan of LM;
2. Update plans/action plans prepared in alignment with APA reflected in MBF of the ministry/division;
3. Update plans/action plans on increasing the expenditure for poverty elimination and women development prepared in alignment with short, medium and long-term plans of the government;
4. Update plans/action plans on increasing the expenditure to address the impacts of climate change (adaptation & mitigation) reflected in MBF prepared in alignment with short, medium and long-term plans of the government;

**Budget Review and Preparation of Report**

1. Determine expenditure ceilings and targets for revenue receipts for the Secretariat and attached departments/ agencies;
2. Prepare estimates and projections for revenue receipts and non-development and development expenditures and ensure timely data entry;
3. Prepare/review proposal of programs financed from revenue budget and place it before the BMC for approval;
4. Prepare and implement budget implementation plan including advance procurement plan for the ministry/division and departments/agencies;
5. Collect, collate and analyze information on revenue collection and fund release including utilization of resources allocated in the budget and prepare report in this regard;
6. Monitor the progress of revenue collection and financial and non-financial implementation progress of activities/ projects/programs by agency/department in coordination with the Planning Cell/ Development Wing on a monthly basis;
7. Monitor budget implementation including actual achievements against the KPIs and output targets;
8. Ensure proper exercise of the financial powers delegated to the ministry/division including re-appropriation;
9. Examine and forward proposals for additional allocation (if necessary) to the Finance Division;

**Coordination, Evaluation, Monitoring and Audit**

1. Upload/post information/reports regarding budget allocation and utilization in the website of the ministry/division/other institution on a regular basis;
2. Reconciliation of Departmental Accounts with the accounts of the Office of the Chief Accounts and Financing Officer;
3. Prepare Annual Appropriation Accounts of the Ministry/ Division and send it to the Office of the Comptroller and Auditor General for audit certification;
4. Prepare reports for Public Accounts Committee (PAC) and other parliamentary committees on budget and financial matters;
5. Review the Internal and Statutory audit reports ministries where there is no separate audit section, it takes necessary measures to dispose of audit objections and coordinate administrative and disciplinary measures against relevant person (s) where necessary;
6. Co-ordinate with FD, PC, ERD and IMED on all matters relating to budget management;
7. Provide secretarial support to BMC, BWG and Sub-Committee of Budget Management Committee (if any) and ensure circulation of the minutes of the meetings of BMC to the Finance Division and Planning Commission;
8. Ensure coordination among the subordinate departments/agencies on all matters relating to financial management reforms/ improvements and budget management;
9. Take necessary steps to enhance the capacity of the departments/ agencies on different matters relating to financial management;
10. Establish and ensure smooth functioning of Management Information System (MIS) to facilitate budget preparation, implementation and monitoring and collection and storing of information/data on KPIs, output indicators;
11. Extend co-operation to peer review team and help reporting; and
12. Undertake any other responsibilities assigned by the higher authority with regard to financial management including budget preparation, implementation and monitoring.