

Improvement of the Payment Procedures of Budget Entities through the Treasury Single Account System.

The basic components of the budget sector reform are to refine the banking accounts arrangements, to streamline the payment procedure, to centralize the budget resources and establish the treasury Single Account system. The main goal is to concentrate all payments within the first level spending unit, and thus to centralize the funds into the Single Account and streamline the payment procedure. In the mean time the Ministry of Finance will set spending limits on the first level spending units' accounts in the Bulgarian National Bank (BNB) for carrying out aggregated control of public expenditures.

The process of improvement of the payment system was initiated in the beginning of 1999, when first level spending units accounts bound to the Central Budget Account were opened in the BNB. Paragraph 18 of the Transitional and Final Regulations of the State Budget Law for 2000 provides for a phased-in introduction of the Single Account for the spending units holding accounts in the BNB. On June, 18, 2000 all leva budgetary, extra-budgetary and suspense accounts in the BNB were centralized in the Treasury Single Account system.

A framework agreement with 21 commercial banks was inked for servicing the accounts and payments of the spending units of budgetary appropriations.

There are two accounts in the name of each budgetary entity, included in the Treasury Single Account. A transit, or zero-balanced account for concentration of revenues in the FLSU's accounts with the BNB as a part of the Treasury System Account, and a cash account for payments in cash. At this stage the arrangements for the foreign currency transactions stay unchanged. A new banking unified standard (BUS 130200 for budget payments) was issued to regulate the payment technology for the spending units included in the TSA.

A new system for electronic budget payments /SEBRA/ was developed and introduced to manage and exert a computerized control over payments ordered by the spending units. Instructions were worked out and forwarded to the budgetary appropriation spending units and the servicing commercial banks. In 2000 the SEBRA system was tested in the Ministry of Defense as a pilot first level spending unit.

Paragraph 18 of the Final and Transitional Regulations of the State Budget Law of Republic of Bulgaria for 2001 states that all cash balances on all bank accounts in leva and foreign currency of budgetary entities are covered by government securities frozen in the servicing banks, which acts as special pledging.

The SEBRA system went live in the Ministry of Defense on 19.02.2001. As of June, 2001, 13 FLSU have been included in the Single Account, such as the Ministry of Defense, Ministry of Justice, Ministry of Finance, Ministry of Transport, Ministry of Interior and others. All the FLSU and their subordinate divisions were included in the system step by step until the end of 2001, 2500 spending units all together.

In 2002 the system was further improved. Since 5.08.2002 the central government transfers to the municipalities and the payments under BUS 1302000 have been put through SEBRA, as per paragraph 19 item 12 of the State Budget Law of Republic of Bulgaria for 2002.

In September 2002 two meetings were carried out with representatives of Bankservice and the BNB, and the following issues were discussed:

- the opportunities to develop new functionality in SEBRA, in view of the forthcoming inclusion of some autonomous budgets into the Single Account system, as per the agreement with the IMF;
- provisional instructions for the banks concerning the forthcoming introduction of RINGS (Real time Interbank Gross Settlement) in the BNB and the whole banking system, and its connection with the Single Account and the SEBRA system.

In 2004 the autonomous budgets, and particularly the National Health Insurance Fund, the Bulgarian National Television, the Bulgarian National Radio, the state universities, the National Social Insurance Institute and the Teacher's Pension Fund were included in SEBRA on a step-by step basis. That complied with the paragraph 23 item 4, 13 and 14 of the 2004 State Budget Law.

As of 17.10.2005 in compliance with paragraphs 23, item 4 of the Law on the State Budget for 2005 and the government commitment to meet the structural criteria under the IMF Agreement the Judiciary accounts were included in the SEBRA (Electronic Budget Payments System). For this purpose a wide range of preparatory activities was performed, and particularly the necessary organizational work as well as the coordination between the units involved, the needed technical measures were taken and training of the spending units and the staff to operate with the system was carried out.