ROYAL GOVERNMENT OF BHUTAN

UNIFIED CHART OF ACCOUNTS MANUAL

Ministry of Finance
Department of Treasury & Accounts

Royal Government of Bhutan

Unified Chart of Accounts

First Edition

Royal Government of Bhutan

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Foreword

The development of a Unified Chart of Accounts (UCoA) marks a significant milestone in strengthening public financial management in Bhutan. As the Royal Government continues its commitment to enhancing transparency, accountability, and fiscal discipline, the UCoA provides a standardized and integrated framework for recording, classifying, and reporting financial transactions across all government agencies. Beyond its foundational role, the UCoA serves as a key enabler of a 10x governance model by transforming how financial information is structured, captured, and utilized, facilitating real-time decision-making and strengthening data-driven governance across the public sector.

This reform is aligned with the broader objective of modernizing public sector accounting and reporting systems, particularly in supporting the transition toward accrual-based accounting in line with International Public Sector Accounting Standards (IPSAS) and development of the Integrated Financial Management Information System (IFMIS). By harmonizing budgeting, accounting, and reporting classifications, the UCoA enables improved consistency, comparability, and reliability of financial information, thereby supporting evidence-based decision-making at all levels of government.

The development of the UCoA is the result of extensive consultation, technical analysis, and collaboration among key stakeholders. It is designed to accommodate the evolving needs of fiscal policy, public sector management, and reporting requirements, while remaining flexible to future reforms and technological advancements.

Successful implementation of the UCoA will depend on sustained commitment, capacity development, and coordination across all implementing agencies. It is therefore essential that all stakeholders embrace this reform and work collectively to ensure its effective operationalization.

I would like to acknowledge the contributions of all agencies, development partners, and professionals who have supported this important initiative. Their continued engagement will be vital as we move forward in strengthening Bhutan's public financial management system.

30.4.2026

Lekey Dorji
Finance Minister

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Preface

The Unified Chart of Accounts (UCoA) is a foundational pillar of the Government's Public Financial Management (PFM) system. It provides the structural framework for recording, classifying, and reporting financial transactions in a uniform, consistent, transparent, and internationally aligned manner. A well-designed CoA strengthens fiscal discipline, enhances accountability and improves the quality of financial reporting for evidence-based policy decision-making. Moreover, the structure supports alignment with international standards, including Government Finance Statistics Manual (GFSM 2014) and International Public Sector Accounting Standards (IPSAS), while also meeting national planning, budgeting, and reporting requirements.

This CoA introduces a comprehensive and integrated seven-segment structure comprising:

1. Source of Fund
2. Organization
3. Location
4. Economic
5. Function
6. Program
7. Environment, Social and Governance (ESG)

The development and refinement of the UCoA have been undertaken as part of the Government's broader PFM reform agenda and transition toward accrual-based accounting and reporting. The design and technical architecture of the UCoA were developed with valuable technical support from the International Monetary Fund's (IMF), South Asia Regional Training and Technical Assistance Center (SARTTAC) office. In addition, the UCoA development was supported by the Biodiversity Finance Initiative (BIOFIN) and Equanomics Programme under UNDP Bhutan, including the application of the BIOFIN Global Taxonomy to strengthen the classification and tracking of biodiversity and environment related expenditures. The integration of the ESG segment reflects the Royal Government's commitment to sustainable public financial management, enabling systematic tracking and reporting of expenditures linked to environmental, social, and governance priorities.

This Manual serves as the authoritative reference for the structure, coding principles, governance arrangements, and application of the UCoA within the Integrated Financial Management Information System (IFMIS) and related-PFM systems such as Bhutan Integrated Taxation System, Bhutan Integrated Revenue Management System (BIRMS), electronic Governance Procurement System (eGP), and across all government entities. It is intended for use by primary users such as finance officers, budget officers, accounts assistants, auditors, and policy analysts to ensure uniform interpretation and application.

The Ministry of Finance expresses its sincere appreciation to all technical experts and stakeholders who contributed to the development of this framework. However, the successful implementation of the UCoA will require continued commitment, capacity building, and adherence to the principles set out in this Manual.

The adoption of this unified UCoA marks a significant milestone in strengthening fiscal transparency, improving financial reporting, and advancing sustainable public financial management.

Ministry of Finance
Royal Government of Bhutan

Glossary

Abbreviation	Full Form
UCoA	Unified Chart of Accounts
CoA	Chart of Accounts
MDAs	Ministries, Departments and Agencies
IFMIS	Integrated Financial Management Information System
PFM	Public Financial Management
ESG	Environment, Social and Governance
GFS	Government Finance Statistics
GFSM	Government Finance Statistics Manual
IPSAS	International Public Sector Accounting Standards
BIRMS	Bhutan Integrated Revenue Management System
eGP	electronic Governance Procurement System
IFAC	International Federation of Accountants
SPFR	Special Purpose Financial Reports
GPFS	General Purpose Financial Statement
SDGs	Sustainable Development Goals
MoESD	Ministry of Education and Skills Development
COFOG	Classification of Functions of Government
IPSASB	International Public Sector Accounting Standards Board
IMF	International Monetary Fund
PFA	Public Finance Act of Bhutan
FRR	Financial Rules and Regulations

PRR	Procurement Rules and Regulations
BCG	Budgetary Central Government
TWG	Technical Working Group
SOP	Standard Operating Procedure
SNA	System of National Accounts
IFRS	International Financial Reporting Standards
ADB	Asian Development Bank
UN	United Nations
UNICEF	United Nations Children's Fund
UNDP	United Nations Development Programme
CF	Consolidated Fund
PF	Provident Fund
FYP	Five Year Plan
FY	Financial Year
SARTTAC	South Asia Regional Training and Technical Assistance Center

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I. Introduction

A. Rationale of the Unified Chart of Accounts (UCoA)

1. The International Federation of Accountants (IFAC) defines a CoA as: "…. *a systematic coding system for the classification and coding of transactions and events within the accounting system. It defines the organization of ledgers used within the accounting system."* The chart of accounts is the collective name that we give to all our General Ledger account codes. It includes the way the account codes are structured as well as the individual codes themselves.

2. Following the above principle, Unified Chart of Accounts (UCoA) for the Royal Government of Bhutan (RGoB) has been designed as a logical accounting structure through which financial transactions, including budgets, can be posted, stored, maintained, and reported upon. A core element of the UCoA is that it facilitates transactions with similar characteristics to be grouped together for budget planning, accounting, control, and reporting purposes. UCoA will also support a uniform system of accounting. Whilst, initially, the UCoA will be used to report government finances on a cash-basis, it has been formulated to enable any future transition to an accrual accounting system.

3. The scope of the information available will expand with the UCoA, for example by enabling the gathering of information for a broader set of government entities by enabling an expansion in the coverage to general government entities, and in due course, potentially to the whole of the public sector. The quality of information will also improve due to a uniform and standardized UCoA coding structure.

4. The use of a structured classification system in the UCoA will also facilitate improved financial management, policy analysis and planning. Detailed budgeting and the recording of actual performance against the budget shall aid transparency of revenue and expenditure management, allowing for the performance analysis.

Box 1. Relationship between the Existing CoAs and the New UCoA

The existing CoA structure significantly constrains the reporting capacity of the government. Although the current structure is generally logical in its arrangement, it does not adequately support the complex and multidimensional reporting requirements of a modern government. In particular, the absence of a comprehensive and integrated Economic segment aligned with the GFSM 2014, supported by complementary classification segments, limits the Government's ability to produce robust fiscal reports and analytical outputs.

The introduction of a revised UCoA structure is therefore necessary to strengthen reporting capacity, enhance budget execution monitoring, and facilitate the preparation of financial statements in accordance with international standards. The new structure addresses key design principles that were not fully achieved under the existing CoA framework.

Several structural weaknesses have been identified in the existing CoA, including:

- Limited reporting capacity due to the absence of clearly defined hierarchical coding structures;
- Lack of unique and standardized coding frameworks for spending units, projects, and sources of funding;
- Over-reliance on an excessively detailed program segment to meet diverse reporting needs, resulting in mutually exclusive classifications and reporting inefficiencies; and
- An Economic segment that was not designed as a single, integrated framework, thereby constraining the Government's ability to consolidate fiscal data and report on the whole-of-government financial position.

Furthermore, the reporting requirements of both spending units and intermediate oversight entities were not fully considered during the development of the original Organizational segment. For example, the Ministry of Education and Skills Development may require consolidated expenditure reports across all schools to effectively monitor sector performance and resource utilization. However, the current CoA structure does not adequately facilitate such reporting.

In addition, coding at certain levels is not defined centrally, rather determined individually by each budget entity. This decentralized approach has resulted in inconsistencies in classification, making it difficult to generate standardized, government-wide reports. Consequently, extracting consolidated information; for instance, comprehensive reporting on all schools across RGoB for sector-level oversight remains a significant challenge under the existing framework.

B. Key Purpose and Objectives

5. This document describes revisions to the UCoA for the RGoB in terms of:

   a. the underlying design rationale, along with the proposed new structure;
   b. explanations and examples that illustrate the key features of UCoA, and;
   c. guidelines on how the UCoA will be employed by financial systems and processes in support of the RGoB's PFM objectives.

6. The objective of the UCoA is to provide financial information in alignment to the General Purpose Financial Statement (GPFS) and Special Purpose Financial Reports (SPFR). The classification system includes separate segments that identify source of funding, organizational structures, programs that will enable performance-based budgeting, sector-based reporting through a functional classification, a location segment to provide a geographical view of government activities, an economic segment to understand what government spends and collects, and to prepare key financial and other reports.

7. An ESG segment has also been developed to allow more sophisticated reporting for strategic analysis and planning including for the Sustainable Development Goals (SDGs) and major ongoing requirements such as for gender and climate change but also for shorter term urgent analysis, such as during natural or other disasters in accordance with Green Finance Taxonomy (*in draft during the time of writing this manual)* and GLOBE taxonomy. These reports will be primarily directed to international organizations considering the frequency of reports required, thus, shall serve as a SPR.

8. The entire structure of the UCoA provides the framework for financial management and evaluation of the operation of government ministries, departments, and agencies (MDAs) at a consolidated central or general government level but also for specific ministries, agencies, and local governments. Concisely, it also classifies all spending units across government allowing both a detailed view of what is happening at a specific spending unit, such as a MoESD providing a consolidated report on the entire education sector and across the government as a whole.

9. The UCoA is the means by which all financial transactions shall be coded and recorded within the IFMIS and for utilization by other systems that interact with it, to ensure consistent classification of all financial transactions. Each code has a unique definition for consistent understanding by the officials' recording transactions or reviewing reports on transactions included in each code. Therefore, it is very important that all officials dealing with financial matters are well familiarized with the various classification elements and codes that are included in this manual.

10. The UCoA further represents a systematic approach to classifying all financial stocks and flows, a mechanism through which financial information shall be captured, processed, and reported on.

11. To summarize, the RGoB UCoA will enable the following:
    - Enable analytical processing of data and insights creation.
    - Enable the capture of high-level (*aggregation capabilities)* expenditure/revenue information for appropriation control.
    - Enable the capture of detailed (*drill-down capabilities)* expenditure/revenue information for management/internal control and audit purposes.
    - Provide a framework for recording and reporting on other financial stocks and flows such as assets and liabilities.
    - Facilitate the production of pre-defined reports for a variety of user requirements.
    - Facilitate the production of user-defined reports.

- Ensure uniformity in accounting practice throughout RGoB.
- Facilitate the production of government GPFS and SPRs for the primary users; and
- Support strategic planning, budgeting and performance-based analysis.

12. The UCoA has been upgraded to improve its functionality and to accommodate reporting of financial information, based on:

    a) **Classification of Functions of Government (COFOG):** as developed by the United Nations Statistics Division and analyses government expenditure into ten main categories including defense, health and education;

    b) **Government Financial Statistics (GFS):** developed by the International Monetary Fund (IMF) and classifies transactions of government into standardized groupings; and

    c) **International Public Sector Accounting Standards (IPSAS):** the accounting standards for public sector entities by theIFAC and the International Public Sector Accounting Standards Board (IPSASB). Most countries have either adopted IPSAS; adapted an equivalent national standard or announced an intention to adopt IPSAS.

Box 2: Core Principles of an UCoA:

a) ***Comprehensiveness:*** The UCoA should be comprehensive enough to capture all the required/relevant information. The budget classifications should not follow a different coding system and should be embedded in (or harmonized with) the government's accounting classifications; the accounting and reporting system should be the primary source of financial information for reporting on budget execution. The accounting and reporting system may, however, require additional classifications or detailed accounts to meet financial management needs and comply with accounting standards.

b) ***Granularity:*** The segments and sub-segments of the UCoA should be designed to facilitate combinations of various data elements necessary for control and reporting purposes. Each segment should have sufficient detail to meet all control, accountability, management, and reporting needs for all stakeholders.

c) ***Mutual exclusiveness:*** The attributes of UCoA segments should be defined in a way to make them mutually exclusive and avoid confusion in transaction posting and reporting.

d) ***Non-redundancy:*** There is no need for an independent segment in the UCoA if the related information could be derived from another segment. Where there are multiple classifications, it can be useful to explore the relationships between those classifications. For example, the requirements of the Classifications of the Functions of Government (COFOG),an international classification system, can often be derived from the organization classification and the program classification.

e) ***Internal consistency:*** The logic applied in designing the hierarchical structure of UCoA segments should be internally consistent. Using a consistent numbering system and structure helps to make the UCoA user-friendly and will reduce the chance of coding errors.

f) ***Scalability:*** The UCoA should allow flexibility for future additions and changes as far as possible. It should provide for capturing additional information in the future, particularly when such additional information has been anticipated/identified as part of an ongoing PFM reform program. Providing room for growth, change and future reporting requirements can help ensure a UCoA will be relevant for a long period of time and is able to cope with the changing needs of the business environment, regulatory requirements and reporting obligations. A UCoA with a well-designed structure and open account range can accommodate future legal and business requirements.

g) ***A unified framework:*** The UCoA should be unified to ensure that, at a minimum, the information at the aggregate level reflects a common accounting classification. Individual accounting units may be allowed certain flexibility in developing their own specific account codes but only at a more detailed level.

Source: IMF Technical Notes and Manuals-Chart of Accounts: A Critical Element of the Public Financial Management Framework

C. Context of the RGoB-UCoA:

13. The UCoA structures and operating guidelines within this Manual shall be consistent with the financial management laws, regulations and the prescribed accounting and financial reporting procedures and practices of the RGoB.

14. Legislation and other law relevant to the content of this manual includes the following:
    - The Constitution of Kingdom of Bhutan as enacted on 18 July 2008

    - Relevant Acts of National Assembly of Bhutan
        - Public Finance Act of Bhutan, 2007 (as amended)
        - Appropriation Act (annual)
    - Regulations:
        - Financial Rules and Regulations (as amended)
        - Procurement Rules and Regulations 2023

D. Scope of Application of the UCoA:

15. This Manual is applicable to all budgetary, accounting, and other financial transactions made by the Units of Government. This includes:
    a. all Ministries, Departments and Agencies (MDAs) of Budgetary Central Government (BCG), and

    b. all Constitutional Bodies and other Autonomous Organizations of the RGoB, and

    c. all Local Government Bodies.

16. State-owned organizations outside BCG are not compelled to adopt the policies and guidelines contained within this Manual. It should be noted however that those who do not adopt the UCoA specified herein may still have an obligation to report financial statistics using this structure, for inclusion within "Whole of Government Sector" consolidated reporting.

17. This Manual is provided for the guidance of all persons responsible for the design, development, maintenance, or operation of accounting and financial reporting services provided in the RGoB.

E. Maintenance of the UCoA

18. The Manual will be maintained and updated centrally by the Department of Treasury and Accounts, Ministry of Finance..
19. Future changes must ensure adherence to the defined principles of the UCoA and the updating should ensure that any changes or new codes added do not impact fiscal and financial data integrity. Changes to the UCoA may require a data migration strategy or other mechanisms to ensure the comparability of data from prior years.
20. Any requests for exemptions or exceptions to the guidelines contained within the manual should be made in writing to the Department of Treasury and Accounts. The technical working group shall

review and determine such requests in consultation with concerned stakeholder Departments and Agencies *and strictly in accordance with the approved Standard Operating procedures(SOP).*

21. Decisions regarding the timing of changes to the UCoA should take account of the desirability of implementing significant changes at the start of the budget cycle, such that the budget is planned according to the same classifications that will be used during budget execution and reporting. For this reason, a review of the UCoA shall take place annually prior to the commencement of the budget process, if necessary.

F. Conceptual Framework of the UCoA

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

23. Based on the above principles it will be possible to classify transactions in a variety of ways and unambiguously, without duplication, overlap or repetition.

G. Multi-Dimensional Classification System

24. Government budgetary transactions, both expenses and revenues, can be classified in a variety of ways. The choice of budget classification systems largely depends on the needs of users who usually want different pieces of information to help them make economic, social, managerial and political decisions. It is universally acknowledged that no single budget classification system can possibly meet the divergent information demands of many different stakeholders.
25. The multi-dimensional classification systems adopted in the UCoA shall incorporate at least three essential dimensions. These are:
    a) Classification by organizational unit;
    b) Classification by program;
    c) Classification by economic feature; and
    d) Classification by location.

26. In order to satisfy the constitutional, legal and the requirements of managing public finance, a 7-segment classification framework has been developed. The rationale for developing a 7-segment classification system and the reasons and relevance for each segment are explained in the following sections. The overall structure of the UCoA comprises four core "posted" segments. These are the Organization, Program, Source of Fund, and Economic segments. Posted segments are those that involve a user of the accounting system describing their transaction using these segments at the time it is entered into the system. Furthermore, two new "posted" segments - the Location and the ESG segment have been added for additional information. The Function (COFOG) segment is automatically generated by the system, so users of the UCoA do not need to manually enter these codes while processing a transaction in the system. However, for the ESG segment, users will be enabled to assign

an ESG tag to activities during budget preparation and assign attributions during expenditure execution.

27. The UCoA is designed for classifying and recording financial transactions, as critical needs for effective budget management, including tracking and reporting on budget execution. The design of the new coding regime takes care of both, current management needs and the potential future requirements.

II. Structure of the RGoB Unified Chart of Accounts

A. Overall Structure of the UCoA

Figure 1 - Overall Structure of the UCoA

Source of funds	Organization	Economic	Program (Project at the level of activity)	Location	Function	ESG

28. Based on an in-depth evaluation of the present CoA codes, discussions with stakeholders and an assessment of international best practice, a new classification structure has been designed. The UCoA comprises 7 hierarchical segments each of which can be used to attach specific labels to each government transaction to facilitate reporting for many different stakeholder requirements. Each segment effectively answers a specific question about the nature of the transaction as per Box 3 below.

Box 3: Information provided by each segment

Segment	Question Answered
1) Source of Funds	Where does the money come from? Are there legal restrictions on how specific funds can be used?
2) Organization	Who collects and spends the money?
3) Function	What sector is the money influencing?
4) Location/Geographic	Where is the money collected/spent?
5) Economic	What is the nature of the receipt/ spending/ investment transaction?
6) Program (Project)	What is the money trying to achieve? To what temporary endeavour is the money contributing?
7)Environmental, Social, and Governance	What broad theme or issue does the investment address? What are the Government's interventions to address such issues?

B. Hierarchical Relationship within the UCoA

Table 1 -Hierarchical Relationships within the UCoA

Segment /Level	Source of funds	Organization	Economic	Location	Function	Program	ESG
Level 1:	Consolidated Fund/Non-consolidated Fund	Ministry/Dzongkhag/ Thromde	Class	Dzongkhag	Function	Programme	Pillar
Level 2:	Fund/Grants/Loans	Secretariat/Department/ Dzongkhag Administration/Administration/ Gewog Administration	Sub-class Reporting	Dungkhag/ Null/Thromde	Subfunction	Subprogramme	Thematic Area
Level 3:	Bilateral/Multilateral	Intermediate Grouping/Division/ Regional	Intermediate Reporting	Gewog/ Demkhong	Sub-subfunction/Sector-based requirement	Activity/Project	Outcomes
Level 4:	Development Partner	Section/Sector/Station/Gewogs	Object Reporting	Chiwog/ Zone		Subactivity/ Component	Interventions
Level 5:	Detailed Development Partner	Lowest Spending Unit/Revenue Generating Body	Posting Account	Village/ Subzone			

29. The above table shows the hierarchy relating to each segment of the UCoA. When recording information in the IFMIS, this must always occur at the lowest level of each segment. This is because all the higher levels are derived from an aggregation of the information captured at the lowest level. It is not possible to derive information at a lower level than the posting level, because there is no way to determine how it should be broken down. This is commonly referred to as the level at which transactions are posted to the general ledger.

30. Within the Government, the posting level of certain segments differs from the level at which budgetary control is exercised. This distinction allows flexibility in financial recording while maintaining appropriate control mechanisms. Going forward, additional levels of detail may be introduced within any segment where operational or reporting requirements justify such expansion. Similarly, the level at which budget control is applied may evolve over time in response to ongoing PFM reforms and emerging priorities of the government The segments of the new structure and their respective coding requirements are presented below. Each segment is designed to be mutually exclusive, ensuring standardization and consistency across the UCoA. As a result, every financial transaction is recorded once within the system and assigned a unique combination of segment codes, thereby ensuring clarity, eliminating duplication, and supporting reliable reporting.

Hierarchies and Levels

31. The seven segments are hierarchically structured, with each level identified by a numerical designation (Levels 1–5) and a corresponding colour code. Figure 2 below illustrates the colour assigned to each level. These hierarchical conventions are applied consistently across all seven segments to ensure uniformity and ease of interpretation. The use of hierarchical structures enables financial transactions to be recorded at a detailed level-ideally only once, while allowing different stakeholders to extract information according to their specific reporting needs. For example, senior-level managers may focus primarily on the highest level of the organization, such as ministries, for strategic oversight and policy analysis. In contrast, individual departments and divisions may utilize more detailed subordinate levels to effectively manage personnel, operations, and resources within their respective institutions.

32. The UCoA supports reporting at and across all management tiers. For example, a division can generate reports for its own activities, review expenditure of the spending units under its supervision, and contribute to consolidated reporting at departmental and ministerial levels, thereby enabling comparative analysis and informed decision-making[1].

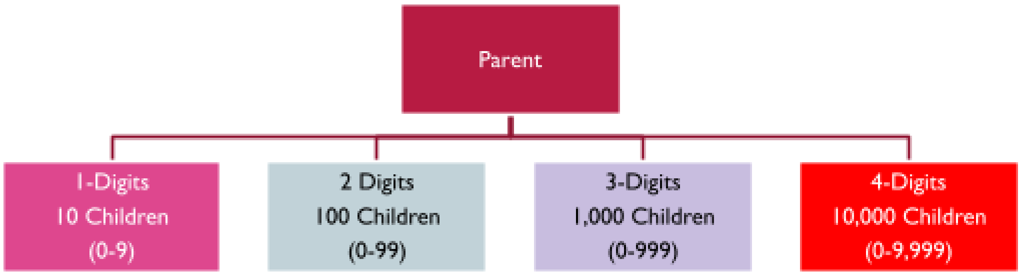
[1] Departments will not be able to access reports above their level without specific permission from the responsible person in the ministry or department. It will also not be possible for an official to request reports across ministries, programs, projects, or any other elements outside their direct control.

Figure 2 – Levels Defined by Colour in the UCoA

SEGMENT/LEVEL:
Level 1
Level 2
Level 3
Level 4
Level 5

33. Each level in each segment may be one or more digits in length and this depends on the overall design of the entire UCoA and how many children are required for each parent code. Figure 3 shows the options available depending on the number of digits chosen for the child level under each parent in the hierarchy.
34. As a general rule the UCoA seeks to limit the number of children to 99 as it can become more challenging for users to find their relevant code. Having more levels makes it easier for users to target the correct code, just like using a filing system for documents. More structure allows the user to move from more general descriptions to specific ones to target the correct item.

Figure 3 – Structure of each level and the relationships to children



A. Purpose of Each Segment

Source of Funds:

35. A 5-level segment has been used to account for the various funds of the government. It supports the accounting and control over the Consolidated Fund, as defined in the Constitution, where general revenue is held and released only under authority of a legally authorized appropriation. However, it also enables the separate accounting for those circumstances where there are legal restrictions placed on how, when, by whom, or for what specific receipt type may be used, which extend beyond the budget appropriations of the budgetary central government. This can include specific contingency funds, development partner funding, own-source revenues, special purpose funds etc, some of which sit outside of the consolidated fund. The levels in this segment distinguish the origin, the nature of the funds, and the type of the restrictions on their use.

Organization:

36. The organization segment describes the entities in the government to allocate and control the budget. Basically, it is a segment that seeks to capture the Administrative Unit responsible for a particular budget or transaction in the RGoB. As such, the purpose of the organization segment is for budget appropriations, budget allocations and track spending at a detailed level. This is a key accountability requirement for assigning budgetary responsibility and for classifying the Government's financial transactions. Budget authority and accountability is allocated to the appropriate Administrative Unit to enable them to pursue Government objectives by delivering public goods and services to the community.

Economic:

37. The Economic segment classifies financial transactions by their nature i.e., revenue, expense, assets, and liabilities. It is a critical component in the CoA, enabling detailed reporting on budgetary items, resource utilization, and specific account types (e.g., salaries, utilities, taxes). It prescribes 5-level segments and provides the main link between budgeting, accounting, macro-fiscal and statistical reporting in government. Level 1 denotes the class of the segment, e.g., assets, liabilities, revenues, or expenses. Level 2 is the category which largely reflects corresponding major grouping in GFSM 2014. Level 5 is the posting level at which transactions are posted and recorded in the general ledger. All other intermediate levels are derived from the major grouping and are designed to distinguish economically different flows within the same category. These levels are used to define budget appropriations and allotments, and to generate specific analytical and statutory reports for stakeholders.

Location:

38. Location segment also has 5-levels and is used to support the analysis and reporting of budgets and public expenditure in relation to the geographic areas where government services are delivered and development outcomes are realized. This segment captures financial information based on where the transactions occur geographically in RGoB. The electoral commission structure has been used for this purpose.

Function:

39. This is a 3-level segment based on the Classification of the Functions of Government (COFOG) from the IMF GFSM 2014 manual. This segment is also derived through a mapping table which is defined according to the sub-programs. It is used to capture information about the sector and sub-sectors where expenditures are incurred.

Program:

40. Program-based budgeting is an approach that structures government or organizational expenditures around clearly defined programs linked to specific, long-term policy objectives and service delivery outcomes. It provides decision-makers with performance information that enables the assessment of results achieved, shifting the focus from traditional input-based spending to the outputs and outcomes

delivered by the government. Under this framework, appropriations are made at the program level, meaning that funds cannot be reallocated between programs without the explicit approval of the Cabinet and/or the Ministry of Finance. The program structure is organized using a four-level classification. Within this structure, the Project functions as a sub-component of the Program Segment equivalent to the activity level. It is used to identify activities that are separately budgeted or financed through external/internal sources for a specific and well-defined purpose. Projects typically have a finite lifespan, with budgets established at the outset of implementation. The majority of projects executed under the development fund, often involve multiple sources of financing

41. All projects must be assigned to the appropriate sub-program codes. Projects may be capital in nature, such as the construction or upgrading of roads; recurrent, such as vector control initiatives aimed at reducing risks associated with mosquito-borne diseases; or a combination of both capital and recurrent expenditures. Projects may also be further disaggregated into sub-activities or components to enable more detailed budget control, execution, and reporting.

Environmental, Social, and Governance (Mapping segment for thematic reporting):

42. This mapping segment facilitates monitoring and reporting on themes that cut across multiple segments such as gender, climate mitigation, climate adaptation and resilience, disaster risk and others. This segment is not a standalone transactional segment but rather functions as a mapping master table. This shall cross-reference relevant activities created and must be tagged to the relevant thematic labels.

B. Relationship to GFSM 2014 and the Primary Reports of Government

What is GFSM 2014?

43. Developed by the IMF, the GFSM provides a uniform way to classify government financial stocks and flows. While it is an accrual-based structure, it is readily applicable to all countries irrespective of whether they report on a cash, modified accrual, or full accrual basis.

Why is the Government Economic Segment based on GFS 2014?

Designing a country's new CoA according to GFS 2014 is a first step to transition to accrual accounting and reporting, as GFS 2014 is accrual based and harmonized with other international standards such as IPSAS, SNA and IFRS. The structure provides a useful format for producing the reports required to support fiscal policy analysis, and enable effective budgetary and accounting control,

Figure 4 - The Structure of the Economic Segment and Reporting in RGoB

1- Revenues
2- Expenses
3- Non Financial Assets
4- Financial Assets
5- Liabilities
8 - Equity/ Net Assets
7- Off Balance accounts

Included in GFSM 2014

44. The above overall structure of the economic segment of the UCoA provides the best match with the major reporting requirements of the Government. In developing a well-formulated budget, the government first estimates its revenues, and then develops a plan for its recurrent (expenses) and capital spending (non-financial assets). This is represented by the first three classes in the above diagram and will allow the calculation of the government's surplus or deficit (coverage of revenues over recurrent and capital spending).

45. The Government finances its fiscal deficit - or utilizes its surplus - through the drawdown of financial assets (such as cash balances) or through borrowing. Accordingly, when these two classes are combined, as illustrated in the diagram above, the resulting structure of the economic segment also represents the underlying structure of the government budget. This same structure forms the basis of the fiscal balance report, which tracks performance against surplus or deficit targets, and underpins the cash flow statement, organized into operating activities (revenues and expenses), investing activities (acquisition and disposal of non-financial assets), and financing activities (transactions in financial assets and liabilities).

46. The two additional classes at the bottom of Figure 4 are also important, but not explicit elements of a GFSM 2014 structure. Equity/Net Assets shows the coverage of the government's assets over its liabilities and is important to allow the operation of a general ledger for proper financial reporting. The final class provides much needed control accounts for items not included on the government's balance-sheet. This includes contingent liabilities and control registers for certain government activities.

III. UCoA Segment wise description and guidance:

A. Source of Funds Segment

47. The purpose of the Source of Fund Segment is to identify the nature of any restrictions on how certain receipts may be utilised, so that such funds can be appropriately controlled (to ensure that any restriction may be enforced) and the funds separately accounted for. The segment distinguishes between the transactions of the Consolidation Fund and the transactions of other funds that do not reside in the Consolidated Fund.

Table 2 - The Structure of the Source of Funds Segment

SEGMENT/LEVEL:	**SOURCE OF FUNDS**	**DEFINITION**
Level 1:	Consolidate Fund/Non-consolidated Fund	Consolidated Fund: generic, default fund in which public money is held and made available to be appropriated by passage of an appropriation act, by the National Assembly following a budget process (which is also required by the Constitution). Non-consolidated Fund: funds residing outside of the CF are deposit and escrow funds which are amounts held by the government entities but where such funds are not owned by the government and/or such ownership is subject to some contingent event.
Level 2:	Fund/Grants/Loans	Public money within the CF originates from either domestic or foreign sources. This level distinguishes among major source types such as Domestic Sources, Foreign earmarked development partner funding, deposit funds, trust funds and non-cf own-source revenues
Level 3:	Bilateral/Multilateral	Categorizes development partners or funding institutions into: ● Bilateral: Funding received directly from one government (e.g., Government of Japan) ● Multilateral: Funding provided by institutions formed by multiple countries (e.g., World Bank, ADB, UN agencies)
Level 4:	Development Partner	Identifies the specific development partner or institution providing the funds (e.g., ADB, UNICEF)
Level 5:	Detailed Development Partner	Captures sub-classifications if required for additional granularity such as Program Grant or Small Development Projects under GoI funding

(Note: It is important to note that the SoF segment applies to both the recurrent and capital budget)

48. A key distinction, which is made at the first level of the segment, is between the Consolidated Fund and the Non-consolidated fund). The Constitution of the Kingdom of Bhutan (2008) states that "*There shall be a Consolidated Fund into which all public monies not allocated to specific purposes by law shall be deposited and from which expenditure of the State shall be met*". It also states that "*Public money shall not be drawn from the Consolidated Fund except through appropriation in accordance with the law*". This therefore establishes the Consolidated Fund as a generic, default fund in which public money is held and made available to be appropriated by enacting the appropriation act, by the National Assembly following a budgetary process (which is also required by the Constitution).
49. Public money which resides within the CF comes from both domestic and foreign sources, which is a distinction made at level 2 under the Consolidated Fund of the segment.
50. There are situations where there are special or additional restrictions placed upon funds appropriated from the Consolidated Fund. These include circumstances whereby certain types of public money are earmarked (legally restricted in a manner that extends beyond appropriation controls) for a specific purpose. Whether or not funds are earmarked is distinguished at level 3 of the segment.
51. Earmarked funds comprise grants made exclusively available to subnational governments, as well as grants received from development partners, lenders, or donors that are required to be used for specific purposes, often linked to particular projects. In addition, certain "own-source" revenues that flow through the Consolidated Fund (CF), but may be collected and utilized by designated budgetary entities in accordance with their operational requirements, subject to approved appropriation limits, are also classified as earmarked funds. For funds received from foreign sources, the respective development partners are identified and coded at the fourth level to ensure proper tracking, accountability, and reporting.
52. The Constitution foreshadows that there may be other funds created by law. Indeed, over time a range of additional funds have been established by law. These include for example various trust funds, the provident fund and insurance funds. These funds outside the CF are codified at level 2 of the segment. There is no legal requirement for an appropriation to spend such funds but the legal instruments establishing such funds typically includes provisions identifying specific receipts that will flow into the fund and rules for how such funds must be retained, invested and spent. Within the non-CF funds, the various trust funds are codified at level 4 of this segment.
53. Also residing outside of the CF are deposit and escrow funds which are amounts held by the government but where such funds are not owned by the government and/or such ownership is subject to some contingent event. As such funds are not public money, they sit outside of the CF and therefore must be separately accounted for. They are identified at level 3 of the segment and classified in more detail at level 4.
54. The Source of Funds segment enables various fund types to be separately accounted for in the general ledger, including in circumstances where the actual physical receipts of associated cash are swept/consolidated in treasury accounts (such as in a Treasury Single Account structure).

B. Organizational Segment

55. The organizational structure reflects both central and local government requirements, which includes the MDAs to the Spending Units (SUs).
56. The Organizational structure currently comprises 9 Ministries. These Ministries are further broken down into various Departments and then Divisions and, within those Divisions, there could be various Subordinate Offices. Some of these Subordinate Offices have further Spending Units. Similarly, there are 4 Constitutional organizations, 35 Autonomous Bodies, 20 Dzongkhags, 4 Thromdes and 205 Gewogs. Each of these organizational groups have their own subordinate structures.
57. It is a 5-level 12-digit segment that defines the budget entities as shown below.

Table 3 - Structure of the Organizational Segment

SEGMENT/ LEVEL:	ORGANIZATION	DEFINITION
Level 1:	Ministry/Dzongkhag/Thromde	Identifies the highest-level budgetary agency or administrative entity. Central government, district administration and local governments responsible for policy development and delivering public services
Level 2:	Secretariat/Department/Dzongkhag Administration//Gewog Administration	Represents the next level within the administrative hierarchy that manages or supervises function units such as the administrative headquarters or specialized offices.
Level 3:	Intermediate Grouping/Division/Regional	Groups the operational units falling under the identified office under level 2
Level 4:	Section/Sector/Station	Identifies functional or administrative sub-units responsible for specific service lines or processes
Level 5:	Lowest Spending Unit/Revenue Generating Body	Reflects the most granular operating unit with direct spending or revenue generating responsibility

Description of the Organization Type

58. A brief description of the organization types in the RGoB, are as follows:
    - **Ministry:** A governmental organization, headed by a minister, that is established to manage a specific sector of public administration.
    - **Constitutional Body:** These are organizations established by the Constitution or an Act of Parliament that do not fall under a Ministry but they are accountable to Parliament and are captured in the Estimates of Expenditure as separate heads.

- **Local Governments:** Local Governments include Dzongkhags, Thromdes and Gewogs. *Dzongkhags* are the primary local governments of Bhutan and possess a number of powers and rights under the Constitution of Bhutan, and their functioning is overseen by the Ministry of Home Affairs. *Gewogs* are the administrative blocks that serve as the lowest tier of local government and *Thromdes* are self-governing municipal bodies.
- **Autonomous Bodies:** These are autonomous organizations of RGoB that operate under various Acts or Government Notifications and are captured in the estimates of expenditure as separate heads.

Box 4: Hierarchies in the Organization Segment

The budget can be appropriated in a number of different ways and after appropriations have been approved by Parliament (or its equivalent), there may be other sub-allocation processes, from the MoF, from line ministries or from lower levels of government. As an example, the appropriations may allocate funds to line ministries and other first level budget entities and/or to subnational governments and these first level budget entities may in turn issue sub-allocations to their subordinate institutions, or second level budget entities. This process may continue to a third, fourth or even fifth level.

It is therefore also quite common for the appropriated budget to go through a series of sub-allocation processes, in some cases right down to SUs. This may also occur in a number of ways. For example, allocations can be approved by the MoF, subject to the submission of cash plans which reflect a sub-allocation of the appropriations. The same process may also be repeated at each sub-national level, with the second level of government repeating this to the third level and so on. For example, the MoF at the Tier two level approves the cash plans for the MDAs and the local governments. There may be many different variations to these arrangements as well.

A common feature of the arrangements is that it involves hierarchies which can be defined in the organizational structure of the UCoAs, and the transfer of funds and legal authority to spend between different levels of that hierarchy and within government can be performed entirely within the FMIS if properly designed. This also provides an opportunity for countries to consider business process improvements, particularly where traditional “nested arrangements” create long delays as funds cascade down from the consolidated budget to each lower level of government.

Source: Optimizing the Unified Chart of Accounts Design (PEMPAL Treasury Community of Practices)

59. The number of levels required in the organizational structure is dependent on the control and reporting levels required in the most complex Ministry/Organization. For instance, the Ministry of Home Affairs might use 5-levels as illustrated below;

Figure 5- Example of organizational structure for multi-level MDA

15	Ministry of Home Affairs	1
1504	Department of Immigration	2
150401	Regional Immigration Office Phuentsholing	3
15040101	Regional Immigration Office Phuentsholing	4
1504010101	Pasakha Checkpost	5

60. It needs to be noted that not all Organizational categories (Ministry/Dzongkhag/ Constitutional Body or an Autonomous Entity) will have all the 5-levels/dimensions of the organizational hierarchy applicable to them. For example, the office of the secretary requires only a single level structure below level 1 and it will be just as MDA and Spending Unit (SU) simultaneously. However, to maintain consistency within the UCoA structure, all five levels will still be technically configured. Therefore, where additional levels are not required, the lowest repeats down to the 5-level. The illustration of single level MDA is shown below;

Figure 6- Example of organizational structure for a Single-Level MDA

1201	Secretariat Services/Office of the Secretary	2
120101	Secretariat Services/Office of the Secretary	3
12010101	Secretariat Services/Office of the Secretary	4
1201010101	Secretariat Services/Office of the Secretary	5

61. The organization segment as mentioned above supports the delivery of government programs and activities and aids in meeting the management reporting needs with sufficient granularity. This segment enables reporting from the highest level of consolidated general government to each category of government organization to each ministry/department or the lowest level of spending unit, depending on the level of granularity needed. In future, with the coverage of State Owned Enterprises, the organization segment can pave the way for coverage of the whole of public sector entities.
62. The budgeting and accounting need not be at the same level of organizational granularity. In practice, budget allocations are made at higher levels of an organizational hierarchy e.g. at the Secretariat or a Dzongkhag level, but the accounting and reporting reflects the transactions at the lowest spending unit level.

C. Economic Segment

63. The five-level, seven-digit economic segment records information on the economic nature of transactions, that is, what funds are spent on or received from. The classification structure is based on GFSM 2014 and is closely aligned with generally accepted accounting principles. This structure supports effective budget monitoring**,** detailed expenditure and revenue analysis at the level of ministries, departments, and local governments, as well as consolidated fiscal reporting, macro-fiscal analysis, and forecasting.
    - Level 1 represents the broad economic class, identifying whether the transaction relates to revenue, expense, financial assets, non-financial assets, liabilities, or net assets.
    - Level 2 captures the major reporting categories derived from GFSM 2014.
    - Levels 3 and 4 provide intermediate reporting classifications, with Level 4 serving as the budget control level at which appropriations are managed and monitored.
    - Level 5 is the posting level, enabling detailed transaction recording within the FMIS and other financial systems to enhance management control, auditability, and analytical capability.

In terms of coding structure, Levels 1, 2, and 3 are each assigned a single-digit code (extendable up to nine values per level), while Levels 4 and 5 are assigned two-digit codes (extendable up to ninety-nine values per level).

Table 4- Structure of the Economic Segment

SEGMENT/ LEVEL:	ECONOMIC	DEFINITION
Level 1:	Class	The broadest classification that groups financial transactions based on their economic natures. It aligns with the GFS 2014's main categories of economic flows and stocks. Revenue, Expense, Non-Financial Assets, Financial Assets, Liabilities and Off balance accounts
Level 2:	Sub-class Reporting	This level provides finer categorization within each economic class. It reflects key reporting groups, such as Tax Revenue under Revenue class, Use of Goods and Services under Expense class and many more.
Level 3:	Intermediate Reporting	This level enables GFS-consistent grouping of items for analytical reporting and reconciliation with statistical and budget formats
Level 4:	Object Report	This level is for budgeting and expenditure control, reflecting the level at which budgets are approved and monitored.
Level 5:	Posting Account	The most granular level, used primarily for transaction recording and auditing. Each posting account is directly linked to the overall Chart of Accounts and captures the nature, purpose, and source of a transaction.

64. It is very important that users of the UCoA are familiar with these accounts, and ensure they are used correctly. The quality of fiscal data is dependent on the accuracy of the recording of transactions. Where use of the accounts could be open to interpretation, more detailed explanations of the purpose and general use of the accounts has been included in the manual. In the event that uncertainty exists regarding which account to use, the individual/entity must contact the Unified Chart of Accounts Technical Working Group (UCoA-TWG), Department of Treasury and AccountsMoF.
65. In developing CoA, a balance was sought between providing sufficient detail for analysis without making the segment too lengthy. Thus in some cases, the final account within a specific group of accounts will include an **"other" code number "99".** "Other" is to be used only where the accounts listed immediately prior to this account are not applicable. This is not to be seen as the first choice in recording transactions. The UCoA-TWG will closely monitor the use of "other" code. In case of genuine needs and for enhanced transparency on the nature of expenditure and revenue transactions, UCoA-TWG will approve suitable accounting codes, if needed, to reduce bookings under 'other'.
66. A more detailed general structure of the new segment is presented in the annexure, with a full set of accounts provided in Volume 2,. The accounts provide a column for mapping of the old object codes to the new structure.

Figure 7- Economic Segment Guidance Notes

Code	Description
1	Revenue
2	Expenses (Current)
3	Non-financial Assets (Capital)
4	Financial Assets
5	Liabilities
6	Net Worth
7	Off Balance Accounts

D. Guidance on use of Revenue Heads

67. Revenues can be defined as an increase in net worth of an entity resulting from a transaction. This definition, therefore, excludes cash received from borrowing and the sale of non-financial assets, as they do not increase the net worth of the (entity) government.
68. Revenue can be classified in various ways, depending on the needs of the organization. The major sources of revenue for the government is through taxation, social contribution, grants, and non-tax. Tax revenue is the primary source of income for governments, consisting of compulsory, unrequited payments collected from individuals, businesses, and other entities. These revenues generally include: taxes on income, profit and capital gains; taxes on property; taxes on goods and services; taxes on international trade and transactions; and other taxes.
69. Social contributions are mandatory or voluntary payments made by employers and employees to social insurance schemes, funding benefits like pensions, healthcare, and unemployment insurance. These payments, often deducted from gross salary or paid as payroll taxes, secure social protection entitlements for beneficiaries. They are generally calculated as a percentage of wages. The one percent health contribution deducted from gross salary of an employee should be treated as revenue and the corresponding transfer to Bhutan Health Trust Fund should be treated as expense. However, as pension and provident funds are managed outside the treasury oversight, these are not treated as revenue.
70. Grant revenue is financial assistance received from external sources such as bilateral and multilateral DPs as well as from general government and public corporations often designated for specific projects, operations, or investment. Grants are recognized as revenue when conditions of the grant are met, or immediately if unconditional.
71. Non-tax revenue refers to the income a government earns from sources other than taxes, such as fees, fines, dividends from state-owned enterprises, interest on loans, and royalties. It represents a voluntary exchange for public services or resources. The leasing of land or rights to subsoil assets is treated as rent (property income) and is coded to 14401 and 14406. The rental of buildings and equipment which are produced assets is different from the rental of land, and should be coded to the relevant 14731-digit code under the intermediate codes for rental of buildings – 1473101, and 1473102 for rental of equipment. In contrast, when the government pays rent, this should be recorded as an expense, using Group Head 22403, and object codes 2240301-04.

72. The non-revenue classification pertains to the categorization of collections such as overtime charges, documentation fees, and client deposits. This classification framework supports the proper collection,

accounting, and subsequent disbursement of overtime and documentation-related fees. These items are not incorporated within the Unified Chart of Accounts (UCoA), as they are agency-specific in nature and the amounts collected are ultimately paid to employees, resulting in a net zero fiscal impact on the government. For detailed classification guidance, refer to the *"Chart of Account Classifications 2023"* issued by the Department of Revenue and Customs, Ministry of Finance.

73. **Refunds of Revenue** - A refund of revenue is to be recorded as a debit to the original revenue account. For example, a refund of Sales Tax would also be coded to the Sales Tax collection accounts under 11403. This will ensure that the actual receipts are reported at the end of the period.

74. The disposal of assets is recorded in the CoA through a structured process that removes the asset's carrying value and its accumulated depreciation from the balance sheet, with any resulting gain or loss recognized through an asset disposal account. The sale of assets - whether non-financial assets (e.g., land and buildings) or financial assets (e.g., shares or other ownership interests in enterprises) - must not be recorded as revenue. Instead, it should be treated as follows:
    1. Disposal of Non-Financial Assets:
       Record a decrease in non-financial assets and a corresponding increase in financial assets (cash).
    2. Disposal of Financial Assets:
       Record a decrease in the relevant financial asset (e.g., equity or shares) and a corresponding increase in financial assets (cash).
75. **Voluntary transfers other than grants** would not be frequently used, but could involve funds received from an estate or from the business community. An example would be where the business community or an individual provides a certain contribution for the national events. Such contributions should be recorded in code 134.

E. Guidance on the use of Expense Accounts

76. An expense is a decrease in net worth of the entity through a transaction. Expenses represent the use of economic value by government units in providing services, making transfers, or meeting obligations during the reporting period. They include items such as compensation of employees, use of goods and services, interest, subsidies, grants, and social benefits. This class of the economic segment section largely represents the recurrent or operating budget of the government. Thus for this class, the object code also represents the level at which Parliament appropriates funds. Since acquisition of assets, such as buildings and vehicles or repayment of a loan, does not change the government's net worth, these transactions should not be considered as expenses.

77. **Compensation of Employees** refers to the total remuneration, whether in cash or in kind, payable by a government unit to an employee in exchange for work performed during the reporting period. Compensation of Employees is further classified into fixed pay, variable pay, wages, and employer contributions to the Provident Fund (PF). In accordance with the Pay Revision Act 2023, fixed pay comprises the monthly basic pay and non-pensionable monthly pay, while salary-related and professional allowances are categorized under variable pay. Wages are typically paid to contract

personnel, such as GSP/ESP staff and workers engaged on a muster-roll basis. Employer contributions to the Provident Fund (PF), or any employment-related pension or social insurance scheme, are also treated as a component of Compensation of Employees.

78. **85. Contracted Employees versus Consultancies.** While the distinction between consultants and contracted employees may not always be clear, in general, the following principles would apply: a contracted employee has a fixed-term contract to undertake a recurring role on behalf of the government. This role may also involve undertaking an official capacity for the government. The official may be entitled to similar employee benefits that accrue to a salaried employee such as holiday and sick leave, and be subject to income tax. A doctor contracted to deliver health services for a 12-month period would be classified under professional services. A consultant would be employed to deliver a specific service to the government, most likely one-off, and with a definable output (e.g. a report) within a specific timeframe. The consultant would not be acting in an official capacity for the government, which is under goods and services. An environmental specialist or legal specialist contracted to prepare a report on a conservation issue or work on a new piece of legislation respectively, would be classified as a consultant.
79. **86. Interest Payment.** Interest payments are the cost of borrowing money, representing the amount paid above the original principal sum. These payments, common in loans and bonds, are typically calculated as a percentage of the amount borrowed, with rates often annualized. The interest payments are segregated into internal and external interest payments, further segregated to interest payment for renewable energy development and non-renewable energy borrowings.
80. **Subsidies** are currently unrequited transfers that government units make to enterprises on the basis of the level of their production activities or the quantities or values of the goods or services they produce, sell, export, or import. Subsidies may be designed to influence levels of production, the prices at which outputs are sold, or the profits of the enterprises. Subsidies can be direct (cash grants) or indirect (tax breaks, low-interest loans) to promote economic growth, stability, or specific industries like agriculture and energy.

81. Grants are transfers made by government units to other resident or nonresident government entities or international organizations that do not qualify as taxes, subsidies, or social contributions. They are generally non-repayable, meaning the funds are provided without an obligation for repayment. Grants payable are classified into current grants and capital grants. Current grants are intended to finance the routine operations, maintenance, or recurring expenditures of the recipient entity. In contrast, capital grants are transfers, whether in cash or in kind, provided for the acquisition of fixed assets, major renovations, capital formation, or the purchase of intangible assets. Transfers provided to non-government organizations such as non-government organizations and public corporations coded under 25105-06, should be mapped to “Other Expense” (2821) as classified in the GFSM 2014 manual.

82. **Social Benefits.** These are generally transfers to individuals or households for some type of social protection. This could include pensions paid to citizens (e.g. old age pensions), one-off payments such as emergency relief.

83. **Use of Goods and services.** Even though some items such as tools, equipment and furniture may have a useful life of more than one year, it is common practice to record certain low value items in the expense class. The threshold to record those items as expense or capitalized as assets should be spelt out in the accounting policy.
84. **Minor Maintenance.** It is important to distinguish between minor maintenance and repairs of government assets (31), and major maintenance and repairs which will improve the value and life of the asset. Minor maintenance involves:
    - Activities that owners or users of assets are obliged to undertake periodically in order to be able to utilize such assets over their expected service lives. They are current costs that cannot be avoided if the fixed assets are to continue to be used. The owner or user cannot afford to neglect maintenance and repairs as the expected service life may be drastically shortened otherwise.
    - They do not change the fixed asset or its performance, but simply maintain it in good working order or restore it to its previous condition in the event of a breakdown. Defective parts are replaced by new parts of the same kind without changing the basic nature of the fixed asset.

85. **Major maintenance** (such as renovations, reconstructions, and enlargements) to existing assets that increase their productive capacity, extend their service lives, or both, are classified as acquisitions of fixed assets. However, major improvements do not lead to the creation of new assets that can be separately identified and valued. Instead, the value of such an improvement is added to the value of the existing underlying asset. For example, if a new government office or residential building is renovated, all of the planning costs, design, labour, materials and other expenses associated with creating the building would be coded as 3110101. School Buildings will fall under code 3110103, Health Facilities under code 3110104.

F. Guidance on the use of Asset and Liability Accounts

86. An asset can be defined as a present economic resource controlled by the entity (Government) as a result of past events and an economic resource is a right that has the potential to procure economic benefits [2]. Financial assets largely consist of financial claims such as bank deposits, shares and other equity, and accounts receivable. Cash on hand and other cash equivalents would also be considered financial assets. Non-financial assets consist largely of produced assets such as buildings, vehicles, equipment and inventory, and non-produced assets such as land.
87. In government accounting it is useful to distinguish between financial and non financial assets. While in the private sector, the normal approach is to focus on current and non-current assets, in government there are two major categories of spending i.e., recurrent and capital. These represent the outlays of the budget and are termed “above the line”. The key for budgeting is to determine the degree to which the revenues collected cover the recurrent and capital spending, the net position is termed the fiscal surplus or deficit. In the case of a deficit we finance it by reducing our stock of financial assets, or through new borrowing, and if there is a surplus, this will either be allocated to increase stock of financial

[2] International Financial Reporting Standards (paras 4.3 - 4.4) - The Conceptual Framework

assets, or to reduce liabilities. These financing flows are recorded “below-the-line” in the sense that they do not form part of receipts and payments.

88. In government, and generally in accounting, an asset threshold is determined below which assets are immediately treated as an expense, largely reflecting the low economic value which would accrue from such items. Another way to think about these lower value items is that it is reasonable to expect a budget entity to fund these from its recurrent budget without needing recourse to a capital allocation. . This means any single item which does not cost more than the threshold would be recorded as an expense at the time the transaction occurs.
89. **Capitalization of Expenditures consumed in creating an Asset.** Where the government produces an asset, e.g. a building or structure such as a road, all of the expenditures on materials and services incurred in producing that asset should be capitalized, i.e. recorded against the respective non-financial asset code. The direct expenditures related to work charged staff will also be capitalized.
90. **Capital Repairs.** Major improvements to assets are distinguished from maintenance and repairs by the following features:
    - The decision to renovate, reconstruct, or enlarge an asset is a deliberate investment decision that may be undertaken at any time and is not dictated by the condition of the asset. Major renovations of ships, buildings, or other structures are frequently undertaken well before the end of their normal service lives.
    - The major renovations, reconstructions, or enlargements increase the performance or capacity of existing assets or significantly extend their previously expected service lives. Enlarging or extending an existing road, building, or structure constitutes a major change in this sense, but a complete refitting or restructuring of the interior of a building also qualifies.
91. **Inventory.** In some cases, it is useful for RGoB to treat purchases of large volumes of items as inventory. This would be because the total value of the inventory has become economically significant. Possible examples include stocks of fuel, bitumen, or medical supplies. As inventory is consumed, budget entities should reduce the balance of the inventory. If inventory is sold, the same transactions would occur but a second double entry would be required for the full sale price recorded as an inflow to the bank (financial asset) and as a revenue. See Appendix A for an example of such transactions.
92. **Other Naturally Occurring Assets.** This would largely relate to subsoil assets such as minerals, including sand.
93. **Depreciation**. As the government accounting and reporting is on cash basis standards, depreciation of non-financial assets is recognized. As the government decides to transition to accrual accounting and reporting, full fledged asset management policy (accounting policies) will need to be developed. That will include the policies on recognition, derecognition, and the measurement, for each category of non-financial assets.
94. **Liability** is a present obligation of the entity to transfer an economic resource as a result of past events. This would normally present in two forms, when the government borrows money it incurs a liability for the repayment of the loan, and a liability is created when the government receives goods or services based on an agreement (frequently a contract). Payment for the goods and services will be required within a given period, but the liability has been incurred at the time the goods and services and a correctly rendered invoice were received. Liabilities are further broken down into domestic and foreign.

G. Location Segment

95. The geographic location records the name of the Dzongkhag, Dungkhag/ Gewog, Chiwog or the Village Sub Zone, where revenues are collected, and government expenditure is incurred. A similar hierarchical location is defined for Municipal bodies (Thromde). As opposed to the organization classification, which tries to answer the question “who” incurred the expenditure, or the economic segment that answers the question “what for”, the location classification captures “where” the revenues are collected and expenditure is incurred.
96. This segment will allow the government expenditure and revenue reports to be prepared by location (e.g. by Dzongkhag, or by Thromde). Thus, it will provide useful analytical information for inter-regional comparison of government spending. It may be important to analyze how different parts of the country benefit from public spending - which areas receive more resources than others and how resources are applied in different geographical areas. This segment will provide information for such analysis, and it could also be applied to government revenues to gather information on its spatial distribution.

Table 5- Hierarchy of the Location Segment

SEGMENT /LEVEL:	LOCATION	DEFINITION
Level 1:	Dzongkhag	This level captures the highest sub-national administrative unit in Bhutan. It is used to aggregate financial data by Dzongkhag for national-level reporting and regional budget allocation
Level 2:	Dungkhag/Null/ Thromde	This level captures the intermediate sub-district level of administration. ● **Dungkhag:** Used in Dzongkhags where sub-districts exist, typically in larger districts. ● **Thromde:** Represents autonomous urban municipalities. ● **Null:** Used when no intermediary unit exists between Dzongkhag and Gewog/Demkhong.
Level 3:	Gewog/Demkhong	This level captures rural (Gewog) and electoral (Demkhong) jurisdictions ● **Gewog:** Rural blocks under Dzongkhags. ● **Demkhong:** Electoral constituencies relevant for certain localized programs or reporting.
Level 4:	Chiwog/Zone	This level captures sub-Gewog units used for administrative and electoral planning. ● **Chiwog:** The lowest administrative unit in rural areas, often aligned with local planning and implementation
Level 5:	Village/sub-zone	This level captures the most granular clusters within a Chiwog or Zone.

97. The location segment is a 5-level 8-digit segment reported by geographic regions. The structure is based on the Electoral Commission delimitation of boundaries and allows reporting at any or all of the five levels. It may be noted that the location segment is primarily used for budget reporting purposes. The segment complements, but does not substitute for, the other segments of the UCoA, particularly the organizational, functional, and program classifications, each of which serves a distinct and independent analytical purpose

H. Program Segment

98. Governments make decisions on what they want to do based on the outcomes they want for society and/or to impact the economy in major areas that are critical to the achievement of Government's objectives. The nature of what the government does and for who, to achieve objectives, are reflected through programs. In other words, the formulation of policy and allocation of resources requires information on government programs.
99. Each program generally comprises a group of sub-programs, and the related activities/projects, with one clear policy objective that produces at least one outcome. For example, to ensure all children, including those with disabilities, from minority groups, or in vulnerable situations, learn high quality education together in the same classrooms with tailored support, high standards, and trained, professional teachers, the program 'quality and inclusive education was designed',. Within such a program separate sub-programs for primary and secondary education was designed, noting that the needs of children, the nature of education delivery, and the outcomes sought from such education, changes meaningfully as children reach adolescence.
100. Performance indicators and targets can be identified for each program and sub-program to provide a monitoring mechanism for measuring and reporting on outcomes and outputs at program and sub-program levels.

101. The proposed **UCoA Program Segment** adopts a four-level, nine-digit hierarchical structure designed to define programs implemented by RGoB ministries and subnational governments. Under this structure, each program is assigned a unique code and is systematically broken down into sub-programs, activities, and sub-activities. While programs and sub-programs are formally coded within the UCoA, activities and sub-activities are not centrally coded. The creation and coding of activities and sub-activities remain at the discretion of the user, consistent with current practice. This approach allows flexibility and supports a dynamic system in which users may introduce activities beyond those explicitly listed in the Five-Year Plan (FYP). However, users must ensure that all proposed activities are accurately aligned and mapped to the appropriate sub-program. Not mapping activities to the appropriate sub-program leads to inefficiencies, inaccurate reporting, and strategic misalignment in program budgeting and management.

It is possible for similar or identical sub-programs to appear under different programs. For example, an "Emergency Response and Relief Services" sub-program may fall under both Civil Defence, and

Equitable Welfare and Social Support programs. Depending on its defined scope and purpose, the classification of a sub-program must therefore be guided by its intended objective and functional mandate. Detailed mapping of programs to their respective functions, along with the scope of each sub-program, is provided in Volume II of this Manual.

Figure 8- Structure of the Programme Segment

Level	PROGRAMME
1	Programme
2	Subprogramme
3	Activity/Project
4	Subactivity/Component

Figure 9- Classification Structure of the Programme Segment

Segment	Levels	Description/Dimensions	Digits (Total-4)	Coding Format
Program	1	Program	2	**xx-xx-xxx-xx**
	2	Sub-program	2	
	3	Activity/Project	3	
	4	Sub-Activity/component	2	

102. At the highest level in this segment is programs, which reflect a key grouping of outputs, which are recognisable as these are directed towards a main outcome for a distinct and significant cohort of beneficiaries. A program would reflect a significant policy focus of the government. In general, a large service delivery ministry could be expected to have 3 to 4 of such programs. At the second level are the sub-programs, which reflect groupings of outputs which contribute toward the program objective and are distinguished due to differences in the nature of the outputs produced and or the target beneficiaries. At the third level are activities, which are identifiable actions which are strategically important in delivering the outputs of the sub-programs.

103. As an example, Table 6 lists the program structure associated with the field of agriculture, including all program and sub-program coding contained within the MYRB system (current and past).

In addition to the coding which existed for the delivery of the 12th FY Plan (those programs numbered up to 201) have been added additional programs to reflect the key outcomes identified in the 13th FY Plan (those numbered from 206) and associated projects. The programmatic structure were reviewed to harmonize between the new requirements under the 13th Five Year Plan and the elaborate structure that existed previously[3]. The current list of programs in the UCoA are therefore developed in consultation with stakeholders and are mapped to the function segment (classification of function of the government).

Table 6 - Sample - Structure of the Programme Segment (Agriculture focus)

Prog. Code	Sub Prog Code	Program	Sub-program
043	001	AGRICULTURE POLICY DIRECTION SERVICES	GENERAL ADMINISTRATION & DIRECTION SERVICES
043	002		MANAGEMENT & SUPPLEMENTARY SERVICES
043	018		NATIONAL BIODIVERSITY SERVICES
043	019		AGRICULTURE MARKETING & ENTERPRISE PROMOTION SERVICES
043	020		RNR INFORMATION & COMMUNICATION SERVICES
043	046		PROJECT COORDINATION SERVICES
043	188		BUILDING RESILIENT COMMERCIAL SMALLHOLDER AGRICULTURE
044	001	AGRICULTURE SERVICES	GENERAL ADMINISTRATION & DIRECTION SERVICES
044	002		MANAGEMENT & SUPPLEMENTARY SERVICES
044	021		CROP PRODUCTION SERVICES
044	023		AGRICULTURE MACHINERY SERVICES
044	024		NATIONAL SOIL SERVICES CENTRE
044	025		CONSTRUCTION & MAINTENANCE OF FARM ROADS
044	031		RNR RESEARCH SERVICES

[3] The budget 2024-25 was prepared allocating funds against the 13th FY plan program structure - which has only 8 cross-cutting programs and sub-programs which reflect the projects identified for implementing the plan. The programs are more in the nature of high level generic objectives that makes it challenging to monitor government performance on the targeted outcomes of RGoB through its ministries and the sub-national governments. In discussions with UCoA Working Group, it was decided that it will be useful to seek to harmonize the new and existing programs into a structure that reflects the priorities of the 13th FY plan while also capturing the nature of ongoing outputs and outcomes.

Prog. Code	Sub Prog Code	Program	Sub-program
044	068		PUBLIC HEALTH ENGINEERING SERVICES
044	093		CONSTRUCTION & MAINTENANCE OF IRRIGATION CHANNELS
044	100		RNR INFRASTRUCTURE DEVELOPMENT SERVICES
044	150		COMMON MINIMUM INFRASTRUCTURE (CMI)
044	160		ECONOMIC CONTINGENCY PLAN
044	169		MILLION FRUIT TREE PLANTATION SERVICES
044	206		PROMOTION OF LARGE-SCALE COMMERCIAL FARMING
044	255		ENHANCE ACCESS TO POTABLE DRINKING WATER AND SAFELY MANAGED SANITATION SERVICES
044	324		MAINTENANCE OF ROADS & BRIDGES
044	360		PROMOTION OF HIGH - VALUE PRODUCTS FOR EXPORT MARKETS
044	361		ROAD CONSTRUCTION
044	408		ENHANCE SUPPORT TO SUBSISTENCE FARMING
045	001	LIVESTOCK SERVICES	GENERAL ADMINISTRATION & DIRECTION SERVICES
045	002		MANAGEMENT & SUPPLEMENTARY SERVICES
045	025		CONSTRUCTION & MAINTENANCE OF FARM ROADS
045	026		LIVESTOCK PRODUCTION SERVICES
045	027		LIVESTOCK HEALTH SERVICES
045	028		CONSERVATION & AFFORESTATION SERVICES
045	031		RNR RESEARCH SERVICES
045	100		RNR INFRASTRUCTURE DEVELOPMENT SERVICES
045	137		NATIONAL INTEGRATED LIVESTOCK FARMS
045	146		NATIONAL HIGHLAND DEVELOPMENT PROGRAM
045	155		GOI SUPPORT TO LIVESTOCK DEVELOPMENT PROJECT
045	160		ECONOMIC CONTINGENCY PLAN
045	167		TRANSFORMATION INITIATIVES- FOOD
045	184		LIVESTOCK RESEARCH SERVICES
045	206		PROMOTION OF LARGE-SCALE COMMERCIAL FARMING
045	360		PROMOTION OF HIGH - VALUE PRODUCTS FOR EXPORT MARKETS

Prog. Code	Sub Prog Code	Program	Sub-program
045	408		ENHANCE SUPPORT TO SUBSISTENCE FARMING
083	002	AGRICULTURE MARKETING	MANAGEMENT & SUPPLEMENTARY SERVICES
083	154		SCHOOL AND HOSPITAL FEEDING PROGRAM
098	149	FLAGSHIP PROGRAM	NATIONAL ORGANIC PROGRAM
028	002	MANAGEMENT & DIRECTION SERVICES	MANAGEMENT & SUPPLEMENTARY SERVICES
209	206	ECONOMIC TRANSFORMATION	PROMOTION OF LARGE-SCALE COMMERCIAL FARMING FOR INCREASED FARMER'S INCOME AND AGRI-ECONOMIC DEVELOPMENT
209	288		FORMULATION/REVISION OF LEGISLATIONS AND POLICIES
209	360		PROMOTION OF HIGH - VALUE PRODUCTS FOR EXPORT MARKETS
209	407		ENHANCE ECOSYSTEM SERVICES FROM SUSTAINABLE AND RESILIENT BIODIVERSITY INITIATIVES
209	408		ENHANCE SUPPORT TO SUBSISTENCE FARMING FOR IMPROVED LIVELIHOOD AND FOOD SECURITY
209	206		PROMOTION OF LARGE-SCALE COMMERCIAL FARMING FOR INCREASED FARMER'S INCOME AND AGRI-ECONOMIC DEVELOPMENT
209	360		PROMOTION OF HIGH - VALUE PRODUCTS FOR EXPORT MARKETS
209	408		ENHANCE SUPPORT TO SUBSISTENCE FARMING FOR IMPROVED LIVELIHOOD AND FOOD SECURITY
209	206		PROMOTION OF LARGE-SCALE COMMERCIAL FARMING FOR INCREASED FARMER'S INCOME AND AGRI-ECONOMIC DEVELOPMENT
209	206		PROMOTION OF LARGE-SCALE COMMERCIAL FARMING FOR INCREASED FARMER'S INCOME AND AGRI-ECONOMIC DEVELOPMENT
209	360		PROMOTION OF HIGH - VALUE PRODUCTS FOR EXPORT MARKETS
209	369		SLOPE STABILIZATION ALONG HIGHWAYS
209	408		ENHANCE SUPPORT TO SUBSISTENCE FARMING FOR IMPROVED LIVELIHOOD AND FOOD SECURITY
213	203	TRANSFORMATIONAL GOVERNANCE	ENSURE EFFECTIVE AND EFFICIENT SERVICE DELIVERY
213	288		FORMULATION/REVISION OF LEGISLATIONS AND POLICIES

Prog. Code	Sub Prog Code	Program	Sub-program
213	407		ENHANCE ECOSYSTEM SERVICES FROM SUSTAINABLE AND RESILIENT BIODIVERSITY INITIATIVES
213	203		ENSURE EFFECTIVE AND EFFICIENT SERVICE DELIVERY
213	203		ENSURE EFFECTIVE AND EFFICIENT SERVICE DELIVERY
213	203		ENSURE EFFECTIVE AND EFFICIENT SERVICE DELIVERY

I. Project

104. Government projects are time-bound undertakings established to achieve specific objectives and deliver clearly defined outputs within a specified period. They may involve both capital and recurrent expenditures. Examples include the construction of a bridge or a major revision of a high school curriculum. Projects generally have a defined lifespan and an approved budget established at their inception, although implementation may span multiple financial years. From a budget planning perspective, it is essential to identify the annual cost of the project and, where possible, estimate the total lifecycle cost, particularly when expenditures extend over several years.

During budget preparation, each project must clearly indicate its funding sources, associated program and sub-program, and relevant economic classifications of planned expenditure. During budget execution, commitments and expenditures must be recorded against the appropriate COA segments. Care must be taken to align project budgets with the correct sub-program, as project outputs contribute directly to the achievement of sub-program objectives.

Projects may be financed entirely through government revenues or co-financed through loans or grants from multilateral and bilateral development partners. The Source of Funds (SoF) segment captures the financing source, and when used in conjunction with the program segment, enables effective tracking and separate accounting of externally funded initiatives. This structure allows each project budget to be distinctly defined, financing to be ring-fenced, and financial reports to be generated for individual projects or aggregated as required.

105. The Project segment was initially designed as a separate two-level, five-digit classification within the UCoA structure. However, upon review of the projects identified in the Five-Year Plan (FYP) document, it was observed that several listed projects reflected broader objectives rather than discrete, time-bound projects. Furthermore, the FYP project list was not exhaustive, which would necessitate frequent revisions to the CoA structure to redefine or incorporate additional projects on an annual basis. In order to maintain structural stability and flexibility within the UCoA, the project classification has been incorporated at the activity level. Under this approach, users are required to specify whether a proposed activity qualifies as a project or constitutes a regular operational activity, ensuring proper identification and reporting without altering the core COA framework.

J. Functional Segment

106. This segment classifies expenditures according to broad policy purpose and aggregates financial transactions by functional grouping. The functional segment is a five-digit code with major functions/sub functions and sub-sub functions.

Figure 10- Structure of the Functional Segment

Segment/ Level	Function
1	Function Division
2	Function Group
3	Function Class

107. The function segments are reporting segments linked to the program segment. From this mapping exercise, a functional report will be produced showing the range of government services provided by line ministries for each economic sector.

108. As government programs and sub-programs are designed with the purpose of efficiently delivering public services, a functional reporting system identifies the services financed by the government and links those services to the broad sectoral definitions adopted by the Finance Ministry and in medium term economic forecasts.

109. The new UCoA enhances reporting by identifying major and minor functions of government and then linking them to an appropriate economic sector.

110. The UCoA functional segment is a three-level structure linking expenditures by sector and subsector. It is based on the GFS 2014 Classifications of the Functions of Government (COFOG). Classification of the Functions of Government (COFOG) is a functional classification defined by the United Nations Statistics Division. COFOG applies only to expense transactions and transactions in non-financial assets. Receipts and transactions in financial assets (Loans and Advances) and liabilities (Principal Repayments, Moneys Held on Trust) are not included. COFOG is also used for making international comparisons of the extent to which governments are involved in particular economic and social functions.

111. The functional structure in RGoB aligns with COFOG. Reports by function will be derived through a mapping table based primarily at the level of sub-programs. Thus, there is no requirement for these to be explicitly coded when recording transactions in the accounting system.

112. COFOG segment is a four-digit code with major functions requiring two digits, minor functions one digit and detailed functions one digit. The COFOG table is arranged into 10 major functions as shown below:

Table 6A.1 Classification of Expenditure by Functions of Government According to Divisions and Groups

7	**Total expenditure**
701	**General public services**
7011	Executive and legislative organs, financial and fiscal affairs, external affairs
7012	Foreign economic aid
7013	General services
7014	Basic research
7015	R&D General public services
7016	General public services n.e.c.
7017	Public debt transactions
7018	Transfers of a general character between different levels of government
702	**Defense**
7021	Military defense
7022	Civil defense
7023	Foreign military aid
7024	R&D Defense
7025	Defense n.e.c.
703	**Public order and safety**
7031	Police services
7032	Fire protection services
7033	Law courts
7034	Prisons
7035	R&D Public order and safety
7036	Public order and safety n.e.c.
704	**Economic affairs**
7041	General economic, commercial, and labor affairs
7042	Agriculture, forestry, fishing, and hunting
7043	Fuel and energy
7044	Mining, manufacturing, and construction
7045	Transport
7046	Communication
7047	Other industries
7048	R&D Economic affairs
7049	
706	**Housing and community amenities**
7061	Housing development
7062	Community development
7063	Water supply
7064	Street lighting
7065	R&D
7066	Housing and community amenities n.e.c.
707	**Health**
7071	Medical products, appliances, and equipment
7072	Outpatient services
7073	Hospital services
7074	Public health services
7075	R&D Health
7076	Health n.e.c.
708	**Recreation, culture, and religion**
7081	Recreational and sporting services
7082	Cultural services
7083	Broadcasting and publishing services
7084	Religious and other community services
7085	R&D Recreation, culture, and religion
7086	Recreation, culture, and religion n.e.c.
709	**Education**
7091	Pre-primary and primary education
7092	Secondary education
7093	Postsecondary nontertiary education
7094	Tertiary education
7095	Education not definable by level
7096	Subsidiary services to education
7097	R&D Education
7098	Education n.e.c.
710	
7101	

	Economic affairs n.e.c.	7102	**Social protection**
705		7103	Sickness and disab
7051	**Environmental and Biodiversity**	7104	Old age
7052	**Conservation**	7105	Survivors
7053	Waste management Waste water	7106	Family and children
7054	management	7107	Unemployment
	Pollution abatement	7108	Housing
7055	**Protection of biodiversity and landscape**	7109	Social exclusion n.e.c.
7056	R&D Environmental protection		R&D Social protection
	Environmental protection n.e.c.		Social protection n.e.c.

Note: R&D = research and development; n.e.c. = not elsewhere classified.

123. Detailed classification upto the function class is given below.

701	**70100**	**General public services**
		Executive and legislative organs, financial and fiscal affairs, external affairs
	70101	Executive and legislative organs
	70102	Financial and fiscal affairs
	70103	External affairs
	70104	Foreign economic aid
	70105	Economic aid to developing countries and countries in transition
	70106	Economic aid routed through international agencies
	70107	General services
	70108	General personnel services
	70109	Overall planning and statistical services
	70110	Other general services
	70111	Basic Research
	70112	R&D General public services
	70113	General public services
	70114	Public debt transactions
	70115	Transfers of a general character between different levels of government
702	**70200**	**Defences**
	70201	National Security
	70202	Civil defence
	70203	Foreign military aid
	70204	RSS Defence
	70205	Other Defence
703	**70300**	**Public order and safety**
	70301	Police Services
	70302	Fire protection services
	70303	Law courts
	70304	Prisons

	70305	RSS Public order and safety
	70306	Public order and safety
704	**70400**	**Economic affairs**
	70401	General economic, commercial, and labour affairs
	70402	General economic and commercial affairs
	70403	General labour affairs
	70404	Agriculture, forestry, fishing, and hunting
	70405	Agriculture
	70406	Forestry
	70407	Fishing and hunting
	70408	Fuel and energy
	70409	Coal and other solid mineral fuels
	70410	Petroleum and mineral gas
	70411	Nuclear fuels
	70412	Other fuels
	70413	Electricity
	70414	Nonelectric energy
	70415	Mining, manufacturing, and construction
	70416	Mining of mineral resources other than mineral fuels
	70417	Manufacturing
	70418	Construction
	70419	Transport
	70420	Road transport
	70421	Water transport
	70422	Railway transport
	70423	Air transport
	70424	Pipeline and other transport
	70425	Communication
	70426	Other industries
	70427	Distributive trades, storage, and warehousing
	70428	Hotels and restaurants
	70429	Tourism
	70430	Multipurpose development projects
	70431	R&D Economic affairs
	70432	R&D General economic, commercial, and labour affairs
	70433	R&D Agriculture, forestry, fishing, and hunting
	70434	R&D Fuel and energy
	70435	R&D Mining, manufacturing, and construction
	70436	R&D Transport
	70437	R&D Communication
	70438	R&D Other industries
	70439	Economic affairs
705	**70500**	**Environmental and Biodiversity Conservation**
	70501	Waste management
	70502	Waste water management
	70503	Pollution abatement
	70504	Protection of biodiversity and landscape
	70505	RSS Environmental protection

	70506	Environmental protection
706	**70600**	**Housing and community amenities**
	70601	Housing development
	70602	Community development
	70603	Water supply
	70604	Street lighting
	70605	RSS Housing and community amenities
	70606	Housing and community amenities
707	**70700**	**Health**
	70701	Medical products, appliances, and equipment
	70702	Pharmaceutical products
	70703	Other medical products
	70704	Therapeutic appliances and equipment
	70705	Outpatient services
	70706	General medical services
	70707	Specialized medical services
	70708	Dental services
	70709	Paramedical services
	70710	Hospital services
	70711	General hospital services
	70712	Specialized hospital services
	70713	Medical and maternity centre services
	70714	Nursing and convalescent home services
	70715	Public health services
	70716	Regional Health
	70717	Preventative Health
708	**70800**	**Recreation, culture, and religion**
	70801	Recreation and sporting services
	70802	Cultural services
	70803	Broadcasting and publishing services
	70804	Religious and other community services
	70805	R&D Recreation, cultural, and religion
	70806	Recreation, culture, and religion
709	**70900**	**Education**
	70901	Pre-primary and primary education
	70902	Pre-primary education
	70903	Primary education
	70904	Secondary education
	70905	Lower-secondary education
	70906	Upper-secondary education
	70907	Postsecondary non tertiary education
	70908	Tertiary education
	70909	First stage or tertiary education
	70910	Secondary stage of tertiary education
	70911	Education not definable by level
	70912	Subsidiary services to education
	70913	R&D Education
	70914	Education (n.e.c).

710	**71000**	**Social protection**
	71001	Sickness and disability
	71002	Sickness
	71003	Disability
	71004	Old age
	71005	Survivors
	71006	Family and children
	71007	Unemployment
	71008	Housing
	71009	Social exclusion (n.e.c).
	71010	R&D Social protection
	71011	Social protection (n.e.c).

K. Environmental, Social, and Governance (ESG) Segment

Figure 11 - Structure of the ESG Segment

Segment/ Level	**Environmental, Social, and Governance**
1	ESG Pillar
2	Thematic Area
3	Outcomes
4	Interventions

113. This is a 4-level 2-digit segment which allows different expenditures in government to be “tagged to one primary indicator and/or additional secondary indicator to fulfil reporting requirements without impacting the integrity of the other segments such as, tagging an activity to Climate adaptation and resilience as the primary indicator and women entrepreneurship/credit as a secondary indicator. Important issues such as gender, climate change, or a pandemic can all be accommodated. Enduring issues such as gender reporting for the Sustainable Development Goals can be embedded under the three pillars while shorter term issues such as spending for a specific natural disaster can also be reported.

114. The segment shall remain expandable beyond the three pillars, if required.

L. Coding levels of budgets, distributions and GL

115. With the 7-segment chart of accounts (*subject to change)*, the segments and codes to be used for budget approvals, the authorizations and distribution of budgets by MDAs and the posting in the General Ledger for payment and receipt vouchers are shown in the Figure 12 below.

Figure 12- Coding segments and levels

	SEGMENT/ Level:	SOURCE OF FUNDS	ORGANIZATION	ECONOMIC	LOCATION	FUNCTION	PROGRAMME	Environment, Social, Governance
	Level 1:	Fund	Ministry/Dzongkhag/Thromde	Class	Dzongkhag	Function	Programme	Pillar
	Level 2:	Fund/Grants/Loans	Secretariat/Department/Dungkhag/Gewog	Sub-class Reporting	Dungkhag/Null/Thromde	Subfunction	Subprogramme	Thematic Area
	Level 3:	Bilateral/Multilateral	Intermediate Grouping/Division/ Regional	Intermediate Reporting	Gewog	Sub-subfunction/Sector-based requirement	Activity/Project	Outcomes
	Level 4:	Development Partner	Section/Sector/Station	Object Report	Chiwog/Zone		Subactivity/Component	Interventions
	Level 5:	Detailed Development Partner	Lowest Spending Unit/Revenue Generating Body	POSTING Account	Village/Subzone			
	Level 6:							
	Code Digits:	9	12	7	8	5	8	8
Posting General Ledger		4	5	5	5		3	
Budget BCG		4	1	4			3	
Budget for SNG		4	3	4			3	
Distribution of Budget		4	5	4			3	

116. **General Ledger posting:** all the segments are to be used except those of Function and ESG segments. All Payment vouchers must have codes for all the required segments. It is possible that some of the Programs/ Sub-Programs may not have a Project associated with them. In that case, the default Project code of '00000' should be used. The most detailed level for each segment available should be used for classification.

117. **Budget for Central Government:** Would use the Source of Fund, Organization, Functions, Economic, location, the Program and ESG segments. The Source of Funds to use is at the lowest level 4. As per the existing practice the Organization segment code to be used is at level 4 . The Economic Code at level 4 will be used for budget approvals while the budget submissions would be at level 5. The Program Code would be at the lowest level 3 for the activity.

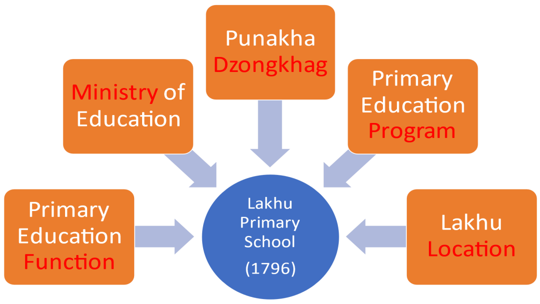
118. **Budget for Dzongkhags:** The Budgets for Dzongkhags would follow the budget classification for the central Government except that the Organization segment would detail at the level 2 – Gewogs.

119. **Distribution of budgets:** The ministries/ Dzonkhags while distributing the budget to subordinate units would use the same budget classification as for Budgets except the economic classification would be at the lowest level 5 – Object code level.

L. Use of the Short code

120. At first glance it may appear that coding transactions into the FMIS using the new UCoA will be very time consuming. Each segment is quite long and the total number of digits is 52. However, once all of the segments are complete it will be possible to map many of the elements up from the unique spending unit code. This relationship between spending units and other segments allows the unique number (*erstwhile budget code ID)* to automatically populate the other related elements as shown in the diagram below. In this example the Lakhu primary school has a one-to-one relationship with all the other elements in the diagram. As a result for most transactions only the source of funds, program, economic and spending unit codes may be needed. Even then for non-project related spending coding should be even easier to define as most spending will be made from one sub-fund and the project code will be a default of 000000 which means non-project related spending. Thus, despite the new UCoA being quite complex, coding of transactions should be very easy for finance personnel,once they know the unique spending unit code which should be used.

Figure 13- How many structures in the UCoA are derived from Spending Units (short code)



Default Codes and Dummy Codes

121. Each segment of the CoAs within the RGoB accounting system reflects the entire set of transactions and, consequently, total inflows and outflows in one segment, e.g, organization, must equal the total flows recorded in each of the other segments. Thus, where a part of the government does not require the same level of detail as another part, for consistency purposes, a default code is used. An example is with source of funds where external financing is the major requirement for breaking down source of funds by Development Partner. Where government money is used for projects the source of funds is the hierarchical structures defined under the CF domestic sources fund code "11".

122. Dummy codes are only to be used when performing journal voucher entries. This code allows specific changes in the general ledger in one or more segments, without recording transactions in other segments. For example, if transferring funds between the general fund and the development fund does not involve the organizational segment, the code "XXXX" is used in that segment, and the debits and

credits result in no change in any balances in the accounts. If the two funds also shared one bank account, a dummy code would also be used in the economic segment.

Attachment A - Examples of Typical Accounting Entries using the UCoA

Source of Funds	Organization	Economic	Location	Program	Function	ESG

Example 1: Journal Entry for receipt of USD 10 million budget support loan from Japan
This is creation of a liability of USD 10 million with corresponding increase in cash as an asset in the bank. Using a conversion rate of 1 USD = Nu. 95 on the date of transaction, Credit liabilities by Nu 950 million and Debit cash at bank by the same amount.

Using the first six segments:

CF general funding (not earmarked)/MoF Development Coordination and Debt Management Division/ Bilateral Loans (Liability head)/ Null Location/ Null Activity Code/ Null Activity

Credit : 1110/ 160501010199/ 5240101/ 00000000/ 000000000/ 0000 Nu 950 million

Debit: 1111/ XXXXXXXXXXXX/ 4120201/ XXXXXXXX/ XXXXXXXXX/ XXXX Nu 950 million

Consolidated Fund general budget/ Dummy Code/ **TSA/GCF (Government Consolidated Fund)**/ Dummy Code/ Dummy Code/ Dummy Code

The record that the loan was given by Japan would be recorded in the debt management system.

In case of an earmarked loan from Japan for a specific activity, for the SoF code, we would use SoF code for Japan – 1240 instead of 1110

Where the credit entry would appear as:

Credit : 1110/ 160501010199/ 5240101/ 00000000/ 321456987/ 0000 Nu 830 million

Where 321456987 is an (assumed) activity code.

The Debit entry would remain the same.

Example 2: Sale of building by Ministry of Energy and Natural Resources at Chhoekhor Gewog for Nu 10,00,000

Under the UCoA, it is recorded as capital receipts with corresponding increase in cash. All transactions are within the General Budget Consolidated Fund. Using the first six segments:

Consolidated Fund general budget/ Mining Division/ Auction of Buildings (Revenue Head)/ Chhoekhor Gewog/ Null Activity/ Null Project

Credit : 1111/ 180305010344/ 1460601/ 11001/ 000000000/ 0000 Nu 10,00,000

Debit: 1111/ XXXXXXXXXXXXX/ 4120201/ XXXXXXXX/ XXXXXXXXX/ XXXX Nu 10,00,000

Example 3 Sale of Excess Bitumen in open market (not issued to contractor) by Ministry of Infrastructure and Transport for Nu 60,000

This is recorded as Other Sales as receipts with corresponding increase in cash. Using the first six segments:

Consolidated Fund general budget/ Department of Surface Transport Maintenance Division/ Other Sales (Revenue Head)/ Null Location/ Null Activity/ Null Project

Credit: 1111/ 190503010485/ 1469901/ 00000000/ 000000000/ 0000 Nu 60,000

Debit: 1111/ XXXXXXXXXXXXX/ 4120201/ XXXXXXXX/ XXXXXXXXX/ XXXX Nu 60,000

Example 4: Deduction of Nu 50 under Civil Service Welfare Scheme (CSWS) from a Ministry of Health GSC Civil Servant at Thimphu from his salary of Nu 20,000 and transfer to CSW Fund.

First step: Create expenses for net salary amount and deduction for CSWS with corresponding transitory receipt Social Security employee contributions, both under Consolidated Fund.

Second Step: Transfer out Social Security employee contribution from Consolidated Fund to CSW Fund with decrease in cash of CF and increase for CSW.

1st Debit: Consolidated Fund general budget/ Ministry of Health Procurement Services/ GSC Salaries/ Null Thimphu Dzonkhag/ Null Activity/ Null Project Nu 19,950

1st Credit: Consolidated Fund general budget/ Dummy Org Code/ **TSA/GCF (Government Consolidated Fund) /** Dummy Location/ Null Activity/ Null Project Nu 19,950

2nd Credit: Consolidated Fund general budget/ Dummy Org Code/ **GSC Salaries for CSWS Contribution (revenue Head)/** Dummy Location/ Null Activity/ Null Project Nu 50

1st Debit: 1111/ 200201010539/ 1469901/ 2110201/ 000000000/ 0000 Nu 20,000

1st Credit: 1111/ XXXXXXXXXXXXX/ 4120201/ XXXXXXXX/ XXXXXXXXX/ XXXX Nu 19,950

2nd Credit: 1111/ XXXXXXXXXXXXX/ 1210103/ XXXXXXXX/ XXXXXXXXX/ XXXX Nu 50

Step 2 - transfer out contribution from CF to CSW

Debit : 1111/ XXXXXXXXXXXXX/ 1210103/ XXXXXXXX/ XXXXXXXXX/ XXXX Nu 50

(Remittance entry)

Credit : 2600/ XXXXXXXXXXXX/ 4120201/ XXXXXXXX/ XXXXXXXXX/ XXXX Nu 50

(Cash decreased in CF 4120201)

Example 5: Allocate budget of Nu 170 and 16 million for current and capital for FY 2025-26 to Royal Civil Services Commission.

For Budgets preparation, we use all segments of UCoA – SoF, Organization, Economic and Program

Source of Funds	Organization	Economic	Location	Program	Function	ESG

Source of Fund	Organization	Economic	Economic	Activity Code	Activity Description
		Recurrent	Capital		
		Class Code 2	Class Code 3		
1111	11	170		110111001	Current grant including pay and benefits
1111	11		9	110111002	Rewiring and replacement of electrical fittings and transformer
1111	11		4	110111003	Replacement of End of Life ICT equipment
1111	11		3	110111004	Outsourcing of audit service for Civil Society Organisation and religious bodies
		170	**16**		**Total**

With further break up by Group Head Code under the economic segment

Attachment B - Examples of Reports using the UCoA

Example 1 : Report of all Loans and Grants given by the World Bank for specific activities/ projects

Source of Funds	Organization	Economic	Location	Program	Function	Cross-Cutting

Source of Fund : 1223

Organization: MoF Development Coordination and Debt Management Division

Economic Segments:

1320101	Current grants from International Organizations - Programme Grant
1320101	Current grants from International Organizations - Project tied Assistance
1320201	Capital grants from International Organizations - Programme Grant
1320202	Capital grants from International Organizations - Project tied Assistance
5240201	Multilateral Loans
5240203	Multilateral Loans- special purpose

Location: Dummy

Program: Dummy/Or select

Project: Dummy/ or Select

Example 2 : Report of all expenditures on capital projects in Lingzhi Gewog

Source of Fund: All Sub funds below 1110, 1120, and 1200

Organization: All organizations

Economic segment: All capital heads under Class 3

Location code: 24101

Program: All Programs/Sub-Programs/Activities

Projects: All Projects

Attachment C - Examples of addressing some specific issues of Accounting Entries using the UCoA

1. How will advances to a supplier, contractor, or employee be managed through the UCoA, and how will adjustments be made? For contractors, the current practice involves Public Work Advance (PWA) payments, specifically Mobilization Advance and PWA-Secured Advance. These advances are deducted from the contractor's running bill until the physical progress reaches 80%.

For construction works:

Option 1: With the new UCoA you will have a complete balance sheet classification. When an advance payment is made to the vendor, record this as a "Prepayment", which is a financial asset.

Credit: cash & *Debit*: Prepayments (GFS 6208).

This is a balance sheet transaction. When the advance is closed:

credit: Prepayments & *Debit*: Construction Expense (control against the budget).

This requires special controls to be imposed over any advance – to ensure that there is sufficient budget available for the eventual expense (the system may not recognize these as a payment, so a manual solution may be required). All pre-payments should ideally be closed at year end, with expenses recorded in the relevant year, to avoid the issue of insufficient budget in subsequent years.

h. Other accounts receivable/payable (6208, 6218, 6228, 6308, 6318, 6328)

7.224 ***Other accounts receivable/payable consist of trade credit and advances and miscellaneous other items due to be paid or received.*** If an economic event requires a subsequent cash flow, for example, goods and services are sold on credit provided by the supplier, the length of time between the economic event and the time of the cash flow is bridged by an entry in other accounts receivable/payable.

7.225 *Trade credit and advances* (62081, 62181, 62281, 63081, 63181, 63281) include (i) trade credit extended directly to purchasers of goods and services and (ii) advances for work that is in progress or to be undertaken, such as progress payments made during construction in advance for work being performed, or for prepayments of goods and services. Such credit arises both from normal delays in receiving payment and from deliberate extensions of vendor credit to finance sales. Trade credit extended by the seller of

Option 2: Include an Advance expense code under both goods & services and capital expenditure. Record the advance as an expense and apply the standard budget controls. When advance is closed (with detailed invoices), reverse original entry and record appropriate classification for the work completed. Again, ensure that all advances are closed at year as part of the year-end process, so that the budget is correctly classified. It is not ideal to include an advance code in the economic segment as this does not capture the true economic nature of the transaction. This approach has some advantage from a cash budgeting perspective (as the funds an expense is recorded when it leaves the CF), with the Caveat that the budget for the project would not be budgeted under "advances", and requires some special rules to be in place for how advances are controlled against appropriations. There is a risk with this approach that funds are advanced at year end to avoid loss of appropriation at year end (it will appear that the budget has been used, when it actually has not).

The first option is favoured as it is the best use of a modern CoA but a legal basis for this approach may be required – as it is a slight deviation from traditional concepts of cash budgeting.

For employees:

There are various arrangements which are often described as advances to employees. These can include loans (advance of salary as a loan etc) or advances for travel.

Option 1 - for travel: In the financial assets classification, include coding for cash-in-hand. When an advance is issued, record balance sheet transaction:

Credit: Cash at bank & *Debit*: cash-in-hand.

Maintain a sub-ledger for recording all cash-in-hand for travel advances. When advance is closed:

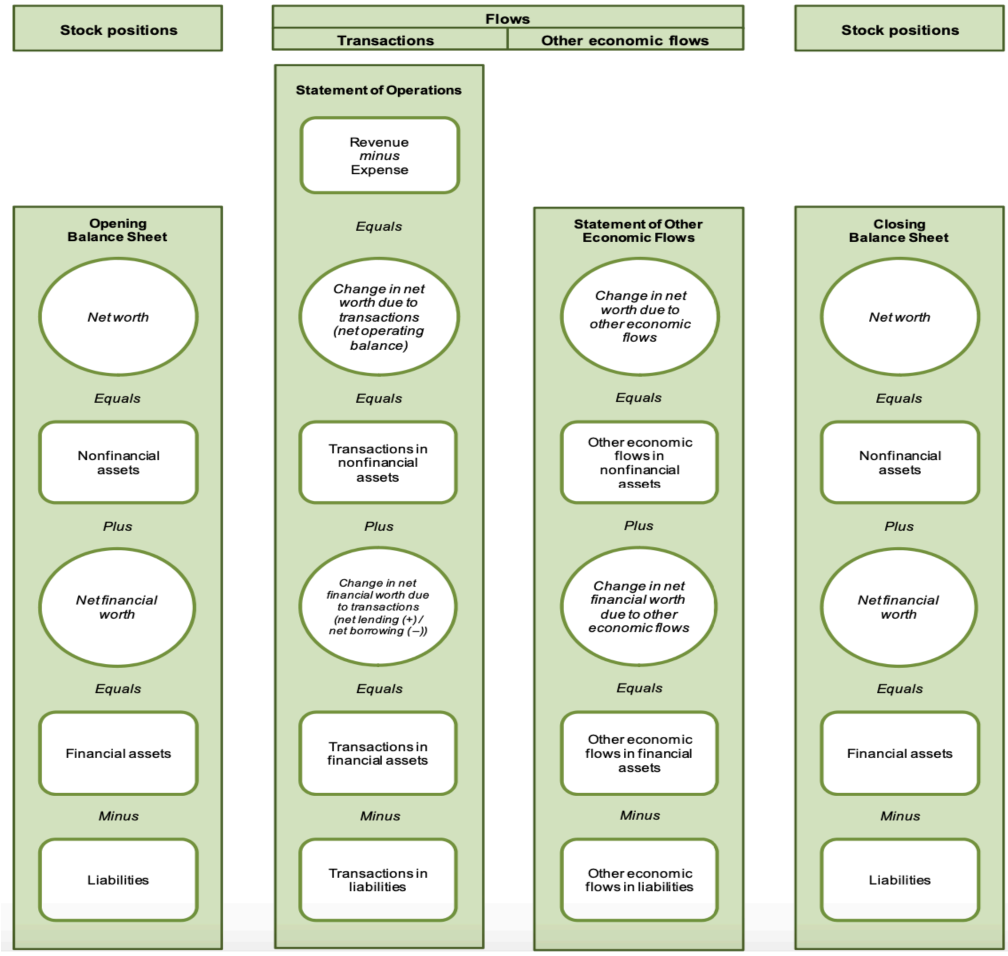
Credit: cash-in-hand & *debit*: travel expense

Option 2 – for travel: Expense all funds provided to the traveler as a travel expense. Reverse the respective portion of such expense if funds are returned unspent.

Option 3 – for travel: have your banking partner issue travel debit cards with travel transactions charged against a Treasury bank account and have a travel system that requires the respective transactions to be approved, reconciled and recorded at least monthly. Some banks have the capability to restrict the type of transactions allowed on such cards (restrict only for travel related vendors) and all such cards can have spending limits imposed.

2. What strategies can be employed to effectively migrate and integrate data from existing systems to the new UCoA framework?
   A map will need to be created – mapping the old codes to the new. Instances where one old code is required to be split into two new codes requires careful consideration and decision. Options involve rolling the data up to a common coding level, splitting old data based on assumptions, running the system in parallel for a period to gather data according to the new scheme whilst the old scheme is running (this may not be practical). Discussion with auditors and key data users is essential to understand the need for comparable historical data.

3. What validation rules should be established to ensure the accuracy and appropriateness of codes assigned to transactions?
   Within the accrual GFS framework there are certain balances – for example acquisition of non-financial assets + other economic flows (value changes) must equal change in value on nonfinancial assets.



The accounting system will also enable a trial balance to ensure that the total value of debits equals credits.

Balances of cash accounts in the ledger should be reconciled to the bank.

The FMIS should be designed to make it easy for users of the system to avoid errors. Such features can include use of "favourite" transaction types, drop down lists, user history, and possibly basic AI which identifies likely anomalies.

Internal control procedures for the processing of transactions in the FMIS should require multiple points of approval, which subject the classification of a transaction to some verification.

In addition, the Treasury should have a unit responsible for data integrity which reviews a sample of transactions (sample determined on a risk basis) to identify whether there are any systemic issues with classification of transactions.

Differences in interpretation of classification when used for budgeting versus budget execution control and reporting is a common issue. For this reason, Treasury and Budget must be harmonised in how they understand the CoA and Budget should be consulted when changes to the CoA are contemplated. CoA manual should be made available (link included in budget circular) during budget process.

4. How do we handle and code transactions that do not fit neatly into existing UCoA categories?
   The issue of transferring data is outlined above. The new CoA should be applied at the start of a new budget cycle – with users trained and supported to enable them to properly codify their budget and transactions. The biggest issues will relate to the translation of historical data into the new CoA.

5. How do we ensure that new or unique transactions are appropriately categorized under the UCoA?
   The Treasury should provide a service to users, to assist them in codifying transactions according to the new UCoA (a help Desk). The Help Desk should have access to UCoA experts, such as the members of the WG. Where common issues arise, the unique/challenging elements should be noted in the CoA manual, with an explanation to assist future users.

6. How can we integrate sub-ledger details (e.g., accounts payable, accounts receivable) with the main ledger under the UCoA framework?
   When sub-ledgers are classified, extreme care needs to be taken such that the classification can roll-up into the main ledger according to the UCoA. For example, if an asset register contains more detailed asset classes, there must be a more detailed breakdown of the UCOA classification. A "one-to-many" problem must be strictly avoided.

   Note that the UCoA should be common across all PFM systems. It is the "common language" that enables communications between various systems. This is particularly important if you are to take a modular approach to your FMIS, with potentially multiple data repositories.

7. How should user access and control be managed to ensure that only authorized personnel can record and approve transactions under the UCoA? (Maker-Checker Mechanisms)/How can we protect the lower level user in viewing the upper level expenses/expenditure/reports. For example, the division user should not have access to the information of the department/ministry.
   The CoA provides a point of reference for many of the system's controls that would be applied to certain user groups or users. It is a key requirement of the FMIS to be able to limit access by function types of business process, levels of controls, segregation of duties, and limiting access to data by entity, program and potentially by source of funds, project etc.

8. Multi-year projects:
   For contracts with duration more than one year, the contract amount is usually more than the approved budget and this restricts the agencies from initiating tendering process in the electronic Government Procurement (e-GP) system. Since the e-GP system is integrated with MYRB, agencies can prepare tenders with estimated amounts equivalent to or less than the approved budget against each particular activity and budgeting is normally done for one financial year only. How can this issue be addressed?
   By legal provisions in the constitution, appropriations are an annual limit on use of cash. The primary point of control is ensuring that payments do not exceed the budget. It is also relevant / valuable to control commitments – ensuring that the government is not obligated in excess of its available resources. To control multi-year commitments, it is necessary to know the annual appropriation limit and desirable to know the total value of the project (over multiple years). The ideal scenario is that the budget is planned on

a multi-year basis, with the first year of the next budget being presented for annual appropriation BUT with a presentation of the planned future cost of all existing programs and projects – presented as 2-3 years of forward estimates beyond the budget year. Such estimates should be used at all stages of fiscal planning (bottom-up and top-down) and an expectation established that those forward estimates will be maintained (amended as policies change) and form the baseline for future budget processes. In such a scenario, there will be credible reference points for approving future year commitments (approve a commitment for a multi-year project where the amount to be spent this year is within the appropriation and the amount being obligated in future years is consistent with the forward estimates). A version of this, practiced in many French speaking countries, is to have the Assembly approve the total project value for each project at the same time that it approves the budget (which then becomes the reference point for approving multi-year commitments).

9. If Programs, Sub-programs, and Activities are predefined and pre-coded, who will be responsible for adding new activities? Can the creation of new activities be delegated to the budgetary agencies?
   It is not desirable to allow MDAs to add and delete activities. The WG have agreed that the activities in the program segment should specifically include those that are approved for the 5-year plan. In addition, it is desirable to avoid duplication and capture instances of where activities are shared across sub-programs. For this reason, there must be governance over changes to the activities.

10. Centrally executed activities that are implemented in other locations i.e., Dzongkhags/Gewogs/Thromdes; Although these activities are budgeted and executed by central agencies, the beneficiaries are located in various locations, often in multiple locations. If we were to obtain information such as the actual allocation for Thromdes/Dzongkhag/Gewog, will CoA be able to facilitate the information?
    The location code can be used to capture the location of the spending. If this implies that the respective local government entity is involved in delivering the project, the organization segment, the economic and potentially the source of funds segment could be used to account for the local government receiving and using such funds for delivering the activity.

11. The Royal Civil Service Commission (RCSC) established the Civil Service Welfare Scheme (CSWS), which involves deducting an amount from individual civil servants' salaries and remitting it to the CSWS. How will the Chart of Accounts (CoA) facilitate the deduction and remittance of the CSWS from civil servants' salaries?
    The RCSC should be established as a separate fund in the source of funds segment. This should be outside of the CF. The contribution forms part of the salary payment on the expenditure side of the budget (salary classification can be disaggregated – split into net salary and the various deductions. All are recorded as expenses). The deduction is also recorded as a receipt (contributions received) to the RCSC. When the payroll is processed, in terms of cash management, the net portion goes as a cash transaction to the employee. If the RCSC operates its own accounts, the deduction results in transfer of cash from the CF to RCSC.

Attachment D - Comprehensive Unified Chart of Accounts (UCoA) Reference Architecture

The detailed Unified Chart of Accounts (UCoA), including codes, classifications, mappings, and related reference structures, is maintained as a dynamic working document to support the ongoing evolution of the Public Financial Management (PFM) framework, IFMIS implementation, IPSAS alignment, and reporting requirements.

Given the need for continuous refinement of classifications, segments, mappings, and reporting structures, the UCoA reference annexure shall remain a living document and may be periodically updated by the Ministry of Finance to reflect policy, operational, system, and reporting changes.

Users are therefore advised to refer to the latest approved version of the UCoA through the official access link provided below:

https://docs.google.com/spreadsheets/d/1TC58cPQq5PFgLA6lbA3LILpAHk3Na4hQ/edit?usp=sharing&ouid=104536414714938956521&rtpof=true&sd=true

The online version shall serve as the authoritative and most current reference for all users, agencies, and stakeholders utilizing the UCoA for budgeting, accounting, reporting, IFMIS operations, and related financial management purposes.

Any amendments, additions, deactivations, or revisions to codes and classifications shall be managed in accordance with the governance and change management procedures established by the Ministry of Finance.