

KINGDOM OF TONGA



MINISTRY OF FINANCE

Corporate Plan

2005/06 – 2008/09

July 2005

Abbreviations

| | |
|--------|--|
| ADB | Asian Development Bank |
| AS | Assistant Secretary |
| ASD | Alternative Service Delivery |
| AusAID | Australian Agency for International Development |
| EBD | Economics and Budget Division |
| EU | European Union |
| FA | Financial Analyst |
| DDMS | Development and Dept Management Section |
| GEF | Global Environment Facility |
| GOT | Government of Tonga |
| GOTNET | Government of Tonga Network |
| HRAU | Human Resources and Administration Division |
| IAU | Internal Audit Unit |
| IMF | International Monetary Fund |
| ITMD | Information and Technology Management Division |
| L.A. | Legislative Assembly |
| MTPS | Macroeconomics and Tax Policy Section |
| MC | Macroeconomics Committee |
| NZAid | New Zealand Aid |
| P/E | Principal Economist |
| PAS | Principal Assistant Secretary |
| PC | Personal Computer |
| PED | Public Enterprises Division |
| SAS | Senior Assistant Secretary |
| S/E | Senior Economist |
| SPDP | Sector Programmes and Development Policy Section |
| S/F | Secretary for Finance |
| UNDP | United Nations Development Program |
| WHO | World Health Organization |

Contents

| | |
|--|-----------|
| FOREWORD BY THE HON. MINISTER OF FINANCE | 4 |
| INTRODUCTION | 5 |
| THE CORPORATE PLANNING CONTEXT | 6 |
| 1.1 The Strategic Challenge | 6 |
| 1.2 Mission and Mandate | 7 |
| 1.3 Core Activities | 7 |
| 1.4 Values and Organizational Culture | 9 |
| THE ORGANISATIONAL RESPONSE | 10 |
| 2.1 Structure of the Ministry | 10 |
| 2.2 Roles and Functions: Leadership and Policy Direction | 12 |
| 2.3 Roles and Functions: Human Resources and Administration Unit (HRAD) | 12 |
| 2.4 Roles and Functions: Information Technology Management Division (ITMD) | 13 |
| 2.5 Roles and Functions: Economic and Budget Division (EBD) | 14 |
| 2.6 Roles and Functions: Procurement Division | 17 |
| 2.7 Roles and Functions: Public Enterprises Division (PED) | 17 |
| 2.8 Roles and Functions: Aid Management Division | 18 |
| 2.9 Roles and Functions: Treasury Operations Division | 19 |
| ANNUAL MANAGEMENT PLAN | 23 |
| 3.1 The Challenge | 23 |
| 3.2 Objectives: Human Resources and Administration Unit | 23 |
| 3.3 Objectives: Information Technology and Management Division | 28 |
| 3.4 Objectives: Economic and Budget Division | 35 |
| 3.5 Objectives: Procurement Division | 42 |
| 3.6 Objectives: Public Enterprises Division | 44 |
| 3.7 Objectives: Aid Management Division | 48 |
| 3.8 Objectives: Treasury Operations Division | 53 |
| IMPLEMENTATION OF THE PLAN | 62 |

Foreword by the Hon. Minister of Finance

The Ministry of Finance is the central institution within the economic and financial landscape of the Kingdom. For this reason the Ministry has a constant obligation to carefully consider the economic and financial needs of the country and provide Government with sound advice after considering all possible alternatives within the common confines of a limited resourced environment.

Tonga has currently come to the intense realization that the economic prosperity of tomorrow requires that economic reforms are prerequisite today. This realization for the need to change certain economic and financial aspects of the country has added pressure on the Ministry of Finance to not only sustain the added load of economic reforms needed to be implemented, but also demands that the Ministry have the organizational fortitude to respond proactively and dynamically during this period of introduced change.

The Corporate Plan 2005/06 – 2008/09 reflects the planning effort put forward by management in response to the challenges put before the Ministry within the scope of the next three years. Details of changes made to the organizational structure of the Ministry and the prioritized objectives are articulated within this document to help the Ministry focus the use of the available but limited resources to maximize efficiency in producing priority outputs.

An Annual Management Plan is also included in this document and has been prepared by each division addressing the most immediate objectives and crucial functions of each body within our organization during this significant period of economic reformation. Although, it is not expressively written within this document but the Annual Management Plan section with its objectives, programs, and activities have been prioritized to address first legislative mandates or Acts required by law to be met by the Ministry of Finance. Secondly, address the needs for the economic and financial reforms that are being introduced and implemented within the Kingdom; and lastly, objectives have been drawn up to address the need to make various improvements in the performance and capabilities of the Ministry.

It is hoped that the time and effort put into the planning of the work that is needed to be done by the Ministry will be equally successful during the implementation stage.

May God consecrate our collective effort in building up the Kingdom of Tonga.

The development of the Ministry's Corporate Plan is an expression of its commitment to making an effective contribution to the financial and programme management of the Government and to strengthening the social and economic wellbeing of the Kingdom. This commitment requires adaptation and change on the part of the Ministry itself.

Strategic planning at the corporate or Ministry level should be seen in the broader context of the Government's overall strategic planning and its social and economic goals and objectives. The Ministry of Finance - with its special responsibility for the Budget as the Government's primary tool for shaping economic and fiscal policy and giving expression to strategic and programme objectives - must take into account the overall vision and strategy of the Government, and remain sensitive to the varied missions and roles of other Ministries and Departments. It must also remain sensitive to the need to strengthen and sustain an expanding private and non-governmental sector, on which the economic and social development of Tonga will depend heavily in the years ahead.

The objective of planning at the corporate level is to provide a strategic framework within which management decisions and institutional growth can take place, and individual programme priorities can be established, implemented and monitored. Such a strategic framework must reflect the overall objectives of the organization and represent the vision and judgment of its senior management.

The additional concept of strategic management adds a further factor, which is to view the selection of objectives and priorities, the articulation of a programme response, the identification of critical success factors, and the implementation of human resource planning as a continuing process in which the organization interacts with its stakeholders, and in which each participant group in the organization contributes to the various steps in the strategic management cycle, through coordinated implementation of the strategy and its periodic reformulation. The objective is to create a learning institution which consciously benefits from experience, both its own and that of others is service-oriented in terms of those it serves, and continuously seeks a proactive role in terms of changing needs and circumstances.

The Corporate Planning Context

Challenge, Mission and Values

1.1 The Strategic Challenge

In a rapidly changing world, the national economy and the role and functions of government need to adapt to new constraints and to new possibilities and challenges. Tonga is not isolated from the world around us. We are an integral part of that world, both influenced by it and making our own contribution, in our own way and with our own means and capabilities.

But change in the environment in which we live, changing patterns of trade and communications, new technological possibilities, and improved methods of setting priorities and delivering services, require a response from government. In all countries, this has brought major changes in the role and scope of government and in the ways in which goods and services are provided as between public and private sectors, as well as major efforts to improve the efficiency and effectiveness of government and the public sector as a whole, with a view to delivering better value for money. It is in this context that economic and fiscal policy and the programme directions of government must be shaped and priorities set.

A Ministry of Finance needs to be responsive to the need for change consistent with the traditions and aspirations of the nation and its people. It must both contribute to and seek to implement the strategic vision and objectives of the nation and its Government. It must work closely with other Ministries, Departments and agencies in coordinating economic policies and in setting programme priorities. It must be increasingly sensitive to the needs of the non-governmental sectors and the influence and impact of government policies, programmes and regulations on the health, vitality and competitiveness of private means of production and provision of services.

This represents the challenge. To meet it will require a strong, experienced and professional team within the Ministry, with analytical capabilities, integrity and effectiveness, awareness of the private sector, and the will and skills to provide sound policy advice and work closely with others, most particularly with those who share the responsibility for helping to shape economic policies and the social and economic future of Tonga.

The commitment to build that team, strengthen its capabilities and effectiveness, and respond to the nation's needs and the Government's goals and priorities, is expressed in the corporate planning process that the Ministry has embarked on. It is the basis for the strategy and priorities in the chapters that follow and in Volume II.

1.2 Mission and Mandate

Mission

The mission of the Ministry of Finance is to facilitate Government to improve economic and financial decision making and manage its scarce resources.

Mandate

The Ministry's mandate is to support the Minister of Finance in carrying out his core functions and statutory responsibilities, by:

- ⇒ providing the best possible analysis and policy advice on economic and financial issues, options and their implications;
- ⇒ providing leadership in the formulation and management of the Government's annual Programme Budget, with due attention to the Government's economic, social and other goals the financial and economic position of the Kingdom;
- ⇒ provision and dissemination of essential statistical information on the economy, government and people of Tonga;
- ⇒ implementing government decisions with the highest professionalism, timeliness and attention to detail;
- ⇒ communicating the economic and financial issues, possible options and government decisions within and outside government, in the clearest way possible, and acting as an effective conduit for listening to the views of participants in the economy from all parts of the Kingdom;
- ⇒ establishing and maintaining high quality support systems and human resource planning and development in order to be able to carry out these functions;
- ⇒ in undertaking its mission, the Ministry also needs to assist the Minister in his role as a key policy Minister of the Government, act as a central agency of government in assessing the economic and financial implications of major policy proposals and, with other central agencies, assist Ministers in establishing a priority planning framework.
- ⇒ Provide the best possible advice and mechanism for aid management to ensure aid effectiveness is maximized.

1.3 Core Activities

The core activities of the Ministry relate to its wide-ranging responsibilities, and cover several distinct categories of its mandate.

- ◇ development and formulation of economic and financial policy advice to Government, including presentation of an annual Budget policy framework and Programme Budget Estimates, and approaches to strengthening the efficiency and effectiveness of the public sector;
- ◇ monitoring, analysis of and reporting on macro-economic conditions and developments, including the fiscal position, the external sector, and the impact of monetary policy on the government's financial policies and the economy;
- ◇ assessment of sector economic conditions, major economic and social programmes of the Government and the public sector investment plan;
- ◇ monitoring and evaluation of the effectiveness of government programmes and capital projects, and assisting in the design of performance indicators and their application to measuring performance in programme delivery;
- ◇ participation in the development of the Government's strategic and medium term economic and social goals and objectives;

- ◇ preparation of an annual fiscal and economic framework as the basis for formulation of economic and financial policies and the development of Guidelines for preparation of the Programme Budget;
- ◇ analysis of and advice on the Programme Budget submissions of all departments and agencies of government, to ensure their consistency with economic, fiscal and strategic objectives, and with a view to identifying key priorities for each year's Budget and the means of improving programme performance;
- ◇ preparation of an annual Budget Statement, providing an analysis of economic and fiscal developments and reviewing Budget objectives, policies and specific measures, together with the annual Programme Budget Estimates, for consideration by Cabinet and submission to the Legislative Assembly;
- ◇ analysis of the implementation of the Budget and the extent to which specific Budget objectives are being met;
- ◇ evaluation of and advice on the use of external resources, including in particular loan resources, in support of the Government's programmes, and administration of the Government's relations with the international financial institutions in which it is a member;
- ◇ development and implementation of sound and effective taxation policies, sensitive to their economic, social, revenue, legal and financial, management implications and their impact on the private sector;
- ◇ monitoring of and advice on the Government's financial and non-financial investments, including the commercial activities of government and the role of, and policy with respect to, public enterprises, or enterprises in which the Government has an investment, with due attention to the need for increasing reliance on an efficient and expanding private sector;
- ◇ provision of advice, more broadly, on the structure and functions of government from the perspective of its economic role, the Government's economic and financial objectives, and the efficiency and effectiveness of alternative approaches to the delivery of services;
- ◇ close and continuing liaison and consultation with other departments and agencies which share responsibility for advising the Government on different aspects of economic, financial and monetary policy.
- ◇ serving as the Government's principal adviser on the development and implementation of high standards of government accounting and financial control;
- ◇ operation and management of a high quality central accounts processing and production system, and preparation of the annual Public Accounts;
- ◇ overseeing the extension of a computerised financial management system to line ministries and sub-treasuries, concurrent with the further development of programme budgeting systems;
- ◇ undertaking the cash and debt management functions for the Government, including on-lending to statutory or other bodies and the control of all bank guarantees;
- ◇ assisting line ministries in improving cost- and programme-effectiveness through increased flexibility in the use of funds under programme budgeting;
- ◇ participation in the Budget preparation process through the provision, analysis and assessment of financial and related information;
- ◇ deriving and monitoring approved profiles of programme revenue and expenditure estimates, taking follow-up action and reporting significant and non-self-correcting variations therefrom;
- ◇ processing and payment of salaries and wages and of bills for supplies and services and ensuring that such payments are properly authorised and made in accordance with the applicable laws and regulations;
- ◇ provision of high quality financial management services through the Sub-Treasuries in Ha'apai, Vava'u, 'Eua and the Niuas;
- ◇ development and maintenance of appropriate procurement guidelines and procedures for government departments and agencies to ensure that maximum value-for-money is obtained and the public interest protected;
- ◇ monitoring of the Government's fixed assets;

- ◇ development of policies with respect to such aspects of public service remuneration and benefits as the Ministry is expected to advise on, including insurance and pensions;
- ◇ a full range of internal audit services for government ministries and departments, including assessments with respect to economy, efficiency and effectiveness;

1.4 Values and Organizational Culture

Values are an essential element in any institution, providing a sense of purpose, a framework for decision-making, co-operation and institutional growth, and can determine, in fairly fundamental ways, the extent to which the institution is able to achieve its mission and mandate effectively. They also influence the sense of purpose and job satisfaction at the individual level, for those who constitute the heart and body of the institution.

The values that we share in the Ministry, and that we can seek to develop and strengthen, flow both from the mission and mandate of the Ministry and the special nature of its broad-ranging responsibilities as a central agency of government, and from the broader Christian values that we share as Tongans and which guide us in our daily life .

Our core values as an organization are:

purposeful - in the recognition of our mission and mandate, and in our commitment to serve the best interests of Tongans and Tonga;

structured - in recognizing our individual roles and the importance of structured procedures, but with the objective of working together as a team, where the efforts of each contribute to the whole;

spontaneous and innovative - in seeking to respond to real needs, flexible, and open to change, but learning from our own experience and that of others;

achieving - in making a real and worthwhile contribution to the economic and social well-being of the people and Kingdom of Tonga;

harmonious and co-operative - in undertaking our work as a team, reinforcing the efforts of each others, and ensuring a continuing interaction between us;

fulfilling - in ensuring that our work contributes meaningfully to our society and its Government, and that each person plays an interesting, challenging and effective role;

supportive - in providing members of the team with the resources, tools, training and knowledge to perform their work effectively, efficiently and without unnecessary delays;

thorough and professional - in ensuring that care and effort are adequate to the task, that we apply high standards of professionalism in our work and in our interactions with each other and with those outside the Ministry, and that we ensure the timeliness and appropriateness of our advice;

ethical - in applying the highest standards to our professional relationships, and in respecting the boundaries on sharing of confidences and privileged information obtained in the course of our work; we especially strive to maintain high standards of honesty and integrity

successful - in achieving sound results and providing high standards of service in the fiscal and economic management of Tonga.

These values can ensure that we recognize the important impact that the quality and professionalism of our work can have on the effectiveness of the Government, on Tonga's economy, and on society at large, and that we respect the essential element of service to the community.

They require us to work effectively as a team, complementing, reinforcing and assisting the work of the Ministry as a whole.

They require us to make judgments on where our efforts can be most effective, deploying our time and resources in a timely and cost-effective way, and applying the principles of sensible risk-management, in that the larger the potential impact, the greater the effort that may be justified, and the smaller the likely impact, the smaller the effort that we would normally apply.

These same values require us to treat each other with respect and courtesy, to recognize each person's individual contribution to our success and achievements, and to find practical and sensible ways of expressing that recognition. They require us to supplement each other's efforts, to resolve differences of view amicably and constructively, and to express our loyalty to our work unit and the team as a whole.

At our meetings, in the Tongan way, we express our appreciation for the opportunity to be service, and we asked for the Lord's assistance in undertaking our work and in strengthening our service.

The Organisational Response

Structure, Roles and Functions

2.1 Structure of the Ministry

The Ministry's overall structure and organization have been developed to respond to the strategic challenges and to carry out the Ministry's mission and mandate in the particular circumstances of the new millennium. The structure is intended to allocate resources where they are most likely to be needed, and to ensure adequate attention to priority needs. It also recognizes the critical imperative of strengthening the Ministry's analytical and professional resources if it is to provide the leadership and quality economic management that the Government and the people of Tonga require.

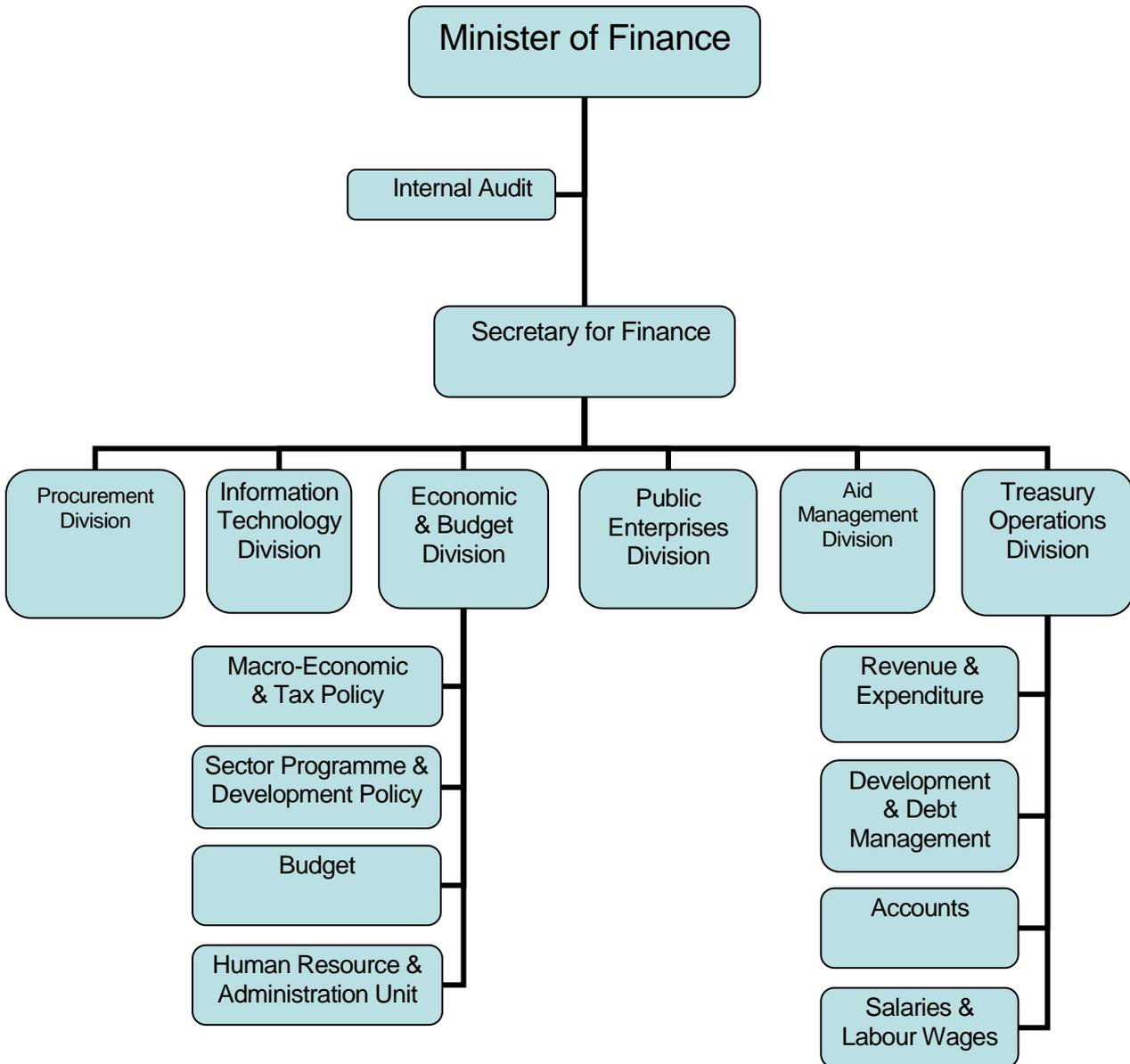
The first year of the planning period will require a consolidation of the newly strengthened structure and some re-balancing of resources under a phased and human-resource-sensitive transition.

The core financial and economic management functions of the Ministry have been consolidated into a more focused structure under the Secretary for Finance, reporting to the Minister.

Economic and Fiscal Policy assumes overall responsibility for policy and design relating to the revenue and expenditure Budget, while Treasury Operations undertakes further development and refinement of the computerized and more decentralized financial management system under programme budgeting, as well as a central procurement policy function.

The new branch and divisional structure is shown in Chart 1. It includes newly established *Aid Management Division* and the separation of Human Resources and Administration from Information Technology Management Division. A Procurement Unit is also included within the Economic and Budget Division.

Chart 1



2.2 Roles and Functions: Leadership and Policy Direction

Mission Statement

The mission of senior management is to ensure the provision of high quality and timely economic and financial policy advice to the government, increasingly effective economic management in the Kingdom, and the development of a strong professional team in the Ministry.

Core Responsibilities

The core responsibilities of the Ministry's senior management are to :

- provide overall direction and policy guidance to the work of the Ministry;
- provide effective leadership within the Government on economic and financial management, and within the Ministry in the development of high professional standards and timely and relevant policy advice and financial management;
- ensure the longer term development of essential skills and capabilities with the Ministry team, in the context of a learning institution committed to serve the interests of the Government and people of Tonga;
- ensure the availability of essential support facilities, resources and work tools to enable all members of the Ministry team to perform at peak effectiveness;
- ensure the recognition of the individual contribution of each officer and staff member to the success and achievements of the Ministry, through, *inter alia*, a high priority for performance review and assessment and an effective and integrated Staff Development Plan;
- ensure that all legislation for which responsibility rests with the Minister of Finance is administered with due diligence and professional integrity, and that decisions of the Government within the Ministry's area of responsibility are implemented with professionalism, timeliness and attention to detail;
- ensure that the major responsibilities of the Ministry, including the submission of the Government's annual Programme Budget to Cabinet and the Legislative Assembly, are performed with the highest standard of professionalism, consultation and timeliness;
- communicate the economic and financial issues, policy options and decisions by the Government within and outside government in the clearest way possible and ensure that the Ministry performs its task of listening to and taking into account the views of participants in the economy as well as others in Government;
- provide advice, as appropriate, in the context of the role of the Minister of Finance as a key policy Minister of the Government, and assist the Government in assessing the economic and financial implications of major policy proposals and in establishing a priority planning framework;
- provide strong and effective management of Ministry operations, including a high priority for strategic planning and the meeting of performance targets.

2.3 Roles and Functions: Human Resources and Administration Unit (HRAD)

Mission Statement

The role of HRAD is to strengthen the capacity of the Ministry and its senior management team to carry out their essential functions and responsibilities by:

- ⇒ establishing and promoting high standards of professionalism and integrity in the administration and management of the Ministry's human and physical resources;
- ⇒ providing direction and continuity in strengthening the Ministry's central administrative and work flow processes, support systems and records management;

- ⇒ assisting in the management of change as it relates to both changing personnel requirements and physical facilities;
- ⇒ guiding and enhancing the work of the Ministry support services and personnel.

Core Responsibilities

The core responsibilities of the Division include:

- providing the central human resource management capability of the Ministry, including the preparation of an annual training needs assessment and **Staff Development Plan**, coordinating an annual staff performance appraisal, and directing the Ministry's training function;
- administering, managing and controlling the Ministry's physical facilities and resources, and ensuring adequate security to meet the Ministry's needs;
- coordinating the strategic planning and strategic management function for the Ministry, including the **Corporate Plan**, and **Business Continuity Plan**;
- undertaking some of the Ministry's central functions and responsibilities, such as those related to co-ordination and preparation of **the Annual Report of the Minister of Finance** and the printing and distribution of the Government's annual **Programme Budget Estimates** and other publications;
- developing and maintaining the Ministry's central support services, including central registry, information centre and library, conference room and training facilities, and transport, as well as appropriate processes, procedures and standards for work instruments and correspondence formats in order to ensure a high standard of professionalism in the Ministry's internal support services and work flow and its internal and external communications;
- design and implementing in-house training courses;
- ensuring that every officer within the Ministry of Finance holds the requisite qualifications and has appropriate experience;

2.4 Roles and Functions: Information Technology Management Division (ITMD)

Mission Statement

The role of ITMD is to:

- ⇒ develop the appropriate infrastructure and strengthen the Ministry's capacity to undertake its essential functions through supporting and guiding the computerised information management systems on which the Ministry increasingly depends in its data gathering, economic and financial analysis, report and document preparation and financial management;
- ⇒ provide leadership in the development of an appropriate information management strategy for the Government and the extension of computerised financial management systems in line ministries and departments;
- ⇒ manage the operations of the computerised accounting and payroll systems and other systems for which the Division has been assigned responsibility, and advise on the development of those or new systems;
- ⇒ ensure the security and integrity of all data held on the Ministry's LAN and other computer equipment.

Core Responsibilities

The Division's core responsibilities include:

- developing appropriate information management strategies and systems to meet the needs of all divisions and units of the Ministry and strengthen their capacity to undertake their functions and responsibilities;
- developing and implementing appropriate support and maintenance strategies and standards for all computerised systems, hardware and software in use in the Ministry;
- ensuring the continuing and effective operation of the Ministry's Local Area Network and all PCs, printers and essential software applications in use in the Ministry, with the necessary support to individual users;
- ensuring the allocation of available computer equipment and facilities to meet the essential needs and changing priorities of the Ministry and its various divisions;
- undertaking such software development and support as may be required to meet the Ministry's evolving needs;
- developing and undertaking appropriate training programmes for various groups of users within the Ministry and, as required, other ministries or departments, according to their particular or specialised needs;
- developing the required database applications for different user groups within the Ministry, and providing effective technical support in the production of the Ministry's economic and financial reporting;
- supporting and maintaining the Ministry's electronic communications facilities in effective operation;
- maintaining a comprehensive and detailed inventory of all computer-related and communications equipment and facilities within the Ministry, including their maintenance schedule and current condition;
- convening and/or supporting the establishment of an inter-ministry working group on development of an information management strategy, and providing leadership in the work of such a group;
- providing guidance and support in the extension of computerised financial management systems to other ministries and departments, with initial priority to the revenue administration departments and the principal programme ministries ;
- preparing an **Annual Information Systems and Management Strategy** report, with an assessment of the effectiveness of the preceding year's information systems and management plan, the experience with equipment maintenance, problems encountered and lessons learned, needs and requirements for the 2 years period ahead, proposed budget for computer systems for the ensuing fiscal year, and progress to date in development of a government-wide information management strategy and extension of computerised financial management systems, with findings and recommendations.

2.5 Roles and Functions: Economic and Budget Division (EBD)

Mission Statement

The role of Economic and Budget Division is to:

⇒ To provide expert economic and budget advice to the Government and deliver quality services to all stakeholders.

Macroeconomics and Tax Policy (MTPS)

Core Responsibilities

The primary responsibilities of the Macroeconomic and Tax Policy Section include:

- serving as the principal adviser to the Secretary and the Minister on Macroeconomic and fiscal policy and providing overall direction in the formulation of the Budget policy framework and coordination of Budget preparation and review;
- developing and maintaining an effective and continuing capability for monitoring and analysis of the national economic position and relevant international economic trends and developments, including production, employment, balance of payments and trade, monetary, banking and international financial developments, and the Government's revenue and expenditure position;
- undertaking primary responsibility for maintenance and reporting of government financial statistics, and for collaborating with the Statistics Department, the National Reserve Bank and the Central Planning Department in the development of the Kingdom's economic and financial statistics and the design and use of selected key indicators to meet Tonga's particular needs;
- preparing a *Quarterly Economic Report* and a *Monthly Analysis of Government Financial Statistics* for use by the Secretary and the Minister and reporting to other Ministers and Cabinet as appropriate;
- undertaking economic and fiscal forecasts, analyzing and assessing the impact of the Government's financial and economic policies on the economy, and preparing an annual *economic and fiscal framework* as a basis for preparation of the *Guidelines for Budget Preparation* and submission to cabinet with the Guidelines;
- participation, jointly with SPDP, in the development of the Government's strategic and medium-term economic and social goals and objectives, and preparation, as part of the Budget Guidelines, of a *statement of economic and social policy priorities* for each Budget year to guide the identification and preparation of programme estimates and specific Budget measures;
- guiding and managing, jointly with SPDP and under the direction of the Secretary, the process of consultations on individual programme objectives and performance indicators with each Government Ministry or Department, in preparation for the development of Programme Budget objectives and the annual *Budget Guidelines*;
- directing the preparation of the draft *Budget Statement* and such other Budget papers as may be required, and ensuring their timely completion, in consultation with SPDP, PED and DDMS and with the Secretary and the Minister; submission of the *Budget Statement* to Cabinet and Privy Council and subsequently to the Legislative Assembly, and providing support for the Minister during consideration of the Budget by the Assembly and the Finance Committee
- preparation, under the direction of the Secretary, of the draft *Budget Speech* and its translation into Tongan;
- monitoring and analysis, together with DDMS, SPDP and PED, of Budget implementation and the extent to which Budget objectives and appropriate performance indicators have been met, and reporting thereon to the Secretary and the Minister;
- advising, jointly with SPDP and DDMS, on policy with respect to domestic and external borrowing and public debt, extension or use of government guarantees or the entering into of other financial liabilities;
- advising on the relationship of monetary and banking trends and policy to the fiscal and economic position and the Government's economic objectives;
- maintaining the Ministry's consultative relationships with the International Monetary Fund and reviewing economic reports prepared on Tonga by this and other agencies;
- developing and maintaining effective and continuing relationships with the other central economic agencies of the Government, in particular the National Reserve Bank and, jointly with SPDP, the Central Planning Department.
- advising on tax policy and legislation to improve the structure, yield and economic, social and fiscal impact of the taxation system (income tax, corporation tax, customs duties, excise duties and sales tax);
- developing and maintaining a comprehensive understanding of current international trends in taxation and other revenue policies and practices as a basis for advising on tax policy options;
- developing and maintaining a good understanding of Tongan taxpayer communities, including the business sector, as a basis for advising on the probable impact on those communities of

taxation and other revenue proposals, including the compliance burden and likely levels of compliance;

- undertaking the preparation of such legislation or regulatory changes as may be required; managing, jointly with MTPS, the consultative process on tax policy; and supporting the Minister during consideration of tax legislation or related issues by the Legislative Assembly and the Finance Committee.

Budget

Core Responsibilities:

The core responsibilities of Budget Section include:

- development and coordination of the overall Budget formulation process and the subsequent analysis of Budget implementation;
- providing leadership and support for an effective consultative and consensus-building process on economic and fiscal policy issues and Budget objectives, with programme ministries, the private sector and, as may be directed by the Minister, with Ministers and the Finance Committee of the Assembly;
- coordination of the preparation of the *Budget Guidelines*, the submission to Cabinet, and subsequent issuance of the approved Budget Guidelines, together with indicative spending targets and programme budget templates (prepared by SPDP) to each Ministry or Department;
- receiving completed templates or submissions and, jointly with SPDP, reviewing such submissions in terms of the Government's medium and longer term objectives, the Budget Guidelines, and the fiscal and economic position;
- coordinating the process of preparation of the Programme Budget Estimates, including preparation of programme budget templates to be issued with the Budget Guidelines, entering of agreed budget figures into the computerized accounting system, coordination with HRAD on the printing of the Estimates, their submission to Cabinet and Privy Council, undertaking (jointly with DDMS) such revisions as may be required, submission of the revised Estimates to the Legislative Assembly, and support for the Minister during consideration of the Estimates by the Assembly and the Finance Committee;
- preparing short, medium and long-term cash flow forecasts;
- monitoring actual cash flows with profiled forecasts and taking appropriate action in the event of significant variations;

Sector Programmes and Development Policy (SPDP)

Core Responsibilities:

The core responsibilities of Sector Programmes and Development Policy Section include:

- Serving as the principal adviser to the Secretary and the Minister on economic and social programmes and policies at the sector, programme and project levels, and providing policy direction and programme management for the financing of projects or other development activities through external borrowing;
- participating, jointly with MTPS, in the development of the Government's strategic and medium-term economic and social goals and objectives, and preparation, as part of the annual Budget Guidelines, of a *statement of economic and social policy priorities* to guide the identification and preparation of programme estimates and specific Budget measures;
- developing a capability for the evaluation of development projects, government investments and economic and social programmes, including the efficiency, effectiveness and impact of existing programmes, and undertaking such evaluation in appropriate selected cases;

- advising on further development and strengthening of programme budgeting as an effective instrument for addressing the Government's strategic and medium-term objectives, and assisting economic and social programme ministries and departments in developing their individual programme objectives, programme structure and performance indicators, and in strengthening project and programme effectiveness;
- participating in the detailed review of programme budget submissions, advising on the consistency of such submissions with the Government's economic and social development priorities, and assisting the budget consultations process to identify and focus on specific programme objectives for the year under review;
- advising on policies to strengthen competitiveness and growth in the private sector, including, jointly with PED, the impact of regulatory, contracting-out and other policies on individual goods-producing and service sectors;
- advising on policies and projects with respect to the use of external borrowing for development purposes, and on the public sector investment programme more generally, and supporting the Minister in his role as a member of the Development Coordination Committee;
- advising on policies with respect to foreign trade and investment;
- providing support for the Minister in his role as a key Minister of the Government in assessing the economic and financial implications of major policy and expenditure proposals;

2.6 Roles and Functions: Procurement Division

Mission Statement

⇒ The mission of the division is to assess all proposed procurement goods and services in an transparent, accountable and efficient manner.

Core Responsibilities

The primary responsibilities:

- developing appropriate guidelines, specifications and procedures for use by all government ministries and departments in the procurement of goods and services;
- recommending items that should be the subject of central government contracts;
- determining tender specifications for central government contracts;
- monitoring contractual performance of suppliers under central contracts;
- providing advice to all ministries and departments in the procurement of goods and services;
- providing advise on disposal of assets.

2.7 Roles and Functions: Public Enterprises Division (PED)

Mission Statement

⇒ The mission of PED is to improve the performance of Public Enterprises and strengthen the transition to greater reliance on goods and service provided by the private sector.

Core Responsibilities

The core responsibilities of the Public Enterprise Division include:

- serving as the principal adviser to the Secretary and the Minister on the composition and performance of the Government's business investment portfolio, on the financial and financial management considerations arising in the effort to focus the role of government and restructure the public sector,
- advising and monitoring on the overall efficiency and effectiveness of the public sector, in both its commercial and non-commercial activities and, together with other divisions of the Ministry, on policies such as Alternate Service Delivery (ASD) and strategies to improve overall implementation and performance;
- developing and maintaining a continuing capability for monitoring and analysis of the changing role and structure of government and the public sector, in order to advise on financial management issues arising therefrom, including in particular the application of commercial principles and practices in the public sector;
- advising on desirable operating and financial performance standards for public sector commercial enterprises, based on an informed knowledge of internationally prevailing performance, reporting and disclosure standards;
- providing policy advice to the Government in support of increased effectiveness and efficiency in the public sector and strengthening of the private sector by applying private sector-based operating requirements (commercialization) and structure (corporatisation) to those of its activities that are by nature of a commercial kind, and by privatization where the Government considers this to be appropriate;
- advising the Government on plans and timetables to implement approved policy;
- reviewing departments' estimates of the impact of commercialization /corporatisation/privatization on the Budget;
- ensuring a full understanding of all government activities that may be amenable to the application of commercial disciplines to improve performance;
- providing advice and support, as appropriate, to other ministries and departments on commercialization, corporatisation, privatization, and Alternate Service Delivery (ASD);

2.8 Roles and Functions: Aid Management Division

Mission Statement

⇒ To provide strategic advice on aid management to Government and Aid Agencies and deliver quality services to all stakeholders.

Core Responsibilities

The primary responsibilities:

- Serving as the principal adviser to the Secretary and the Minister on aid management policies of both multilateral and bilateral donors to Tonga.
- Providing overall direction in the management of external aid resources including those of World Bank, ADB, IMF, UNDP, AusAID, NZAID, and Japan.
- Overall coordination of official external aid resources to Tonga including those mentioned above as well as European Union (EU), GEF (Global Environment Facility), World Health Organization (WHO) China, Canada, Pacific Regional Organizations, and other external official aid flows into Tonga.
- Administering Tonga's shareholdings and subscription or other payments and the relevant legislation governing Tonga's participation in Aid Donors' Board Meetings, and ensuring the timely meeting of Tonga's financial and other obligations.

- establishing and maintaining an aid information and data base to facilitate the policy advisory role on aid;
- developing and maintaining an appropriate mechanism for donor liaison, including coordinating of Tonga's participation in annual aid meetings such as trilateral consultations between GOT, AusAID, and NZAID; World Bank and ADB's annual meetings; as well as facilitating technical working groups between GOT and aid donors to discuss ways to enhance aid effectiveness.
- developing and maintaining a continuing capability and an effective mechanism for project planning and management, including project appraisal and prioritization of projects for consideration under aid programs; monitoring and evaluation of aid projects and programs to determine aid effectiveness; and reporting on progress in terms of results of aid programs.
- Maintaining close and effective working relationships with Treasury and Economic and Budget Divisions on aid administration (monitoring and reporting progress in terms of expenditures and compliance with reporting requirements) and ensuring that aid is reflected appropriately in the budget;
- Maintaining close and effective working relationships with Central Planning Department and line ministries in ensuring that aid is integrated into government's planning processes.

2.9 Roles and Functions: Treasury Operations Division

Mission Statement

The mission of the Treasury Operations is to provide quality financial management advice to government through:

- ⇒ ensuring overall management and co-ordination of the Treasury Operations Division including the Sub-Treasuries;
- ⇒ providing advice on technical accounting matters and financial management standards;
- ⇒ ensuring the timeliness and quality of data provided by the Treasury Operations Division including the Sub-Treasuries.

Core Responsibilities

The primary responsibilities:

- determine operational work plans and timetables for the Treasury Operations Branch;
- monitor progress on such plans and timetables through, *inter alia*, chairing regular meetings of divisional and section heads and conducting quarterly or more frequent reviews of performance under the programme objectives and operational priorities for the year in question and the relevant work plans of each division and section;
- monitor the quality of data being produced;
- ensure that government departments are aware of and follow laid down national and international accounting standards;
- oversee the operations of the Tonga Trust Fund;
- conduct, with the assistance of HRAD, an annual performance review of each senior or supervising officer in the Sub-Treasuries, rated against the performance indicators for year in question and the highest standards of professional and management performance;
- advise the Secretary and the Minister on accounting and financial management issues under the legislation and programmes for which the Minister is responsible;
- promote the strengthening of financial management in government departments and increased responsibility and accountability at programme management level throughout government, consistent with the objectives of programme budgeting.

Revenue and Expenditure Section

Core Responsibilities

The primary responsibilities include:

- confirming validity, accuracy and completeness of all receipts and payments made within the Public Sector
- checking and recording into the accounting system all financial reports from Sub-Treasuries and Overseas Missions.
- managing the Journal and inputting any Journal Vouchers:
- monitoring, on a weekly basis, all revenue collection and expenditure totals, following up and reporting any significant, non self-correcting deviation from expected profiles
- providing a central cashier function for the collection and receipt of cash payments into and from the general ledger;

Salaries and Labour Wages Section

Core Responsibilities

The primary responsibilities include:

- processing properly authorized changes in circumstance of salaried personnel in accordance with a timetable approved by the Secretary for Finance
- distributing pay-slips to ministry/departmental representatives after each salary payroll run;
- undertaking spot checks on the payroll to ensure that all salary payments made are in accordance with applicable rules and regulations;
- processing properly authorized hours worked by wages staff in accordance with a timetable approved by Secretary for Finance
- distributing pay-slips and cheques to ministry/departmental representatives after each wages payroll run;
- undertaking spot checks to ensure that wages payments are in accordance with laid-down procedures;
- developing policies with respect to such aspects of public service remuneration and benefits as the ministry is expected to advise on, including insurance and pensions

Accounts Section

Core Responsibilities

The primary responsibilities include:

- processing properly authorized payments vouchers in accordance with a timetable approved by Secretary for Finance;
- obtaining regular bank statements, making the necessary inputs into the computer system and reconciling the results;

- obtaining regular accounts printouts in accordance with a timetable determined by the Deputy Secretary for Finance (Treasury) and distributing these to line ministries/departments and other users within the Ministry of Finance
- holding regular meeting with accountants in line ministries/departments to reconcile their Vote Books with the computer records and making any necessary changes;
- producing and submitting to Auditor General a Quarterly Summary of Government Receipts and Payments within one month from end of every quarter.
- producing the *Public Accounts* within six months after the end of the financial year.
- identifying potential cash surplus/shortfall positions and devising effective strategies to deal with these;
- providing high quality financial management advice to the Secretary, Minister and Government, including the investment of the Government's liquid financial assets and, jointly with MTPS and in consultation, as appropriate, with the Reserve Bank, such borrowing as may be undertaken for general purposes of government;
- participation in the Budget preparation process through the provision, analysis and assessment of financial and related information;
- ensuring that the integrity of all financial management systems is maintained and that systems are developed as required by changing circumstances;
- preparing annual revenue and expenditure profiles for each ministry or department

Development & Debt Management (DDMS)

Core Responsibilities

The primary responsibilities include:

- preparing short, medium and long-term debt management forecasts;
- ensuring that the debt management forecasts are incorporated into cash flow forecasts;
- ensuring the availability of funds to meet all debt repayments;
- ensuring that all debt payments are made by the due date;
- maintaining the Government's central debt recording and management system (CS-DRMS), ensuring its availability to meet all requirements, providing the necessary *reporting to external agencies*, and providing appropriate reports as required by other Divisions of the Ministry;
- producing Quarterly Acquittal reports for Donors and implementation agencies
- providing advise on development fund accounting

Internal Audit Unit (IAU)

Core Responsibilities

The primary responsibilities include:

- ensuring that every ministry and department is visited on a regular, cyclical basis to confirm compliance with the Public Finance Act, Financial Instructions and any other appropriate legislation or regulations;

- ensuring that every major financial system is audited on a regular basis to ensure its integrity;
 - auditing the central computer system on a regular basis;
 - developing and undertaking a planned programme of detailed value for money audit studies to ensure that the Government's expenditures are made with due regard to economy, efficiency and effectiveness, with recommendations with respect to correcting such deficiencies as are found;
 - liaison with the Auditor-General to ensure the most cost-effective use of scarce audit resources.
 - Recommending ways to strengthen internal controls within ministry of finance
-

Annual Management Plan

Objectives, Programs and Performance Indicators

3.1 The Challenge

This Corporate Plan is an expression of how far we have come, where we hope to go and how to get there.

Part of the answer lies in defining our work objectives more carefully in relation to our functions and responsibilities. Part of the answer, too, lies in improving our processes, from the management of human resources through the delegation of responsibility and the assignment of work, as well as in equipping us - *much more effectively than in the past* - with the physical requirements, tools and work instruments needed to do our work in a professional, cost-effective and timely manner.

Furthermore, recognizing that we have limited resources is vitally important as it defines the constraints in which we have to operate in. As a result we have to prioritize our “how to” objectives within these confines.

3.2 Objectives: Human Resources and Administration Unit

OBJECTIVES

There are 6 key objectives:-

1. To support and facilitate the Corporate and Annual Planning and Reporting processes, including the Business Continuity Plan.
2. To develop and implement an approach for strategic HR Management
3. To effectively maintain and monitor the physical assets of the Ministry and make assessments for up-grading projects
4. To increase knowledge and skills of staff by providing various forms of training to increase productivity and efficiency in the producing of prioritized outputs
5. Evaluate and improve upon internal processes to increase timeliness and resource efficiency
6. To assist in the preparation of the Government Budget

PROGRAMS / ACTIVITIES

| | |
|-------------------------------|--|
| Objective 1.0 | <i>To support and facilitate the Corporate and Annual Planning and Reporting processes, including the Business Continuity Plan</i> |
| Programme 1.1 | <i>Facilitate the development of the Corporate and Annual Management Plans</i> |
| Output description:1.1 | |
| Assumptions: | <i>- Heads of Department support program/activities. - Planning and monitoring resources available to Human Resource Management and Administration Division</i> |

| Program Outputs | Program Activities | Performance Measures | Resources | Date | Responsible Staff |
|--|---|---|--|----------------------------|-------------------|
| 1.1 Corporate and Annual Management Plans | <ul style="list-style-type: none"> Develop Corporate Plan Compile First Draft Final Draft discussed with CEO and Heads of Divisions Copies for Distribution Publish on Website | 100% attendance by Divisions to Corporate Planning meetings held. | PAS recruited, newly created SAS. | March 2005 | PAS |
| | | Divisions submit drafts by deadlines | Funds by Printing and Stationery votes under Administration and HR votes | | PAS, SAS |
| | | Final Draft completed by deadline | Staff with web skills | | PAS, SAS |
| | | Final Draft accepted by CEO and Heads of Division | | | AS |
| | | Draft accepted by CEO and Heads of Division | TA | 31 st June 2005 | AS |
| | <ul style="list-style-type: none"> Develop Business Continuity Plan for MOF | | | | PAS |

| | |
|-------------------------------|---|
| Programme 1.2 | Facilitate the writing of the Annual Report |
| Output description:1.2 | |
| Assumptions: | <ul style="list-style-type: none"> - Heads of Department support program/activities. - Planning and monitoring resources available to Human Resource Management and Administration Division |

| Program Outputs | Program Activities | Performance Measures | Resources | Date | Responsible Staff |
|----------------------|--|---|--|--|-------------------|
| 1.2 Annual Report | <ul style="list-style-type: none"> Gathering Divisional Reports Compiling First Draft Final Draft Discussions with CEO and Heads of Division Copies for Distribution Publish on Website | 100% attendance of Divisions to Annual Report meetings | Funds by Printing and Stationery votes under Administration and HR votes | 2005 Annual Report completed by Jan 2006 | PAS |
| | | Percentage of Programs completed by Divisions | | | SAS |
| | | Promptness of Divisions submitting Quarterly Divisional Reports | | | PAS |
| | | Final Draft completed by deadline | | | AS |
| | | Final Draft accepted by CEO | | | AS |

| | |
|-------------------------------|---|
| Programme 1.3 | Monitoring of Annual Management Plan , |
| Output description:1.3 | |
| Assumptions: | - Heads of Department support program/activities. - Planning and monitoring resources available to Human Resource Management and Administration Division |

| Program Outputs | Program Activities | Performance Measures | Resources | Date | Responsible Staff |
|--|---|--|-----------|---|-------------------|
| 1.3 Monitoring of Divisional Program Outputs | <ul style="list-style-type: none"> Monitoring Annual Management Plans of all Divisions | 100% of Divisions reviewed by end of quarter | | Ongoing | PAS |
| | <ul style="list-style-type: none"> Gathering of Quarterly Reports from Divisions. | Quarterly Reports submitted by deadlines | | April 2005, July 2005, October 2005, January 2006 | SAS |

| | |
|-------------------------------|---|
| Objective 2.0 | To effectively maintain and monitor the physical assets of the Ministry and make assessments for up-grading projects |
| Programme 2.1 | Inventory and assessment of Assets |
| Output description:2.1 | |
| Assumptions: | |

| Program Outputs | Program Activities | Performance Measures | Resources | Date | Responsible Staff |
|-----------------|--|---|-----------|-----------------|-------------------|
| 2.1 Inventory | <ul style="list-style-type: none"> Inventory of MOF Assets | Assessment report of Inventory submitted to CEO | | 15 October 2005 | AS |
| | <ul style="list-style-type: none"> Assessment report completed of Inventory | | | 30 October 2005 | AS |

| | |
|-------------------------------|---|
| Programme 2.2 | Maintenance of Treasury Building and grounds |
| Output description:2.2 | Clean Appearance of Building and Grounds |
| Assumptions: | |

| Program Outputs | Program Activities | Performance Measures | Resources | Date | Responsible Staff |
|--|--|--------------------------------|-----------|------------|-------------------|
| 2. Maintenance of Building and Grounds | <ul style="list-style-type: none"> Maintenance schedule reviewed | Review of Maintenance schedule | | April 2005 | AS |
| | <ul style="list-style-type: none"> Monitoring of Routine Maintenance. | Maintenance monitoring | | Ongoing | AS |

| | |
|-------------------------------|---|
| Programme 2.3 | Quarterly visits to Sub-Treasuries |
| Output description:2.3 | Sub-Treasury needs assessed |
| Assumptions: | |

| Program Outputs | Program Activities | Performance Measures | Resources | Date | Responsible Staff |
|--|---|---|---|-----------|-------------------|
| 2. .3 Assessment of Sub-Treasury HR and Admin. needs | <ul style="list-style-type: none"> Assessment of Building and asset needs Review and Reporting of Assessment to CEO | 100% of Sub-Treasuries visited Inventory Completed Assessment report submitted to CEO | Funds from Domestic Travel votes 1 staff | Quarterly | SAS,AS AS |

| | |
|-------------------------------|--|
| Objective 3.0 | To develop and implement an approach for strategic HR Management |
| Programme 3.1 | Review and Develop HR Policies with the Public Service Commission |
| Output description:3.1 | HR Policies relevant to Ministry of Finance |
| Assumptions: | |

| Program Outputs | Program Activities | Performance Measures | Resources | Date | Responsible Staff |
|------------------------------------|--|--|--------------------|------------------------|---------------------|
| 3.1 Effective HR Policies in Place | <ul style="list-style-type: none"> Review and Develop coherent HR Policies for MOF in consultation with PSC Develop career development plans for staff | Dialogue made with PSC Career Development plans for staff completed | TAs 2 staff | Ongoing Ongoing | PAS, SAS PAS |

| | |
|-------------------------------|---|
| Programme 3.2 | Assessment of staffing issues |
| Output description:3.2 | |
| Assumptions: | - Internal Promotions and Recruiting will in the near future bes left to the discretion of Heads of Department |

| Program Outputs | Program Activities | Performance Measures | Resources | Date | Responsible Staff |
|--------------------------------|---|---|-----------|-----------|--------------------------|
| 3.2 Staffing issues identified | <ul style="list-style-type: none"> Review and Assessment made of MOF Staffing Develop Staff Recruiting Scheme | Report of Assessment submitted to CEO Staff Recruiting Scheme submitted to | | June 2005 | DSF, PAS DSF, PAS |

| | | | | | |
|--|--|-----|--|--|--|
| | | CEO | | | |
|--|--|-----|--|--|--|

| | |
|-------------------------------|--|
| Objective 4.0 | To increase knowledge and skills of staff by providing various forms of training to increase productivity and efficiency in the producing of prioritized outputs. |
| Programme 4.1 | Assess skills and development needs of Division |
| Output description:4.1 | Skillful workforce |
| Assumptions: | Division has capacity and funds available |

| Program Outputs | Program Activities | Performance Measures | Resources | Date | Responsible Staff |
|---|---|--|---|---------|-------------------|
| 4.1 Professional Trainings for Divisional Staff | <ul style="list-style-type: none"> Gather training needs from Divisions | 100% of trainings identified are attended by staff | Training schedules of donors and training institutes associated with different professions in the Ministry. TAs for HR, Disaster Mitigation Planning | Ongoing | SAS |
| | <ul style="list-style-type: none"> Recruit consultants to provide further training | Reports of trainings submitted by attendees | | | SAS |
| | <ul style="list-style-type: none"> Co-ordinate overseas training for staff | | | | SAS |

| | |
|-------------------------------|--|
| Programme 4.2 | Develop and facilitate In-House Training sessions |
| Output description:4.2 | Staff having better IT skills |
| Assumptions: | |

| Program Outputs | Program Activities | Performance Measures | Resources | Date | Responsible Staff |
|---|---|---|---|---------|-------------------|
| 4.2 In-House trainings of technological tools | <ul style="list-style-type: none"> Coordinate IN-house training for using Microsoft Office | 100% Staff attendance of IN-house training sessions | Training room, funds provided through the divisions training vote | Ongoing | SAS |
| | <ul style="list-style-type: none"> Coordinate IN-house training for using email | | | | SAS |
| | <ul style="list-style-type: none"> Coordinate IN-house trainings for using internet | | | | SAS |

| | |
|-------------------------------|---|
| Objective 5.0 | Evaluate and improve upon MOF communication and information management processes to increase timeliness and resource efficiency. |
| Programme 5.1 | Review Internal processes. |
| Output description:5.1 | More efficient information management system |
| Assumptions: | |

| Program Outputs | Program Activities | Performance Measures | Resources | Date | Responsible Staff |
|--|--|---|-----------|--------|-------------------|
| 5.1 Efficient communication and information management processes | <ul style="list-style-type: none"> Review Filing and correspondence processes | Reviews/Reports of internal processes submitted to CEO by deadlines | | July | SAS, AS |
| | <ul style="list-style-type: none"> Review internal communication processes | | | August | SAS, AS |

| | | |
|--|-----------|----------|
| <ul style="list-style-type: none"> ▪ Review of Salary Section Processes ▪ Review Leave Management processes ▪ Review outsourcing options for internal processes ▪ Review customer services delivery of MOF | September | SAS, AS |
| | October | PAS |
| | November | DFS, PAS |
| | December | DFS, PAS |

| | |
|-------------------------------|---|
| Objective 6.0 | To assist in the preparation of the Government Budget. |
| Programme 6.1 | Assist formatting and printing of Budget document |
| Output description:6.1 | |
| Assumptions: | |

| Program Outputs | Program Activities | Performance Measures | Resources | Date | Responsible Staff |
|---------------------|--|---------------------------------------|---|--|-------------------|
| 6.1 Budget Document | ▪ Assist formatting Budget Document | Budget Document Completed by Deadline | Overtimes provided for in the Divisions OT votes. | To be completed by the Budget deadline | AS, AO |
| | ▪ Copies of Final Budget Document for Distribution | | | | AS, AO |
| | ▪ Promulgate Budget Document to Public | Budget Document Published by deadline | Staff with web development skills | | AS, AO |
| | ▪ Publish on MOF Website | | | | AS |

3.3 Objectives: Information Technology and Management Division

There are 3 key objectives:-

- 1.) To facilitate the core functions and responsibilities of the Ministry
- 2.) Develop and Manage the Ministry's IT infrastructure
- 3.) Provide a systems development service for the Ministry

PROGRAM / ACTIVITIES



| | |
|----------------------|--|
| Objective 1.0 | To facilitate the core functions and responsibilities of the Ministry |
| Programme 1.1 | Provide technical support for other division |
| Assumptions: | Divisional workplans are available and IT Staff available |

| Program Outputs | Program Activities | Performance Measures | Resources | Date | Responsible Staff |
|------------------------|--|--|---|-------------------------------------|--|
| Increase efficiency | <ul style="list-style-type: none"> Consult with other divisions on their workplans Provide IT resources to facilitate their activities Provide necessary training Provide backup generator | <ul style="list-style-type: none"> Number of complaints from users Downtime of PCs at most two days Successful completion of joint activities Power downtime | Votes provided for in the Budget for maintaining and operating the Ministry's systems Budget for generator | Quarterly As and when needed | DS DS CP DS, PA (Admin) |

| | |
|-------------------------------|--|
| Programme 1.2 | Provide timely and effective Systems Support |
| Output description:1.2 | Minimize downtime of essential systems such as SunSystems and Micropay in the Ministry of Finance |
| Assumptions: | Licensing are up to date and funds and staff are available |

| Program Outputs | Program Activities | Performance Measures | Resources | Date | Responsible Staff |
|------------------------|---|--|--|--|--------------------------|
| Operational Systems | <ul style="list-style-type: none"> Manage and support SunSystems and Micropay Installation and support of clients' workstations Advise line ministries | <ul style="list-style-type: none"> Downtime of the SubSystems and Micropay Timely upgrades of SunSysteme and Micropay Timely Installation and downtime of clients – at most 1 day | Computer operators to assist CP. Funds to pay for licenses. | Ongoing As and when available As and when needed | CP CP COs |

| | |
|-------------------------------|---|
| Programme 1.3 | Provide Annual Information Systems and Management Strategy |
| Output description:1.3 | A report assessing use ICT in the past year and the strategy for the coming year |
| Assumptions: | |

| Program Outputs | Program Activities | Performance Measures | Resources | Date | Responsible Staff |
|--|---|--|--|-------------|--------------------------|
| Informative Annual Information Systems and Management Report | <ul style="list-style-type: none"> Assess the effectiveness of the preceding year's information systems and management plan Provide needs and requirements for the next 2-year period | <ul style="list-style-type: none"> Timely completion of the report – 31 Jan 2006 Successful completion of the activities Acceptance of the report | Funds available in the printing votes for preparation of reports | 31 Jan 2006 | DS |

| | | | | | |
|--|---|--|--|--|--|
| | <ul style="list-style-type: none"> • Provide progress report on development of a government-wide information management strategy | | | | |
|--|---|--|--|--|--|

| | |
|-------------------------------|---|
| Objective 2.0 | Develop, Manage and Support and Ministry's IT infrastructure |
| Programme 2.1 | Develop, manage and maintain ministry's LAN |
| Output description:2.1 | An operational, secure and fast LAN |
| Assumptions: | We have sufficient professional staff |

| Program Outputs | Program Activities | Performance Measures | Resources | Date | Responsible Staff |
|-----------------|---|--|---|-------------------------------|-------------------|
| Operational LAN | <ul style="list-style-type: none"> • Update networking software • Upgrade LAN's hardware • Install and support clients' workstations • Secure and Protect LAN • Develop appropriate policies • Develop Alternative backup site for critical systems | <ul style="list-style-type: none"> •Downtime of the LAN •Timely upgrades of LAN software •Timely installation and downtime of clients •Number of virus outbreaks | Network component spare parts available. Funds available in the computer supplies votes in the Budget Computer operators Training/ training material | Ongoing | ACP, CO |
| | | | | Ongoing | ACP, CO |
| | | | | As and when needed Ongoing | COs DS, ACP |
| | | | | Dec 2005 | DS |

| | |
|-------------------------------|--|
| Programme 2.2 | Develop, manage and maintain GOTNET |
| Output description:2.2 | Fast, secure and operational WAN for Government |
| Assumptions: | Funds and Staff are available |

| Program Outputs | Program Activities | Performance Measures | Resources | Date | Responsible Staff |
|--------------------|---|---|---|---------------------------------|-------------------|
| Operational GOTNET | <ul style="list-style-type: none"> • Update networking software • Update WAN's hardware • Install and support links • Secure and Protect WAN • Extend GOTNET to remaining ministries • Develop appropriate policies e.g usage, access, hardware etc | <ul style="list-style-type: none"> •Downtime of the WAN •Timely upgrades of LAN software •Timely Installation and downtime of clients •Number of virus outbreaks •Number of Network penetration •Number of ministries connected | Network component spare parts available. Training/ training material Network trained staff TAs | Ongoing | ACP, COs |
| | | | | As and when needed | DS |
| | | | | | ACP,CO |
| | | | | | DS, ACP |
| | | | | | DS |
| | | | | September 2006 December 2006 | DS |

| | |
|-------------------------------|---|
| Objective 3.0 | Provide a systems development service for the Ministry |
| Programme 3.1 | Testing of new software, upgrades and patches |
| Output description:3.1 | All systems are up to date with patches and upgrades |
| Assumptions: | We are maintaining our licensing agreement |

| Program Outputs | Program Activities | Performance Measures | Resources | Date | Responsible Staff |
|---|---|---|---|-------------|--------------------------|
| All software are up to date with upgrades and patches | <ul style="list-style-type: none"> Check vendors website for availability of updates and patches Update software when updates and patches are available | <ul style="list-style-type: none"> Software are up to date | Funds for purchasing new upgrades and paying for licenses | Ongoing | COs |

| | |
|-------------------------------|---|
| Programme 3.2 | Development of database capability |
| Output description:3.2 | Databases for Ministry's data requirement |
| Assumptions: | Database Management Systems are available and IT staff undergo database training |

| Program Outputs | Program Activities | Performance Measures | Resources | Date | Responsible Staff |
|------------------------|--|---|-------------------------------|---------------|--------------------------|
| A skillful IT Staff | <ul style="list-style-type: none"> Train IT Staff Develop Databases jointly with Divisions | <ul style="list-style-type: none"> Successful timely development of Databases Client Satisfaction | Database Trained staff | When required | DS |

| | |
|-------------------------------|---|
| Programme 3.3 | Development work as required on the accounting, payroll and related systems |
| Output description:3.3 | To link/integrate these systems |
| Assumptions: | That the linking and changes in procedures are within current policies and regulations |

| Program Outputs | Program Activities | Performance Measures | Resources | Date | Responsible Staff |
|------------------------------------|---|--|-------------------------------------|--|---------------------------------|
| More and better integrated systems | <ul style="list-style-type: none"> Train IT Staff in VB Run development exercise Review current procedures and implement any approved changes Generate payrolls for Sub-Treasuries in Treasury Develop link between Micropay | <ul style="list-style-type: none"> Better integration between the essential systems Acceptance by stakeholders Increase in efficiency | 2 Staff Appropriate software | Ongoing July 2005 September 2005 | DS, ACP DS DS/COs |

| | | | | |
|--|---------------|--|--|--|
| | and SunSystem | | | |
|--|---------------|--|--|--|

| | |
|----------------------|--|
| Objective 1.0 | To facilitate the core functions and responsibilities of the Ministry |
| Programme 1.1 | Provide technical support for other division |
| Assumptions: | Divisional workplans are available |

| Program Outputs | Program Activities | Performance Measures | Resources | Date | Responsible Staff |
|---------------------|--|--|-----------|-------------------------------------|-------------------------|
| Increase efficiency | <ul style="list-style-type: none"> Consult with other divisions on their workplans Provide IT resources to facilitate their activities Provide necessary training | <ul style="list-style-type: none"> Number of complaints from users Downtime of PCs at most two days Successful completion of joint activities | | Quarterly As and when needed | DS DS ACP |

| | |
|-------------------------------|--|
| Programme 1.2 | Provide timely and effective Systems Support |
| Output description:1.2 | Minimize downtime of essential systems such as SunSystems and Micropay in the Ministry of Finance |
| Assumptions: | Licensing are up to date and funds and staff are available |

| Program Outputs | Program Activities | Performance Measures | Resources | Date | Responsible Staff |
|---------------------|---|--|-----------|--|---------------------------|
| Operational Systems | <ul style="list-style-type: none"> Manage and support SunSystems and Micropay Installation and support of clients' workstations Advise line ministries | <ul style="list-style-type: none"> Downtime of the SubSystems and Micropay Timely upgrades of SunSysteme and Micropay Timely Installation and downtime of clients – at most 1 day | | Ongoing As and when available As and when needed | ACP ACP COs |

| | |
|-------------------------------|---|
| Programme 1.3 | Provide Annual Information Systems and Management Strategy |
| Output description:1.3 | A report assessing use ICT in the past year and the strategy for the coming year |
| Assumptions: | |

| Program Outputs | Program Activities | Performance Measures | Resources | Date | Responsible Staff |
|--|---|--|-----------|-------------|-------------------|
| Informative Annual Information Systems and Management Report | <ul style="list-style-type: none"> Assess the effectiveness of the preceding year's information systems and management plan Provide needs | <ul style="list-style-type: none"> Timely completion of the report – 31 Jan 2006 Successful completion of the activities Acceptance of the report | | 31 Jan 2006 | DS |

| | | | | | |
|--|--|--|--|--|--|
| | <p>and requirements for the next 2-year period</p> <ul style="list-style-type: none"> • Provide progress report on development of a government-wide information management strategy | | | | |
|--|--|--|--|--|--|

| | |
|-------------------------------|--|
| Objective 2.0 | <i>Develop, Manage and Support and Ministry's IT infrastructure</i> |
| Programme 2.1 | <i>Develop, manage and maintain ministry's LAN</i> |
| Output description:2.1 | <i>An operational, secure and fast LAN</i> |
| Assumptions: | <i>We have sufficient professional staff</i> |

| Program Outputs | Program Activities | Performance Measures | Resources | Date | Responsible Staff |
|------------------------|---|--|------------------|--|---|
| Operational LAN | <ul style="list-style-type: none"> • Update networking software • Upgrade LAN's hardware • Install and support clients' workstations • Secure and Protect LAN • Develop appropriate policies • Develop Alternative backup site for critical systems | <ul style="list-style-type: none"> •Downtime of the LAN •Timely upgrades of LAN software •Timely installation and downtime of clients •Number of virus outbreaks | | <p>Ongoing</p> <p>Ongoing</p> <p>As and when needed</p> <p>Ongoing</p> <p>Dec 2005</p> | <p>ACP, CO</p> <p>ACP, CO</p> <p>COs</p> <p>DS, ACP</p> <p>DS</p> |

| | |
|-------------------------------|---|
| Programme 2.2 | <i>Develop, manage and maintain GOTNET</i> |
| Output description:2.2 | <i>Fast, secure and operational WAN for Government</i> |
| Assumptions: | <i>Funds and Staff are available</i> |

| Program Outputs | Program Activities | Performance Measures | Resources | Date | Responsible Staff |
|------------------------|---------------------------|-----------------------------|------------------|-------------|--------------------------|
|------------------------|---------------------------|-----------------------------|------------------|-------------|--------------------------|

| | | | | | |
|-------------------------|---|---|--|--|--|
| Operational I GOTNET | <ul style="list-style-type: none"> • Update networking software • Update WAN's hardware • Install and support links • Secure and Protect WAN • Extend GOTNET to remaining ministries • Develop appropriate policies e.g usage, access, hardware etc | <ul style="list-style-type: none"> • Downtime of the WAN • Timely upgrades of LAN software • Timely Installation and downtime of clients • Number of virus outbreaks • Number of Network penetration • Number of ministries connected | | Ongoing As and when needed September 2006 December 2006 | ACP, COs DS ACP, CO DS, ACP DS DS |
|-------------------------|---|---|--|--|--|

| | |
|-------------------------------|---|
| Objective 3.0 | Provide a systems development service for the Ministry |
| Programme 3.1 | Testing of new software, upgrades and patches |
| Output description:3.1 | All systems are up to date with patches and upgrades |
| Assumptions: | We are maintaining our licensing agreement |

| Program Outputs | Program Activities | Performance Measures | Resources | Date | Responsible Staff |
|---|---|---|-----------|---------|-------------------|
| All software are up to date with upgrades and patches | <ul style="list-style-type: none"> • Check vendors website for availability of updates and patches • Update software when updates and patches are available | <ul style="list-style-type: none"> • Software are up to date | | Ongoing | COs |

| | |
|-------------------------------|---|
| Programme 3.2 | Development of database capability |
| Output description:3.2 | Databases for Ministry's data requirement |
| Assumptions: | Database Management Systems are available and IT staff undergo database training |

| Program Outputs | Program Activities | Performance Measures | Resources | Date | Responsible Staff |
|---------------------|--|---|-----------|---------------|-------------------|
| A skillful IT Staff | <ul style="list-style-type: none"> • Train IT Staff • Develop Databases jointly with Divisions | <ul style="list-style-type: none"> • Successful timely development of Databases • Client Satisfaction | | When required | DS |

| | |
|-------------------------------|---|
| Programme 3.3 | Development work as required on the accounting, payroll and related systems |
| Output description:3.3 | To link/integrate these systems |
| Assumptions: | That the linking and changes in procedures are within current policies and regulations |

| Program Outputs | Program Activities | Performance Measures | Resources | Date | Responsible Staff |
|------------------------------------|---|--|-----------|----------------|-------------------|
| More and better integrated systems | <ul style="list-style-type: none"> • Train IT Staff in VB • Run development exercise • Review current procedures and implement any approved changes • Generate payrolls for Sub-Treasuries in Treasury • Develop link between Micropay and SunSystem | <ul style="list-style-type: none"> • Better integration between the essential systems • Acceptance by stakeholders • Increase in efficiency | | Ongoing | DS, ACP |
| | | | | July 2005 | DS |
| | | | | September 2005 | DS/COs |

3.4 Objectives: Economic and Budget Division

There are 6 key objectives:

Macroeconomics & Tax Policy

1. Strengthen the Ministry of Finance understanding of the Tongan economy
2. Develop macroeconomic framework and improve quality of forecasting
3. Provide robust, quality and timely policy advice
4. Provide direction in the overall design and production of the Government's Budget Statement.

Sector Programmes and Development Policy

5. Provide robust policy advice on, sectoral policies and programs

Budget

6. Coordinate and monitor Government of Tonga Budget Performance

PROGRAMS / ACTIVITIES

Macroeconomics & Tax Policy

| | |
|-------------------------------|---|
| Objective 1.0 | <i>Strengthen the Ministry of Finance understanding of the Tongan Economy</i> |
| Programme 1.1 | <i>Enhance the Ministry of Finance database on key economic & social indicators.</i> |
| Output description:1.2 | <i>More skillful workforce</i> |
| Assumptions: | |

| Program Outputs | Program Activities | Performance Measures | Resources | Date | Responsible Staff |
|-----------------|--------------------|----------------------|-----------|------|-------------------|
|-----------------|--------------------|----------------------|-----------|------|-------------------|

| | | | | |
|---|---|---------------------------------|---------------------------------------|--------------|
| <ul style="list-style-type: none"> • Update the database on key economic & social indicators in close collaboration with Statistics Department, NRBT, MAF, TVB, MoFishery • Update database on all indicators: Real Sector, inflation, Talamahu Market report, trade statistics, principal export commodities (fish, squash etc.), balance of payments, utilities, monetary data from NRBT, and GFS • Data and Compile Government Financial Statistics (GFS) and reconcile with Treasury and NRBT to improve accuracy • Develop and liaise with relevant data source on improving the quality of data • Prepare monthly at the glance to the Minister and Secretary for Finance on state of the economy • Prepare quarterly economic review focusing on four sectors of the economy. • Prepare Half-Yearly Budget Review | <ul style="list-style-type: none"> • Update economic & social indicators database | Training Economist on databases | Monthly - ongoing | 2 Economists |
| | <ul style="list-style-type: none"> • Update selected economic indicators database | IT staff with database skills | Monthly - ongoing | 2 Economists |
| | <ul style="list-style-type: none"> • GFS Tables with discrepancy less than 1% of GDP | Economists available | Monthly – ongoing | 2 Economists |
| | <ul style="list-style-type: none"> • Improve quality of data 50% | | By February – ongoing | P/E |
| | <ul style="list-style-type: none"> • Monthly at the Glance | | Last week of every month | Economist |
| | <ul style="list-style-type: none"> • Prepare quarterly economic review focusing on four sectors of the economy | | By end of following quarter – ongoing | S/E |
| <ul style="list-style-type: none"> • Half-Yearly Budget Review | | By end of March - ongoing | P/E | |

| | |
|-------------------------------|---|
| Programme 1.2 | <i>Strengthen analytical and interpretation capacity, both on quantitative and qualitative skills.</i> |
| Output description:1.2 | |
| Assumptions: | |

| Program Outputs | Program Activities | Performance Measures | Resources | Date | Responsible Staff |
|-----------------|---|---|---|--|---|
| | <ul style="list-style-type: none"> • Develop analytical capacity of the Division • Review sources of information • Improve qualitative and interpretation skills of staffs | <ul style="list-style-type: none"> • Conduct internal training, send at least one staff on external training • Conduct at least one liaising meeting with Statistics Department & NRBT on data quality, analytical technique • Conduct internal training with staffs | <ul style="list-style-type: none"> Identify training opportunities Staff availability Better computing equipment | <ul style="list-style-type: none"> ongoing coincide with Activity 1.4 above ongoing | <ul style="list-style-type: none"> P/E P/E P/E |

| | |
|-------------------------------|---|
| Objective 2.0 | Develop macroeconomic framework and improve quality of forecasting |
| Programme 2.1 | Develop baseline scenario and forecast macroeconomic framework |
| Output description:2.1 | |
| Assumptions: | |

| Program Outputs | Program Activities | Performance Measures | Resources | Date | Responsible Staff |
|-----------------|---|---|-----------|---|---|
| | <ul style="list-style-type: none"> A comprehensive review of economic indicators available from the four sectors of the economy: GDP, Inflation, BOP, GFS, and Monetary data Develop in collaboration with Statistics Department and NRBT the baseline Macroeconomic framework, revise of previous estimates under the direction of Macro Committee Forecast the economic parameters using the baseline scenario as benchmark Prepare full set of macroeconomic framework, following the IMF financial programming system | <ul style="list-style-type: none"> Economic indicators: GDP, Inflation, BOP, GFS, Monetary Baseline Forecast estimates: GDP, Revenue, inflation Full set of macroeconomic framework | | <ul style="list-style-type: none"> By end of March By end of March By end of April By end of May/coincide with Budget Statement | <ul style="list-style-type: none"> P/E P/E MC P/E MC P/E MC |

| | |
|-------------------------------|---|
| Programme 2.2 | Strengthen forecasting capability and develop econometric forecasting models |
| Output description:2.2 | |
| Assumptions: | |

| Program Outputs | Program Activities | Performance Measures | Resources | Date | Responsible Staff |
|-----------------|--|--|-----------|---|---|
| | <ul style="list-style-type: none"> Review and develop forecasting tool for each economic parameters Develop econometric modeling to assist and improve quality of forecasting Data and information design Report on forecasting progress and technical requirement to the Deputy Secretary for Finance (EBD) | <ul style="list-style-type: none"> Improve forecasting methods Improve forecasting within 95% Confidence Interval Internal & external training (Singapore) Report on forecast estimates and status | | <ul style="list-style-type: none"> Ongoing Ongoing Ongoing Ongoing/coincide with Activity 2.1.3 | <ul style="list-style-type: none"> P/Economist Team P/E P/E P/E |

| | |
|-------------------------------|---|
| Objective 3.0 | Provide robust, quality and timely policy advise |
| Programme 3.1 | Improve responsive capacity to policy issues |
| Output description:3.1 | |
| Assumptions: | |

| Program Outputs | Program Activities | Performance Measures | Resources | Date | Responsible Staff |
|-----------------|---|---|---------------------|------------------------|-------------------|
| | <ul style="list-style-type: none"> Identify issues that need policy issues Enhance research capacity and readiness to meet demand on policy development | <ul style="list-style-type: none"> 100% responsive rate to policy issues timely advice to be within one week from requested day | Staff are available | Ongoing Ongoing | DSF DSF |

| | |
|-------------------------------|--|
| Programme 3.2 | Provide policy briefing to the Minister and Secretary for Finance |
| Output description:3.2 | |
| Assumptions: | |

| Program Outputs | Program Activities | Performance Measures | Resources | Date | Responsible Staff |
|-----------------|---|---|-----------|--|-------------------|
| | <ul style="list-style-type: none"> Provide professional policy briefing to the Minister and Secretary for Finance on a timely manner, or when requested Develop one policy paper on a quarterly basis to coincide with the division's quarterly | <ul style="list-style-type: none"> Improve quality of policy briefing by 50% EBD to produce at least one policy paper per quarter | | End of Mar, Jun, Sept, Dec End of Mar, Jun, Sept, Dec | DSF DSF |

| | |
|-------------------------------|--|
| Programme 3.3 | Provide and disseminate timely and quality publications |
| Output description:3.3 | |
| Assumptions: | |

| Program Outputs | Program Activities | Performance Measures | Resources | Date | Responsible Staff |
|-----------------|---|--|-----------|---------------------------------------|------------------------------|
| | <ul style="list-style-type: none"> Produce quality reports as required from the division Disseminate to all stakeholders on a timely manner | <ul style="list-style-type: none"> Increase accuracy and quality of report by 50% List of stakeholders consulted Timely dissemination of report | | Ongoing Ongoing Ongoing | P/E, P/E, P/E, |

| | | | | | |
|--|--|---|--|--|--|
| | <ul style="list-style-type: none"> Prepare and conduct presentation on report | <ul style="list-style-type: none"> Conduct at least one public presentation a year | | | |
|--|--|---|--|--|--|

| | |
|-------------------------------|---|
| Programme 3.4 | Assess and advise on sound and effective tax policy on economy |
| Output description:3.4 | |
| Assumptions: | |

| Program Outputs | Program Activities | Performance Measures | Resources | Date | Responsible Staff |
|-----------------|--|----------------------------------|-------------------------------|---------|-------------------|
| | <ul style="list-style-type: none"> Assess impacts of proposed tax reform on economy, government revenue and all stakeholders | Quality advice on tax issues | Tax information are available | Ongoing | P/E, S/E |
| | <ul style="list-style-type: none"> Develop a high level knowledge and understanding of tax policy including its legal and financial impacts | Report on impact analysis of tax | | Ongoing | P/E, S/E |
| | <ul style="list-style-type: none"> Develop an effective working relationship with Revenue Services and all other tax related stakeholders | | | Ongoing | P/E, S/E |
| | <ul style="list-style-type: none"> Provide policy advice on impacts of various tax initiatives | | | Ongoing | P/E, S/E |

| | |
|-------------------------------|--|
| Objective 4.0 | Provide direction in the overall design and production of the Government's Budget Statement |
| Programme 4.1 | Provide macroeconomic analysis and policy framework for budget preparation |
| Output description:4.1 | |
| Assumptions: | |

| Program Outputs | Program Activities | Performance Measures | Resources | Date | Responsible Staff |
|-----------------|---|--|-----------|-----------|-------------------|
| | <ul style="list-style-type: none"> Conduct qualitative survey on the status of the | Budget Paper 1: Review of the Tongan Economy & Outlook | | May | P/E, |
| | <ul style="list-style-type: none"> Review macroeconomic framework position and forecasting | Final budget objectives and fiscal policies | | May | P/E, MC |
| | <ul style="list-style-type: none"> Coordinate policy discussion on budget objectives, fiscal policy, economic directions and new initiatives | Final budget objectives and fiscal policies | | May | P/E, MC |
| | <ul style="list-style-type: none"> Coordinate production and communication of the Budget Statement | Number of consultations held List of stakeholders consulted | | May, June | P/E |
| | | Cabinet, PC Approval LA Approval | | June | |

| | | | | | |
|---|--|--|--|---------|----------------|
| <ul style="list-style-type: none"> • Coordinate submission of final Budget Statement to Cabinet, PC, and Parliament • Prepare and conduct media release and presentation on Budget Statement • Develop an effective working relationship with all stakeholders during the Budget process | <p>List of stakeholders' data & information requirement included</p> <p>Database successfully set up</p> | | | Ongoing | P/E P/E |
|---|--|--|--|---------|----------------|

Sector Programmes and Development Policy

| | |
|-------------------------------|---|
| Objective 5.0 | Provide robust policy advice on, sectoral policies programs. |
| Programme 5.1 | Provide quality assessment of sectoral policies |
| Output description:5.1 | |
| Assumptions: | |

| Program Outputs | Program Activities | Performance Measures | Resources | Date | Responsible Staff |
|-----------------|---|---|--|--|--|
| | <ul style="list-style-type: none"> ▪ Develop a database of ongoing projects by ministry and sectors ▪ Monitor and assess sector economic conditions ▪ Evaluate the effectiveness of government programs and capital projects ▪ Improve analytical skills on microeconomic policies ▪ Develop close working relationship with CPD and other line ministries on respective sector policies | <p>Updated database on Development projects</p> <p>At least one sector review per quarter from Agriculture, fisheries, or tourism</p> <p>Improve effectiveness of government projects by 50%</p> <p>Improve analytical skills and policy development by 50%. (meet minister's policy demands by 100%)</p> <p>Signed MOUs and other major information obtained</p> | <p>Develop Databases</p> <p>IT staff with database skills</p> <p>Database Training</p> | <p>End of June</p> <p>Ongoing</p> <p>Ongoing</p> <p>Ongoing</p> <p>Ongoing</p> | <p>DSF S/E</p> <p>DSF S/E</p> <p>DSF S/E</p> <p>DSF S/E</p> <p>DSF S/E</p> |

| | |
|-------------------------------|--|
| Programme 5.2 | Provide status reports on all multilateral projects |
| Output description:5.2 | |
| Assumptions: | |

| Program Outputs | Program Activities | Performance Measures | Resources | Date | Responsible Staff |
|-----------------|--------------------|----------------------|-----------|------|-------------------|
|-----------------|--------------------|----------------------|-----------|------|-------------------|

| | | | | | |
|--|---|--|--|---------|------------|
| | <ul style="list-style-type: none"> ▪ Advise on financial or budget implications of proposed projects | Improve quality of cost benefit analysis of projects | | Ongoing | DSF S/E |
| | <ul style="list-style-type: none"> ▪ Prioritize sectoral project initiatives | | | Ongoing | DSF S/E |
| | <ul style="list-style-type: none"> ▪ Provide regular briefings to Minister and Secretary on sectoral policy issues | | | Ongoing | DSF S/E |

| | |
|-------------------------------|--|
| Programme 5.3 | Provide robust policy advice on sectoral programs |
| Output description:5.3 | |
| Assumptions: | |

| Program Outputs | Program Activities | Performance Measures | Resources | Date | Responsible Staff |
|-----------------|---|--|-----------|-------------------|-------------------|
| | <ul style="list-style-type: none"> ▪ Update and advise on ongoing projects with multilateral organizations | Improve policy advice by 50%. (meet minister's policy demands by 100%) | | June and December | DSF S/E |

| | |
|-------------------------------|--|
| Objective 6.0 | Coordinate and monitor Government of Tonga Budget Performance |
| Programme 6.1 | Prepare Program Budget Estimate |
| Output description:6.1 | |
| Assumptions: | |

| Program Outputs | Program Activities | Performance Measures | Resources | Date | Responsible Staff |
|-----------------|---|--|---|---|--|
| | <ul style="list-style-type: none"> ▪ Prepare Budget Guidelines for Cabinet approval (Responsible: Acting Secretary for Finance) ▪ Coordinate consultations with line ministries and departments regarding their program budget and performance indicators ▪ Review budget submissions for consistency with the Budget Guidelines, expenditure and revenue ceiling ▪ Conduct negotiation with line ministries based on their submission and final fiscal policy ▪ Prepare submission of the Draft Program Budget Estimate to Cabinet and Privy Council, for discussion and approval | <ul style="list-style-type: none"> • Approved Budget Guideline. • Number of consultation held with line ministries. • Number of review conducted on submissions from line ministries. • Number of negotiations conducted with line ministries. • Complete submission of the Draft Program Budget Estimates. • Complete revised Program Budget Estimate and other budget related documents. | <p>Staff are available</p> <p>Appropriate mechanism for coordinating and monitoring performance</p> | <p>Nov</p> <p>Feb</p> <p>Begin of March</p> <p>Mid March</p> <p>End of March</p> <p>Late May/Early June</p> | <p>DSF</p> <p>DSF and Budget Staff</p> <p>Budget Staff</p> <p>Budget Staff</p> <p>Budget Staff</p> |

| | | | | | |
|--|---|--|--|--|---|
| | <ul style="list-style-type: none"> ▪ Prepare submission of the revised Program Budget Estimate and other related budget documents, to the Legislative Assembly, for discussion and approval ▪ Provide support for the Minister of Finance during Parliament discussion of the Estimates ▪ Prepare and distribute the approved Program Budget Estimates to appropriate authorities, ministries and departments. | <ul style="list-style-type: none"> • Timely support for the Minister • Number of Budget documents distributed. | | <p>Late May to October</p> <p>Late May</p> | <p>Budget Staff</p> <p>DSF and Budget Staff</p> <p>Budget Staff</p> |
|--|---|--|--|--|---|

| | |
|-------------------------------|--|
| Programme 6.2 | Monitor performance of programs in the Program Budget Estimate against stated objectives and performance indicators |
| Output description:6.2 | |
| Assumptions: | |

| Program Outputs | Program Activities | Performance Measures | Resources | Date | Responsible Staff |
|-----------------|--|--|-----------|--|---|
| | <ul style="list-style-type: none"> ▪ Conduct budget review consultations with line ministries and departments, on their performance ▪ Monthly report on significant variances of expenditure and revenue with proposals for appropriate action ▪ Prepare quarterly and half-yearly review of line ministries and departments estimates ▪ Review of Budget outputs/performance indicators | <ul style="list-style-type: none"> • Comprehensive review of line ministries expenditure and revenue. • Number of report completed with effective proposal for appropriate action. • Number of report completed on a quarterly and half-yearly basis. | | <p>Ongoing</p> <p>Monthly (Ongoing)</p> <p>Quarterly/ Half-yearly (Ongoing)</p> <p>Ongoing</p> | <p>Budget Staff</p> <p>Budget Staff</p> <p>Budget Staff</p> |

3.5 Objectives: Procurement Division

There are 3 key objectives:-

1. To create a viable Procurement legal framework
2. To develop and implement Procurement Manuals and Standard Documents
3. To increase efficiency of Procurement processes by training government officials

PROGRAMS / ACTIVITIES

| | |
|-------------------------------|---|
| Objective 1.0 | To create a viable Procurement legal framework |
| Programme 1.1 | Create Draft Procurement Act and any necessary legislation |
| Performance Indicator | Successful completion of the Draft Procurement Act |
| Output description:1.1 | Procurement legal framework |
| Assumptions: | |

| Program Outputs | Program Activities | Performance Measures | Resources | Date | Responsible Staff |
|---------------------------|--|----------------------|-----------|-------------------------------|-------------------|
| 1.1 Draft Procurement Act | Engage technical assistance to draft Procurement Act | | | Completed by 5 July 2005 | |
| | Submit to Procurement Committee for discussion | | | Completed by 5 August 2005 | |
| | Submit to Law Reform Committee for consideration | | | Completed by 5 August 2005 | |
| | Submit to government for endorsement | | | Completed by 5 September 2005 | |
| | Print the Act and Distribute to Ministers | | | Completed by 5 October 2005 | |

| | |
|-------------------------------|--|
| Objective 2 | To develop and implement Procurement Manuals and Standard Documents |
| Program 2.1 | Formulate Rules and Regulations |
| Performance Indicator: | Successful completion of the Procurement Manuals and Standard Documents |
| Assumptions: | |

| Program Outputs | Program Activities | Performance Measures | Resources | Date | Responsible Staff |
|-----------------|--------------------|----------------------|-----------|------|-------------------|
|-----------------|--------------------|----------------------|-----------|------|-------------------|

| | | | | | |
|--|--|--|--|-------------------------------|--|
| | Engage technical assistance to draft Rules and Regulations | | | Completed by 5 September 2005 | |
| | Submit draft to Procurement Committee for discussion | | | Completed by 5 December 2005 | |
| | Distribute Final Rules and Regulations | | | Completed by 6 January 2006 | |
| | Process Papers for decision of Procurement Commission | | | Ongoing | |

| | |
|-------------------------------|--|
| Objective 3 | <i>To increase efficiency of Procurement processes by training government officials</i> |
| Program 3.1 | <i>Provide Professional training in Procurement</i> |
| Performance Indicator: | <i>Increase efficiency in procurement processes</i> |

| Program Outputs | Program Activities | Performance Measures | Resources | Date | Responsible Staff |
|------------------------|---|-----------------------------|------------------|-------------|--------------------------|
| | Liaise with donors for training opportunities | | Training budget | Ongoing | |

3.6 Objectives: Public Enterprises Division

There are 5 key objectives:

- 1.) Ensure compliance with the Public Enterprise Act 2002
- 2.) Ensure effective corporatisation of Public Services
- 3.) Ensure effective privatization of Public Enterprises
- 4.) Ensure effective Alternate Service Delivery of Public Services
- 5.) Ensure effective monitoring of Government Share investments

PROGRAMS / ACTIVITIES

| | |
|-------------------------------|--|
| Objective 1.0 | <i>Ensure compliance with the Public Enterprise Act 2002</i> |
| Programme 1.1 | <i>Monitor compliance of Public Enterprises with Public Enterprise Act reporting requirements</i> |
| Output description:1.3 | <i>Database contains required reports</i> |
| Assumptions: | <i>Adequate resources to achieve objectives</i> |

| Program Outputs | Program Activities | Performance Measures | Resources | Date | Responsible Staff |
|---|--|---|--------------------------------|--|--------------------------|
| <ul style="list-style-type: none"> • Database has financial & compliance data for all PEs • Number of trainings | <ul style="list-style-type: none"> • Gather financial reports from Public Enterprises and input data to database • Receive and assess Public Enterprise compliance reports • Schedule trainings to PE directors and senior managers | <ul style="list-style-type: none"> • 100% compliance with reporting • 100% compliance with reporting • Training attendance | 3 staff Training budget | Specified under PE Act Ongoing Ongoing | Financial Analyst |

| | |
|-------------------------------|--|
| Programme 1.2 | Analyze and report to the Minister of Finance (shareholder) on the financial performance of Public Enterprise's |
| Output description:1.2 | Report reviews the results and performances of PEs |
| Assumptions: | Compliance with reporting requirements and adequate resources |

| Program Outputs | Program Activities | Performance Measures | Resources | Date | Responsible Staff |
|----------------------------|--|---|------------------|--|--|
| Quarterly Reports produced | <ul style="list-style-type: none"> • Review financial reports and assess results/statements • Provide analysis report to the Minister of Finance (shareholder) • Assess compliance with dividend payments; assess request for loans, reimbursements.(link with economics, budget and treasury division) | <ul style="list-style-type: none"> • Assess reports within 7 days on receiving of reports • Timely Advice to shareholder • Quality advise provided to the Minister of Finance and interested parties | 2 staff | At least 7 days on receiving of financial reports Quarterly or as required Quarterly or as required | Deputy Secretary for Finance assisted by Financial Analyst |

| | |
|-------------------------------|--|
| Programme 1.3 | Monitor Public Enterprise compliance with public policy |
| Output description:1.3 | Report reviews the results and performances of PEs |
| Assumptions: | Compliance with reporting requirements and adequate resources |

| Program Outputs | Program Activities | Performance Measures | Resources | Date | Responsible Staff |
|----------------------------|---|---|---|---|---|
| Quarterly Reports produced | <ul style="list-style-type: none"> • Review Statement of Corporate Intents, Half Year & Annual Reports • Provide analysis report to the Minister of Finance (shareholder) | <ul style="list-style-type: none"> • Assess reports within 7 days on receiving of reports • Compliance with Strategic Development Plan, Budget Statement, Estimates and Guidelines. | Resource for program 1.2 shared into this program | At least 7 days on receiving of financial reports Quarterly or as required | Deputy Secretary for Finance assisted by Financial Analyst |

| | |
|----------------------|--|
| Objective 2.0 | Ensure Effective corporatisation of Public Services |
|----------------------|--|

| | |
|-------------------------------|---|
| Programme 2.1 | Identify possible corporatisation candidates |
| Output description:2.1 | Report reviews and identifies candidates |
| Assumptions: | Adequate resources provided |

| Program Outputs | Program Activities | Performance Measures | Resources | Date | Responsible Staff |
|---|--|---|------------------|-------------|--|
| Report with recommended Corporations | <ul style="list-style-type: none"> Review Public Service outputs Recommend Public Service outputs for Corporatisation | <ul style="list-style-type: none"> Identification of candidates Cabinet approval is received for recommendations | 2 staff | Ongoing | Deputy Secretary for Finance assisted by Financial Analyst |
| Candidates are removed from the Public Sector | <ul style="list-style-type: none"> Apply international standards to the corporatisation process Satisfy all legal requirements Complete all financial statements Satisfy all Human Resource issues | <ul style="list-style-type: none"> Achievement of Corporatisation approved for the year Zero legal Proceedings against the division All financial documents certified and available No. of complaints from affected staff | 3 staff | Ongoing | Deputy Secretary for Finance assisted by Financial Analyst |

| | |
|-------------------------------|---|
| Objective 3.0 | Ensure effective privatization of Public Enterprises |
| Programme 3.1 | Identify possible privatization candidates |
| Output description:3.1 | Report reviews and identifies candidates |
| Assumptions: | Adequate resources provided |

| Program Outputs | Program Activities | Performance Measures | Resources | Date | Responsible Staff |
|---------------------------------------|--|--|------------------|-------------|--|
| Report with recommended privatization | <ul style="list-style-type: none"> Review public enterprises if it satisfies current public objectives Recommend privatization/liquidation /winding down of PE | <ul style="list-style-type: none"> Identification of candidates Cabinet approval is received for recommendations | 2 staff | Ongoing | Deputy Secretary for Finance assisted by Financial Analyst |

| | | | | | |
|---|--|---|---------|---------|--|
| Candidates are removed from the Public Sector | <ul style="list-style-type: none"> • Apply international standards to the privatization process • Satisfy all legal requirements • Complete all financial statements • Satisfy all Human Resource issues | <ul style="list-style-type: none"> • Achievement of privatization approved for the year • Zero legal Proceedings against the division • All financial documents certified and available • No. of complaints from affected staff | 3 staff | Ongoing | Deputy Secretary for Finance assisted by Financial Analyst |
|---|--|---|---------|---------|--|

| | |
|-------------------------------|---|
| Objective 4.0 | Ensure effective alternate service delivery of Public Services |
| Programme 4.1 | Identify possible alternative service delivery candidates |
| Output description:4.1 | Report reviews and identifies candidates |
| Assumptions: | Adequate resources provided |

| Program Outputs | Program Activities | Performance Measures | Resources | Date | Responsible Staff |
|---|--|---|-----------|---------|--|
| Report with recommended ASD | <ul style="list-style-type: none"> • Review public service if it can be a candidate for ASD • Recommend ASD candidates | <ul style="list-style-type: none"> • Identification of candidates • Cabinet approval is received for recommendations | 2 staff | Ongoing | Deputy Secretary for Finance assisted by Financial Analyst |
| Candidates are removed from the Public Sector | <ul style="list-style-type: none"> • Apply international standards to the ASD process • Satisfy all legal requirements • Complete all financial statements • Satisfy all Human Resource issues | <ul style="list-style-type: none"> • Achievement of ASD approved for the year • Zero legal Proceedings against the division • All financial documents certified and available • No. of complaints from affected staff | 3 staff | Ongoing | Deputy Secretary for Finance assisted by Financial Analyst |

| | |
|-------------------------------|---|
| Objective 5.0 | Ensure effective monitoring of Government Share investments |
| Programme 5.1 | Monitor compliance of Public Enterprises with Public Enterprise Act reporting requirements |
| Output description:5.1 | Database contains required reports |
| Assumptions: | Adequate resources to achieve objectives |

| Program Outputs | Program Activities | Performance Measures | Resources | Date | Responsible Staff |
|-----------------|--------------------|----------------------|-----------|------|-------------------|
|-----------------|--------------------|----------------------|-----------|------|-------------------|

| | | | | | |
|---|--|---|---------|-----------|--|
| <ul style="list-style-type: none"> • Database has financial data | <ul style="list-style-type: none"> • Gather financial reports from Companies where government holds shares and input data to database | <ul style="list-style-type: none"> • 100% compliance with reporting | 3 staff | Weekly | Financial Analyst |
| <ul style="list-style-type: none"> • Quarterly Reports produced | <ul style="list-style-type: none"> • Review financial reports and assess results/statements • Provide analysis report to the Minister of Finance (shareholder) • Assess dividend payments | <ul style="list-style-type: none"> • Assess reports within 7 days on receiving of reports • Timely Advice to shareholder • Quality advise provided to the Minister of Finance and interested parties | | Quarterly | Deputy Secretary for Finance assisted by Financial Analyst |

¹ Half yearly reports within 2 months of end of half year
Submit annual reports within 3 months of year end and audit reports within 6 months
Dividend policy to be agreed within 6 months (Non compliance with S21)
Submit annual reports and half yearly reports to LA within 28 days of receipt

3.7 Objectives: Aid Management Division

There are 3 key objectives:-

1. To establish and maintain an effective mechanism for aid management.
2. To provide quality and timely advice on aid policies and programs.
3. To integrate aid into government's budget and planning processes.

PROGRAMS and ACTIVITIES

| | |
|--------------------------------|---|
| Objective 1.0 | To establish and maintain an effective mechanism for aid management |
| Programme 1.1 | Develop and maintain an aid information and data base |
| Performance Indicator | Database successfully established and maintained |
| Output description: 1.1 | An information and data base consisting of all important information and data on aid including a directory – this will facilitate the policy advisory role on aid. |
| Assumptions: | Appropriate resources available especially staffing |

| Program Outputs | Program Activities | Performance Measures | Resources | Date | Responsible Staff |
|-----------------|--------------------|----------------------|-----------|------|-------------------|
|-----------------|--------------------|----------------------|-----------|------|-------------------|

| | | | | | |
|---|--|---|---------|---|---|
| 1.1 Aid Information and Data Base | Stakeholder consultation | number of consultations held List of stakeholders consulted | 2 staff | July 05 | Principal + S/Economist |
| | Treasury consultation | consultations held | 2 staff | Aug 05 | Principal + S/Economist |
| | Data and information design | list of stakeholders' data & information requirement included | 3 staff | Sept 05 | Principal + S/Economist + Computer Operator (from IT) |
| | Database set up | Database successfully set up | 2 staff | Oct 05 | Principal + IT officers |
| | Aid information and data gathering | signed MOUs and other major information obtained. | 2 staff | ongoing | Principal + S/Economist |
| | Monitoring of aid programs | No. of participation in implementation committees No. of visits to project sites No. of monitoring briefs/reports | 2 staff | ongoing | Principal + S/Economist |
| Update and maintain information and data base | volume of backlog information and data to be input into database | 3 staff | ongoing | Principal + S/Economist + Computer Operator (from IT) | |

| | |
|-------------------------------|--|
| Programme 1.2 | Mechanism for donor liaison |
| Performance Indicator | Effective mechanism in place |
| Output description:1.2 | To establish and effective mechanism for liaising with all donors to Tonga. |
| Assumptions: | Full support of donors and appropriate resources available |

| Program Outputs | Program Activities | Performance Measures | Resources | Date | Responsible Staff |
|-----------------|--------------------|----------------------|-----------|------|-------------------|
|-----------------|--------------------|----------------------|-----------|------|-------------------|

| | | | | | |
|--|---|---|-----------|--|--|
| 1.2 Mechanism for donor liaison | Stakeholder consultation | consultations held before deadline List of stakeholders consulted | 2 staff | July 05 | Principal + S/Economist |
| | Coordinate Tonga's participation in high level aid consultations | consultations with relevant agencies Draft policy and information paper for delegation completed by deadline feedback received on quality of policy and information paper | 2 staff | Fortnight before actual annual meetings | Principal + Senior Economist |
| | Establish government-donor working group | working group established Regularity of working group meetings | 2 staff | 1 July 2005 | DSF+ P/Economist |
| | aid coordination meetings | coordination meetings established Regularity of meetings held | 3 staff | on-going | DSF + P/Economist + S /Economist |
| | minutes recording | time taken to draft minutes feedback regarding quality of minutes | 1 officer | on-going | Senior Economist |
| | follow-up actions | time between identifying actions and actual follow up | 2 staff | on-going | Principal & S/Economists |
| | Facilitate aid missions | No. of aid missions facilitated. | 2 staff | ongoing | Principal +S/Economists |
| | corresponding with aid agencies and line ministries | No. of outgoing correspondence | 2 staff | ongoing | P+ S/Economists |

| | |
|------------------------------------|--|
| Programme 1.3 | <i>Project planning and management mechanism</i> |
| Output description: 1.3 | <i>To establish an effective mechanism for dealing with all projects/programs proposed to be funded from aid programs</i> |
| Assumptions: | <i>Full support from relevant agencies and appropriate resources available.</i> |

| Program Outputs | Program Activities | Performance | Resources | Date | Responsible |
|-----------------|--------------------|-------------|-----------|------|-------------|
|-----------------|--------------------|-------------|-----------|------|-------------|

| | | Measures | | | Staff |
|---|---|--|---------|-----------|---------------------------|
| 1.3 mechanism established for project planning and management | Project appraisal | guidelines for project appraisal No. of projects appraised | 2 staff | Ongoing | Principal + S/Economists |
| | Prioritization | guidelines for prioritization prioritization exercises | 2 staff | Ongoing | DSF + Principal Economist |
| | Assist in identification and designing stage. | involvement in identification and designing of projects/Programs | 2 staff | Ongoing | Principal + S/Economist |
| | Monitoring and evaluation | participation in implementation committees visits to project sites monitoring and evaluation reports | 2 staff | Ongoing | Principal + S/Economist |
| | Reporting | Progress Reports | 2 staff | Ongoing | Principal + S/Economist |
| | Establish an appropriate channel for processing of aid policies, projects and program | Minister's and donors satisfaction | 2 staff | 1 July 05 | DSF + SF |

| | |
|-------------------------------|--|
| Objective 2.0 | To provide quality and timely advice on aid policies and programs |
| Programme 2.1 | Policy advice |
| Output description:2.1 | Need to provide regular advice to Minister and Secretary for Finance, Aid donors and major stakeholders on aid polices and programs |
| Assumptions: | Information and Data Base is established and maintained. |

| Program Outputs | Program Activities | Performance Measures | Resources | Date | Responsible Staff |
|----------------------------|---|--|------------------|----------------|-------------------------------|
| 2.1 Policy advice provided | Stakeholder consultation | No. of stakeholder consultation List of stakeholder consulted | 3 staff | September 2005 | DSF + Principal + S/Economist |
| | Policy advice to Minister and Secretary for Finance | policy briefing and reports submitted to Minister and Secretary feedback on quality of policy advice No. of policy briefing of | 2 staff | ongoing | DSF + P/Economist |

| | | | | | |
|--|-------------------------------|---|---------|---------|---------------------------|
| | Policy advice to aid agencies | aid donors feedback on quality of advice. | 2 staff | ongoing | DSF + Principal Economist |
| | Stakeholder advice | No. of advice to various stakeholders feedback on quality of advice. | 2 staff | ongoing | Principal + S/Economist |

| | |
|-------------------------------|---|
| Objective 3.0 | To integrate aid into government's budget and planning processes |
| Programme 3.1 | Aid integration |
| Output description:3.1 | Aid needs to be linked to budgeting as aid is a major budget item. Aid should also link to go Government's planning processes. |
| Assumptions: | Full support from line ministries. |

| Program Outputs | Program Activities | Performance Measures | Resources | Date | Responsible Staff |
|---|---|--|-----------|--|--------------------------|
| 3.1 Aid is well integrated into budget and planning processes | Liaison with Budget Division | consultations held with Budget Aid resources are reflected appropriately in the budget. | 2 staff | Ongoing esp during budget cycle | Principal + S/Economists |
| | Liaison with Treasury | Regular consultations held with Treasury | 2 staff | On-going | Principal + S/Economist |
| | Clear outstanding acquittals (in collaboration with Treasury and line ministries) | No. of outstanding acquittals | 3 staff | 1 July 2005 | Principal + S/Economist |
| | Provide acquittal reports to aid donors and line ministries | Donors satisfaction | 1 officer | Within 1 month from end of every quarter | P/S Economists |
| | Liaison with CPD and line agencies | Involvement in SDP8 processes Aid is integrated into SDP8 processes | 2 staff | 3 rd quarter 2005 | P/S Economists |

| | | | | | |
|--|--|--|--|--|--|
| | | Aid is integrated into line ministries' corporate plan | | | |
|--|--|--|--|--|--|

3.8 Objectives: Treasury Operations Division

There are FIVE key objectives:

1. To ensure compliance of the Public Sector with the Public Finance Management Act 2002.
2. To produce Public Accounts and present to the Legislative Assembly.
3. To provide a quality, good practice Treasury service to the Public Sector.
4. To ensure effective financial management responsibility and accountability in the Public Sector.
5. To optimize efficiency and effectiveness through continuous improvement in the Treasury Division.

PROGRAMS / ACTIVITIES

| | |
|-------------------------------|---|
| Objective 1.0 | To ensure compliance of the Public Sector with the Public Finance Management Act 2002 (PFMA 2002) |
| Programme 1.1 | Record and verify all financial transactions (receipts,payments) in the Public Sector |
| Output description:1.1 | To ensure validity, accuracy and completeness of all financial transactions within Public Sector |
| Assumptions: | Treasury Staff having fair understanding of the PFMA 2002 plus all financial procedures and policies |

| Program Outputs | Program Activities | Performance Measures | Resources | Date | Responsible Staff |
|-----------------------------|---|---|-----------------------|-----------|---------------------|
| 1.1 Verified financial data | Ensuring all expenditures are properly authorized and accurate before payments are made | Customer Satisfaction | 1 Snr Staff + 2 staff | Daily | Revenue&Expenditure |
| | | Number of queries from Line Ministries after reconciliation | 2 staff | Daily | Revenue&Expenditure |
| | Ensuring all revenues collected are banked and properly brought to account | Number of queries on vouchers from line ministries | 2 staff | Monthly | Accounts |
| | | Improvement in financial controls | 1 staff | Quarterly | Accounts |
| | Running regular trainings for line ministries and departments on financial procedures and policies | | | | |
| | Conducting regular Internal Audits within Treasury as well as in Sub-treasuries to review internal Controls | | | | |

| | |
|----------------------|--|
| Programme 1.2 | Verify Payroll advice from line ministries and perform payroll processing |
| Output | Producing pay-sheets and cheques for all line ministries |

| | |
|------------------------|--|
| description:1.2 | |
| Assumptions: | <i>Treasury Staff having a fair understanding of all policies and regulations regarding salary and wages Treasury Staff having fully trained on how to use Micropay system</i> |

| Program Outputs | Program Activities | Performance Measures | Resources | Date | Responsible Staff |
|--|--|---|---|---|--------------------------|
| 1.2 Pay-sheets for all line ministries | <p>Ensuring all salary adjustments such as , Increments, New appointments, and Promotions etc. are well supported by supporting documents such as decisions, savings, regulations</p> <p>Ensuring salaries vouchers are well checked, confirmed by Line Ministries, certify correct and signed by Head of Departments.</p> <p>Ensuring all documents concerned with the Outer Island staffs must be endorsed by Treasury – Nuku’alofa before being forwarded to Sub-Treasuries.</p> <p>Ensuring salary vouchers are properly authorized before payments are made</p> <p>Ensuring that all deductions (Bank, Retirement Fund and others) payments are made at due date.</p> <p>Disbursement of Salary Payments to all Line ministries</p> <p>Ensuring that all salary vouchers plus unclaimed vouchers and cash be handed and paid in to Treasury within 2 days from last pay day.</p> <p>Ensuring Pay As You Earn (PAYE) monthly reconciliation for Ministry of Finance’s staffs handed to IRD at due date.</p> <p>Ensuring all reconciliations are up-to-date and queries are followed up and addressed</p> | <p>Decrease in Salary Overpayments</p> <p>Less Queries</p> <p>Deadline for Salary Adjustments is met</p> <p>Payments made in accordance to Time-Table set</p> | <p>12 staff</p> <p>Budget for the papers and printing</p> | <p>Within 5days from last pay, effective July 2005</p> <p>Fortnightly, July 2005</p> <p>Weekly, July 2005</p> <p>Fortnightly, July 2005</p> <p>Monthly, July 2005</p> | Salary &Wages |

| | | | | | |
|--|--|--|--|--|--|
| | Checking integrity of Payrolls returned from Outer islands and Overseas missions | | | | |
|--|--|--|--|--|--|

| | |
|-------------------------------|---|
| Programme 1.3 | <i>Maintaining regular reporting on financial transactions</i> |
| Output description:1.3 | <i>Advising line ministries on their financial positions on a regular basis</i> |
| Assumptions: | <i>Reconciliations are up-to-date All financial data are already accounted for in cashbook</i> |

| Program Outputs | Program Activities | Performance Measures | Resources | Date | Responsible Staff |
|-------------------------------|--|--|------------------|---|--------------------------|
| 1.3 Regular Financial Reports | Providing monthly reports on Ministries vote level to respective Head of Departments. Providing a quarterly summary of all government revenues and expenditures to the Auditor General. | Timeliness in paying Suppliers Accuracy of data | 1 staff | Every 2 nd week of the month, effective August 2005 Within 1month from end of every quarter, effective October 2005 | Accounts |

| | |
|-------------------------------|---|
| Objective 2.0 | <i>To produce Public Accounts and present to Legislative Assembly</i> |
| Programme 2.1 | <i>Maintaining proper and up-to-date accounting records of all transactions</i> |
| Output description:2.1 | |
| Assumptions: | <i>Reconciliations are up-to date All financial data have been accounted for in Cashbook</i> |

| Program Outputs | Program Activities | Performance Measures | Resources | Date | Responsible Staff |
|--|--|---|--|---|--------------------------|
| 2.1 All Financial Data for Public Accounts | Ensuring that there is a proper filing system in place for filing of source documents and other important Treasury reports. Clearing out of all back-logs from previous financial years(2001/02 - 2003/04) Ensuring all funds received and paid out are properly recorded and accounted for in the accounting system. Strengthening working relationships with Overseas Missions and Sub-Treasuries in order to | Timeliness in locating source documents All prior years Public Accounts submitted Reconciliations are up-to-date Regular exchanging of financial information Debt payments made on time | (5 committed staff with a sound understanding of the Government Accounting, SunSystem, and Vision) | July 2005, on-going By 1 st July, 2005 July 2005, on-going July 2005, on-going July 2005, on-going 2 nd Week | Accounts |

| | | | |
|--|---|--|--|
| <p>speed up exchanging of financial data.</p> <p>Ensuring all Debt payments are made at due date and according to schedule.</p> <p>Ensuring all Ministries and Departments Vote Reconciliation are up-to-date</p> <p>Ensuring all queries are followed up and addressed.</p> | <p>Decrease in Number of Transfer applications</p> <p>Line ministries/customer satisfaction</p> | <p>August 2005, on-going</p> <p>July 2005, daily</p> | |
|--|---|--|--|

| | |
|-------------------------------|--|
| Programme 2.2 | Prepare and report on the Public Accounts |
| Output description:2.2 | Producing Public Accounts |
| Assumptions: | All financial data have been reconciled and accounted for in the Cashbook |

| Program Outputs | Program Activities | Performance Measures | Resources | Date | Responsible Staff |
|-------------------------------|---|--|--|---|-------------------|
| 2.2 Public Accounts 2005/2006 | <p>Ensuring all Bank Accounts are reconciled</p> <p>Ensuring all Returns from Overseas Missions and Sub-Treasuries had been accounted for in the accounting system.</p> <p>Ensuring all Creditors have been paid</p> <p>Ensuring all Investments have been updated and input into system</p> <p>Ensuring all donor funds received have been input into their respective revenue accounts and itemized as well.</p> <p>Review all Government underline accounts and take action to clear all those that should no longer exist, those that remain the same over the years need investigations.</p> | <p>Stakeholders satisfaction</p> <p>Qualification of the Public Accounts</p> <p>Latest Investment Data</p> <p>No. of queries from Line Ministries after reconciliation.</p> <p>No. of new accounts per year</p> <p>No. of new advance accounts per year.</p> <p>No of queries from Audit Department when auditing Public Accounts.</p> | Committed staff (5) with sound understanding of Government Accounting, SunSystem and vision. | All to be done before 31 st Dec,2005 | Accounts |

| | | | | | |
|--|--|--|--|--|--|
| | <p>Examine all Advance Accounts on a regular basis and make sure that recovery is being made in accordance with the terms of the advance.</p> <p>Regular meetings with Audit Department to discuss ways to improve reporting of accounts</p> | | | | |
|--|--|--|--|--|--|

| | |
|-------------------------------|---|
| Objective 3.0 | To provide a quality, good practice Treasury Service to the Public Sector |
| Programme 3.1 | Manage the Government Banking Operations, through maintenance of account balances, bank reconciliation and physical custody of funds |
| Output description:3.1 | Real Cash Position of Government |
| Assumptions: | That all staff are familiar with the Treasury Manuals |

| Program Outputs | Program Activities | Performance Measures | Resources | Date | Responsible Staff |
|---|---|--|------------------------------|--|--------------------------|
| 3.1 Effective&efficient Management of Public Funds | <p>Consolidation of Government's Bank Accounts.</p> <p>Implementation of Internet Banking</p> <p>Advising Cash flow Committee on liquidity on a weekly basis</p> <p>Invest surpluses with due attention to balancing liquidity and income considerations</p> <p>Arranging provisional funding if and as required</p> <p>Ensuring that all bank accounts have been established in accordance to PFMA 2002.</p> <p>Regular reviewing security and banking arrangements for safeguarding of government funds</p> | <p>Bank Reconciliation always up-to-date</p> <p>Stakeholders Satisfaction</p> <p>Improved relationships with Banks</p> <p>Timeliness in funding Bank Accounts</p> <p>No. of transfers to Reserve Accounts or Investments per year.</p> <p>No. of Transfer to other accounts.</p> <p>No. of accounts overdrafted.</p> <p>No. of reviews per year.</p> | <p>Above</p> <p>Training</p> | <p>By Dec 2005</p> <p>By 30th July 2005</p> <p>July 2005, on-going</p> <p>End of Sept 2005, quarterly</p> | Accounts |

| | |
|-------------------------------|--|
| Programme 3.2 | Provide quality financial advice to the Minister of Finance and the Public Sector |
| Output description:3.2 | Better decision making |
| Assumptions: | All financial information recorded in Cashbook are accurate, complete and valid |

| Program Outputs | Program Activities | Performance Measures | Resources | Date | Responsible Staff |
|------------------------------|--|--|--|-----------|-------------------|
| 3.2 Quality Financial Advice | Issuing of Treasury Directions to Line ministries Advising Minister on Accounting and financial management issues under the legislation and programmes for which the Minister is responsible Liquidity and Investment Opportunities "Real Time" financial position of Government. | Less queries to line ministries Minister, Cabinet, PC satisfactions | Above Internal auditors are available | July 2005 | Accounts |

| | |
|-------------------------------|---|
| Programme 3.3 | Provide accounting and financial reporting for Donor Aid Funds Management. |
| Output description:3.3 | Better co-ordination of Aid Funds |
| Assumptions: | That all Aid Projects and Loans are recorded at Treasury |

| Program Outputs | Program Activities | Performance Measures | Resources | Date | Responsible Staff |
|----------------------------------|---|--|------------------------|---|--------------------------|
| 3.3 Financial Reports for Donors | Providing Quarterly Acquittal Reports to both Donors and implementation agencies Providing Advise on Donor Fund Accounting | Donors/Implementing agencies satisfaction Accuracy of data No. of queries to Line Ministries | 2 staff 2 staff | Within 1 month from end of every quarter Ongoing | Accounts Accounts |

| | |
|-------------------------------|--|
| Programme 3.4 | Debt Management |
| Output description:3.4 | Reporting and Advice on Debt Management |
| Assumptions: | CSDRMS database up-to-date All debt payments are up-to-date |

| Program Outputs | Program Activities | Performance Measures | Resources | Date | Responsible Staff |
|-----------------------------|---|--|--|--------------------|-------------------|
| 3.4 Debt Management Reports | Update and maintain CSDRMS 2000+ database of all Government debt, ensuring its availability to meet all requirements providing the necessary reporting to external agencies and providing appropriate reports as required by other Divisions of the Ministry. Ensuring all debt payments are made by the due date. Monitoring repayment schedules on "On-Lending to Statutory | Quality of advice Timeliness in reporting Customer satisfaction Debt payments are up-to-date On-Lent Repayments are up-to-date | 2 staff IT staff to support CS-DRMS | July 2005, ongoing | Accounts |

| | | | | | |
|--|--|--|--|--|--|
| | <p>Bodies” to ensure repayments are received on the due date.</p> <p>Ensuring that all bank guarantees issued are in accordance with Government Policy also confirming that there is adequate budgetary provision for any likely default</p> <p>Ensure that all public debt transactions are accounted for in the “sun system”</p> <p>Develop a continuing trained professional debt recording and management capability to meet Government needs</p> <p>Prepare a quarterly report on status of Public Debt</p> | | | | |
|--|--|--|--|--|--|

| | |
|-------------------------------|--|
| Objective 4.0 | To ensure effective financial management responsibility and accountability in the Public Sector. |
| Programme 4.1 | Establish proper and well-defined financial and accounting procedures and guidelines for the Public Sector (Treasury Instructions). |
| Output description:4.1 | Better Customer Service |
| Assumptions: | Sound understanding of PFMA 2002 |

| Program Outputs | Program Activities | Performance Measures | Resources | Date | Responsible Staff |
|---------------------------|--|--|------------------|-------------|--------------------------|
| 4.1 Treasury Instructions | <p>Issue of weekly Treasury Circulars on Treasury policies and Procedures</p> <p>Developing an effective working relationship with Line ministries and departments by having regular meetings/ workshop</p> <p>To keep abreast of developments in accounting</p> | <p>Line ministries satisfaction</p> <p>Set of Treasury Instructions in place</p> | Consultants | By May 2006 | Supervisor, Accounts |

| | |
|-------------------------------|--|
| Programme 4.2 | Decentralising the Government of Tonga Public Sector Financial Management and Accounting System. |
| Output description:4.2 | Implementation of Purchase Order Module in line ministries |
| Assumptions: | All line ministries have been trained on how to use Accounting System All line ministries are connected to GOTNET |

| Program Outputs | Program Activities | Performance Measures | Resources | Date | Responsible Staff |
|------------------------|---|---|---|-------------------------------|--------------------------|
| 4.2 | <p>Liaise with Corporate Services in implementation of Purchase Order Modules in rest of Line Ministries not yet connected /trained</p> <p>Running on-going trainings</p> | <p>Line ministries satisfaction</p> <p>Less queries or insufficient funds</p> | <p>2 staff with very good understanding of SunSystem</p> <p>Consultants</p> | By 30 th June 2006 | Supervisor, Accounts |

| | | | | | |
|--|--|-----------------------------|--|---------|--|
| | /workshop for line ministries to familiarize themselves with the system Monitor performance of accounting system to ensure its continued validity and recommend changes when required | Less transfers applications | | monthly | |
|--|--|-----------------------------|--|---------|--|

| | |
|-------------------------------|--|
| Programme 4.3 | <i>Provide an internal audit service to regularly audit and report to the Secretary on the quality and integrity of personnel, policies, systems, and processes for all Ministry of Finance areas of endeavor</i> |
| Output description:4.3 | <i>Sound internal and financial control</i> |
| Assumptions: | <i>Expensed in internal audit services</i> |

| Program Outputs | Program Activities | Performance Measures | Resources | Date | Responsible Staff |
|----------------------------|---|---|------------------|-------------------------------|--------------------------|
| 4.3 Good Internal Controls | <p>Devising and operating a method to control the amount of time spent on each section of an audit and other aspects of audit management</p> <p>Set up a procedure for the processing of audit working papers and team leaders reports ,including the setting up of a suitable filing system</p> <p>Liaise with the office of the Auditor General to avoid duplication of audit effort and waste of manpower resources Producing reports on every study undertaken as well as quarterly and annual progress report</p> <p>Updating existing, or developing new audit programmes for the service being reviewed</p> <p>Carry out regular internal audit work at the Sub-treasuries</p> | <p>Customer satisfaction</p> <p>Accuracy of Data</p> <p>Internal Controls is being strengthen</p> <p>No. of trips by internal auditor to outer islands.</p> | 2 staff | Effective July 2005 ,on-going | Accounts |

| | |
|-------------------------------|---|
| Objective 5.0 | <i>To optimize efficiency and effectiveness through continuous improvement in the Treasury Division.</i> |
| Programme 5.1 | <i>Review and refine work processes and procedures in all Sections.</i> |
| Output description:5.1 | <i>Better Treasury Services</i> |
| Assumptions: | <i>That all staff work together to produce better workplace.</i> |

| Program Outputs | Program Activities | Performance Measures | Resources | Date | Responsible Staff |
|-------------------------------------|--|---|------------------|-------------|--------------------------|
| 5.1 Better Treasury Services | <p>Review current work processes and procedures followed by each section</p> <p>Identify existing or potential problems and weaknesses</p> | <p>Timeliness In reporting</p> <p>Staff/Line ministries and customer satisfaction</p> | 3 staff | By Dec 05 | Accounts |

| | | | | | |
|--|--|---|--|--|--|
| | <p>Recommend and implement changes</p> <p>Advise concerned sections or personnel regarding changes made Review and refine work processes and procedures in all Sections.</p> | <p>No. of internal Memos issued per month</p> | | | |
|--|--|---|--|--|--|

Implementation of the Plan

The Corporate Plan forms the basis for the Ministry's planned renewal and strengthening, as well as its ability to meet the challenges of the new millennium. There is a great deal to be done, and careful programming, work planning and performance monitoring will be required.

The Plan assumes the availability of the necessary resources. Some of these will be provided by increased efficiencies as a result of computerisation, some devolution of responsibility to other ministries, and assistance from donors. Creation and upgrading of a number of positions will be essential, financed from savings, and it is hoped that the necessary process of approvals can be completed by the start of the 2005/06 financial year. Recruitment of the necessary qualified and experienced personnel for a few key positions may, however, take longer and require considerable effort, as well as cooperation from others. Early action on all of these steps is essential.

The Plan also assumes the formulation and implementation of annually set *programme objectives, operational priorities and performance measures*. These are provided for in Section 3 as the *Annual Management Plan*. Each Division or section of the Ministry will be expected to operationalise its priorities through *annual Work Plan* and *detailed assignment sheets and work goals* for individual officers and members of staff.

Several key annual planning documents have been identified in earlier chapters. These include the *Staff Development Plan* and the *Annual Information Systems and Management Strategy*. The Corporate Plan itself is intended to be the first of a series, to be reviewed and updated periodically as circumstances require, probably on a rolling biennial basis.