

EXECUTIVE SUMMARY

The aim of this quarterly report is to inform in a summary of all information about payment activities that line ministries, autonomous agencies, and municipalities realized in the first quarter of 2019. Particularly, this report communicates the overall performance of the payment activities in the first quarter. Regarding the performance of the payment activities, the monitoring and assessment activities were conducted by the National Directorate of Payments on the total number of the payment activities created and the total amount counted for as well as the issues associated with the payment activities. It also monitors all the steps related to the processing of the payments as well as consulting with designated employees in the Treasury. It concludes that there is one event that affects payment activities conducted by Line Ministries, Autonomous, in the first quarter, which is the implementation period of the duodecimal regime in January 2019. This event has resulted in a decrease in the overall number of payment activities as well as the total budget executed in January and February 2019. It also states that several institutions still face the issues associated with payment activities such as returned payment requests, returned payment instruments, and the excessive (and Negative) outstanding advance. The National Directorate of Payments further found that weak internal control and human error are the main causes of these issues. Having assessed and identified the performance of the payment activities and issues associated with the payment activities, in the end, the report provides recommendations on how to improve the payment activities as well as all related processes. The general recommendation provided is that all institution needs to reassess their annual plans so as to ensure that the process of the budget executions is done in accordance with the plans already established, whether to accelerate the process of the execution in the next quarter. The other recommendations are that all institutions need to evaluate their internal control system and reviewing the risk management strategy, whether the alteration or modification is needed to mitigate potential risks. Another recommendation provided is that the head of each spending unit is required to overlook all staffs engaging in the payment process so as to ensure that service is provided carefully, in accordance with existing laws and regulation, and in a timely basis. Additionally all information disclosed in this report are generated from GRP payment system and R-Timor; however, the report is difficult to identify how much the total number of payment instrument is returned particularly to line ministries, autonomous agencies, and municipalities.

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INTRODUCTION

The National Directorate of Payments is the agency of the Ministry of Finance that is assigned to coordinate with all line ministries to process regarding processing payments for all public expenditures including salary and wages to all Government employees, social benefits, and other types of payment as required by the existing laws.¹ Autonomous agencies and Municipalities were granted full autonomy to accomplish their own budget executions process and functions. In order to process the payment for the public expenditure, in general, Line ministries, Autonomous Agencies, and Municipalities follow the following prescribed operation procedures including committing the public money for intended activities, processing and preparing the payment requests and Expense Voucher, approving and submitting PRTs and EVs, receiving and verifying PRTs and EVs as well as all the necessary documents attached with in accordance with existing laws and standard operation procedures, and issuing the payment instruments to finalize the payments.

The total number of payment activities made on a monthly basis is based on the total number of services and activities that each institution has. In the first quarter of 2019, overall, the total number of payment activities made as well as the total budget spent decreased in January and February, and then it increased in March. The report confirms that the implementation of the duodecimal regime in January only permitted Line ministries, Autonomous agencies, and Municipalities to process the payments of salary and wages, social benefits, advance payments, and other urgent expenses as the regime only permits each institution to spend 1/12 of the previous budget on each type of appropriation categories.² Consequently the total amount of the budget executed decreased in that period. It also states that even though the State Budget for the Fiscal year 2019 was promulgated in 7th of February, several institutions were still in doubt whether to execute the state Budget due to the Government Decree on the State Budget Execution was not yet published (which was finally published

¹ Republica Democrática de Timor Leste, *Jornal da Republica; Diploma Ministerial no 35/2014 de 19 de Novembro; Estatuto Orgânico da Direção- Geral do Tesouro*, Timor Leste, 2014.

² Democratic Republic of Timor-Leste, *Budget and Financial Management Law no. 13/2009 October 21*, Timor Leste.

in 27th of March 2019). Consequently this also affected the process of the Budget execution in February. However, in March 2019, the total budget executed increased due to the termination of duodecimal regime, in which all payment activities returned to normal. Additionally, regardless of the influence of the duodecimal regime, most of the public institutions still face the operational risk and the Compliance risk in the course of conduction payment activities, which then cause the issues related to payment activities and process such as the issue of returned payment requests, returned payment instruments, and the excessive outstanding advance. Therefore, with the publication of this report, all institutions will be provided with figure about the performance of the payment activities as well as issues associated with payment activities in the first quarter of 2019. The report will present the information about the total number of the payment activities made and the total amount counted for.

Structurally, the report will disclose the information of payment activities in the first quarter as follows: the summary of budget executions, payment requests created and returned, payment instruments issued and returned, payroll and payroll variations, remuneration for professional service, social benefits, and advance payments.

BUDGET EXECUTIONS

In General, the state budget encompasses all information about receipts expected to collect and public expenditures intended to incur in whole fiscal, semiannually, quarterly, and monthly. Public expenditures are the government spending on public services provided, public purchase made by public institutions, activities, and programs executed by public institutions, and the government establishes appropriation categories based on those areas of interests.

Generally, there are five appropriation categories, which are salary and wages, Goods and services, Minor capital, Capital and Development, and Public transfer. The Government also establishes Contingency appropriation, which is intended to meet unexpected events or emergency situations caused by natural disasters. Salary and wages appropriation is the government funds established to pay salary and wages as well as the benefits admissible to all Government's employees. Goods and Service appropriation is allocated to purchase materials with no capital natures and to pay services provided by professional services and casual employees contracted by public institutions. Minor capital and Capital & Development funds are intended to finance expenditures with capital natures. Lastly, the public transfer appropriation is intended to support social and economic welfare such as paying social benefits and supporting local communities.

The National Directorate of Payments is the agency of the Ministry of Finance that's is responsible for the payment of all public expenditures incurred by Line ministries as well as coordinating and supervising the process of budget executions conducted by line ministries. Autonomous agencies and Municipalities were given authorities to be responsible for the executions of their own budgets. In order to regulate the process of the budget executions, The Government issues the Decree-law on the Execution of the State budget, which defines all the necessary procedures of the execution of the appropriation categories. For the fiscal year 2019, two Government Decrees have been issued: the first one is Government Decree-law N.^o1/2019, dated in 16th of January, for the execution of the state budget during the implementation of the duodecimal regime in January, and the second is the Government Decree-law N.^o 3/2019, dated on 27th March, for the budget execution in fiscal year 2019. Line ministries, Autonomous agencies, and municipalities are required to act in accordance with Government Decree-law as well as other financial frameworks in places.

This quarterly report shows a summary of the Budget executions in the First quarter of the fiscal year 2019. It presents how much is the total budget Line ministries, Autonomous Agencies, and Municipalities spent in January under the implementation of the duodecimal regime and in February and March after the state Budget for the fiscal year 2019 was promulgated in 7th of February. Additionally, for the management purposes, this report will help public institutions to track how much is the total budget they have committed and spent to date, and how much is the total budget unused. The information will help the spending units of each institution whether to accelerate the process of the executions to meet the expectation of their annual plans. With the publication of this report, each group of public institutions will be given the information about which appropriation categories are likely under or overspend in the first quarter.

There is a huge difference between the total budget spent in January, February, and March. In January, the total budget spent over the categories by Line ministries is \$28 million, and in February, the outlay budget continuously decreased to \$24 million. In March, however, the total budget spent increased to \$40 million. The National Directorate of Payment states that the total budget spent decreased in January 2019 because of the application of the duodecimal regime. Under this regime, Line ministries, Autonomous agencies, and Municipalities were only allowed to execute 1/12 of the Previous Budget of on each type of categories.³ Only few activities considered necessary were implemented, and Line ministries, Autonomous agencies, and Municipalities were required to prioritize the payment of the salary and wages, social benefits, advance payment, and other urgent expenses. All public transactions with the capital nature were temporarily stopped. Consequently, the

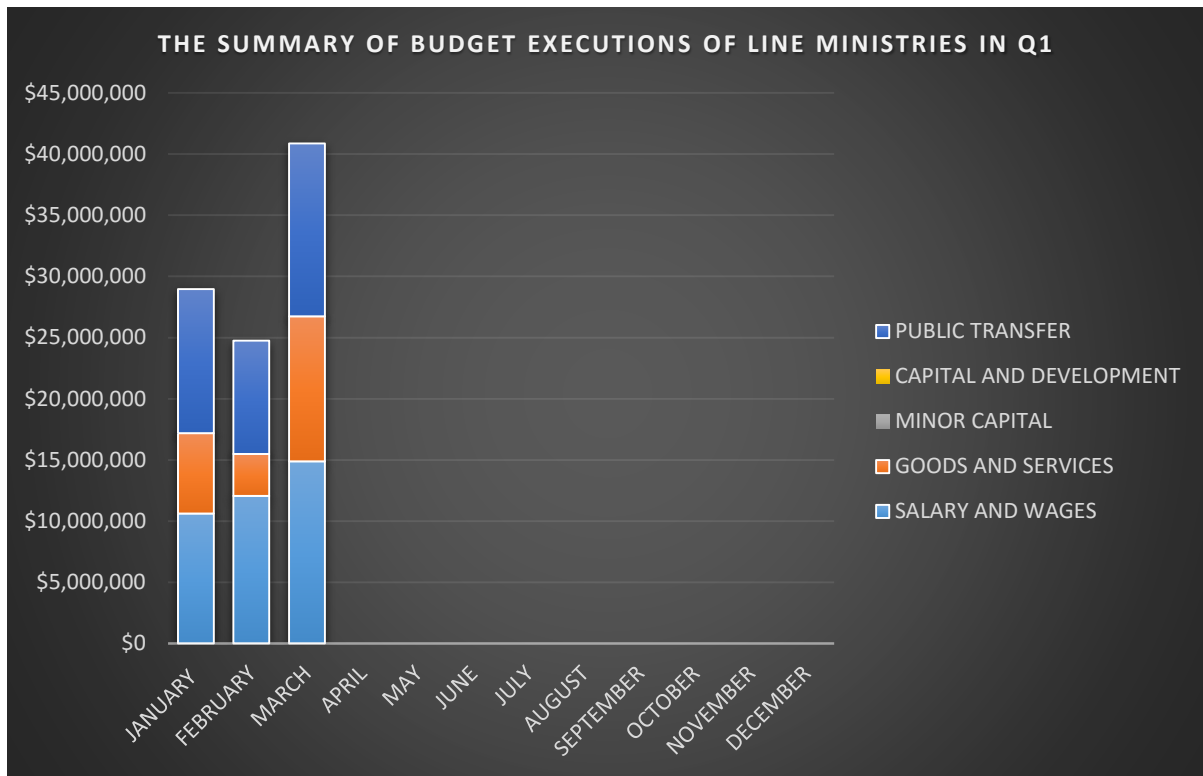
³ Democratic Republic of Timor-Leste, *Budget and Financial Management Law no. 13/2009 October 21*, Timor Leste.

total budget spent in January 2019 decreased. In February 2019, several institution were still in doubt to conduct the payment activities as the Government Decree was not yet published at the time the state budget for the Fiscal year 2019 was promulgated. As the result the overall budget executed also decreased in February. However, in March 2019 the process of the budget execution returned to normal, and the total budget spent in that period went up.

The National Directorate of Payments states that the implementation of the duodecimal regime did not only affect the process of the Budget execution in the first quarter; however, it also could impact the process of the Budget execution in the next quarter. It means that under duodecimal regime, several activities were temporarily stopped, and these activities will be executed again in the next quarters. It also means that in the next quarters the number of the activities will increases, which could affect the process of the schedule of the budget executions. Therefore, it is important that each institution needs to review their annual plans before preparing for the new process of the budget execution.

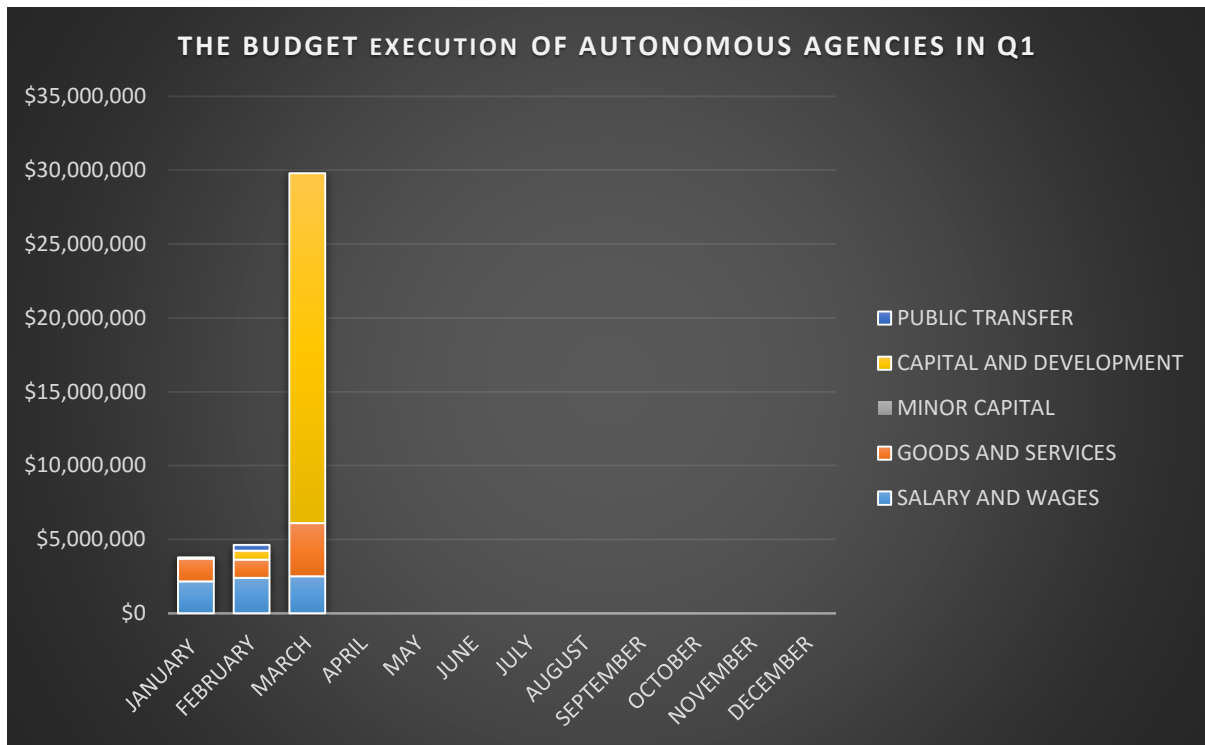
THE SUMMARY OF THE BUDGET EXECUTION OF LINE MINISTRIES IN THE FIRST QUARTER 2019

APPROPRIATION CATEGORIES	SALARY AND WAGES	GOODS AND SERVICES	MINOR CAPITAL	CAPITAL AND DEVELOPMENT	PUBLIC TRANSFER	Total
ORIGINAL BUDGET	\$164,256,892	\$389,894,902	\$22,386,300	\$32,938,903	\$348,193,487	\$957,670,484
JANUARY	\$10,627,322	\$6,567,833	\$0	\$0	\$11,781,409	\$28,976,564
FEBRUARY	\$12,069,316	\$3,411,348	\$0	\$0	\$9,280,790	\$24,761,454
MARCH	\$14,887,670.33	\$11,863,880.28	\$0.00	\$0.00	\$14,114,530.15	\$40,866,080.76
APRIL						
MAY						
JUNE						
JULY						
AUGUST						
SEPTEMBER						
OCTOBER						
NOVEMBER						
DECEMBER						
TOTAL	\$126,672,583.67	\$368,051,840.72	\$22,386,300.00	\$32,938,903.00	\$313,016,757.85	\$863,066,385.24



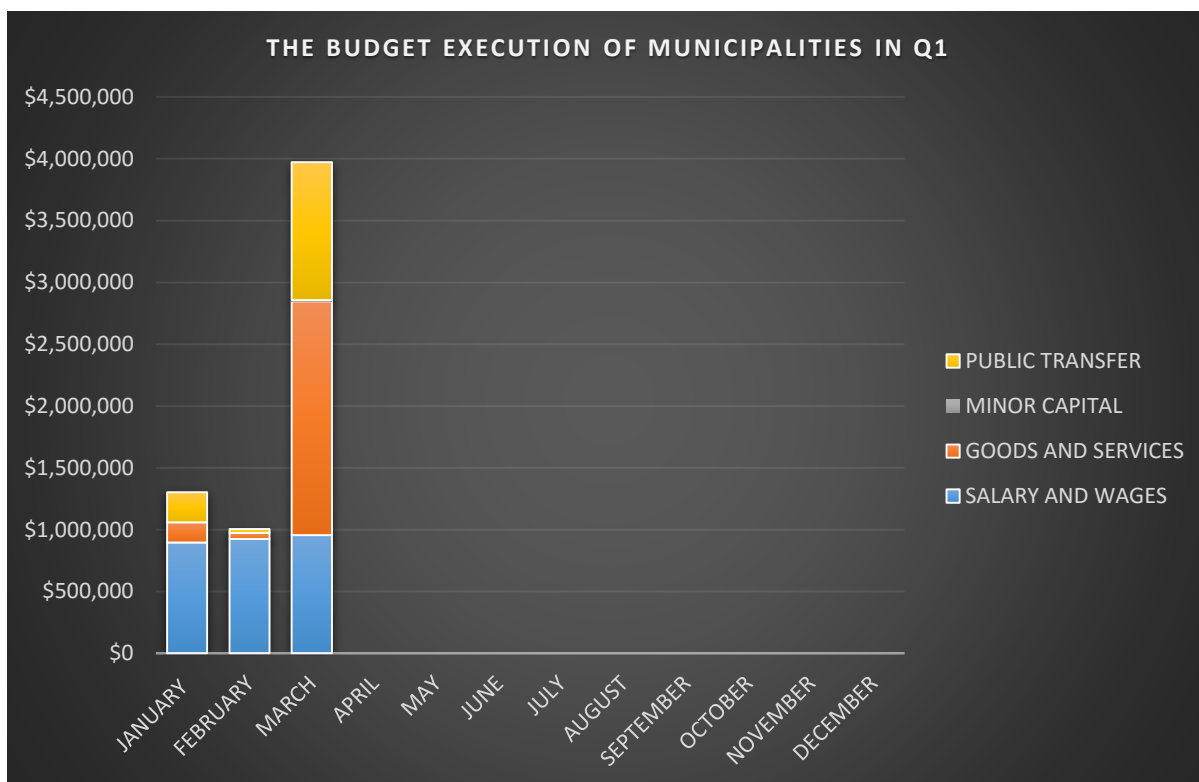
THE SUMMARY OF THE BUDGET EXECUTION OF AUTONOMOUS AGENCIES IN THE FIRST QUARTER 2019

APPROPRIATION CATEGORIES	SALARY AND WAGES	GOODS AND SERVICES	MINOR CAPITAL	CAPITAL AND DEVELOPMENT	PUBLIC TRANSFER	Total
ORIGINAL BUDGET	\$35,154,282	\$63,779,551	\$10,364,057	\$280,782,537	\$7,044,135	\$397,124,562
JANUARY	\$2,168,182	\$1,546,051	\$0	\$0	\$77,500	\$3,791,733
FEBRUARY	\$2,405,129	\$1,226,445	\$1,980	\$618,624	\$394,500	\$4,646,678
MARCH	\$2,520,247	\$3,586,609	\$2,820	\$23,675,887	\$0	\$29,785,562
APRIL						
MAY						
JUNE						
JULY						
AUGUST						
SEPTEMBER						
OCTOBER						
NOVEMBER						
DECEMBER						
TOTAL	\$28,060,724	\$57,420,446	\$10,359,257	\$256,488,026	\$6,572,135	\$358,900,589



THE SUMMARY OF THE BUDGET EXECUTION OF MUNICIPALITIES IN THE FIRST QUARTER 2019

APPROPRIATION CATEGORIES	SALARY AND WAGES	GOODS AND SERVICES	MINOR CAPITAL	PUBLIC TRANSFER	Total
ORIGINAL BUDGET	\$14,885,624	\$18,138,230	\$218,183	\$6,962,917	\$40,204,954
JANUARY	\$897,712	\$161,444	\$0	\$245,100	\$1,304,256
FEBRUARY	\$925,676	\$48,434	\$0	\$31,165	\$1,005,275
MARCH	\$955,681.96	\$1,891,277.45	\$10,180.00	\$1,115,314.50	\$3,972,453.91
APRIL					
MAY					
JUNE					
JULY					
AUGUST					
SEPTEMBER					
OCTOBER					
NOVEMBER					
DECEMBER					
TOTAL	\$12,106,554.04	\$16,037,074.55	\$208,003	\$5,571,337.50	\$33,922,969.09



PAYMENT REQUESTS CREATED AND RETURNED

Every month, Line ministries, Autonomous Agencies, and Municipalities carry out several activities (including programs and projects), which are vary based on their institutional size and core competencies as well as the strategic priority of each institution. The total budget allocated to finance each activity is also different based on the size and nature of each activity. Therefore, the total number of public expenditures increasing or decreasing depends on the total number and the types of activities executed on a monthly basis, and the total number of Payment requests created, therefore is also based on the total number of public expenditures incurred in every month.

In the expenditure process to allocate the state budget to finance these activities, first of all, the Head of each Ministry/Autonomous agency/municipality must approve the proposal to spend public funds; the process is known as commitment authorization. This authorization will then permit each institution to prepare the payment requests and Expense Voucher for any type of payment that they have committed to paying.

In order to prepare the payment request to the proposed expenditure, each institution must ensure that it has sufficient appropriation in the Budget head in which the expenditure is proposed. It must ensure that the expenditure is legal and valid according to laws and regulations in place, and the

public fund intended to spend on such expenditure has been committed by the head of the relevant institution. The process of preparing that payment request must be consented by the Head of the institutions. In addition, the amount of the request shall be deducted from Tax required under the existing Taxation law. However, the payment of salary and wages that are processed by the payroll department does not require the processing of the payment request.

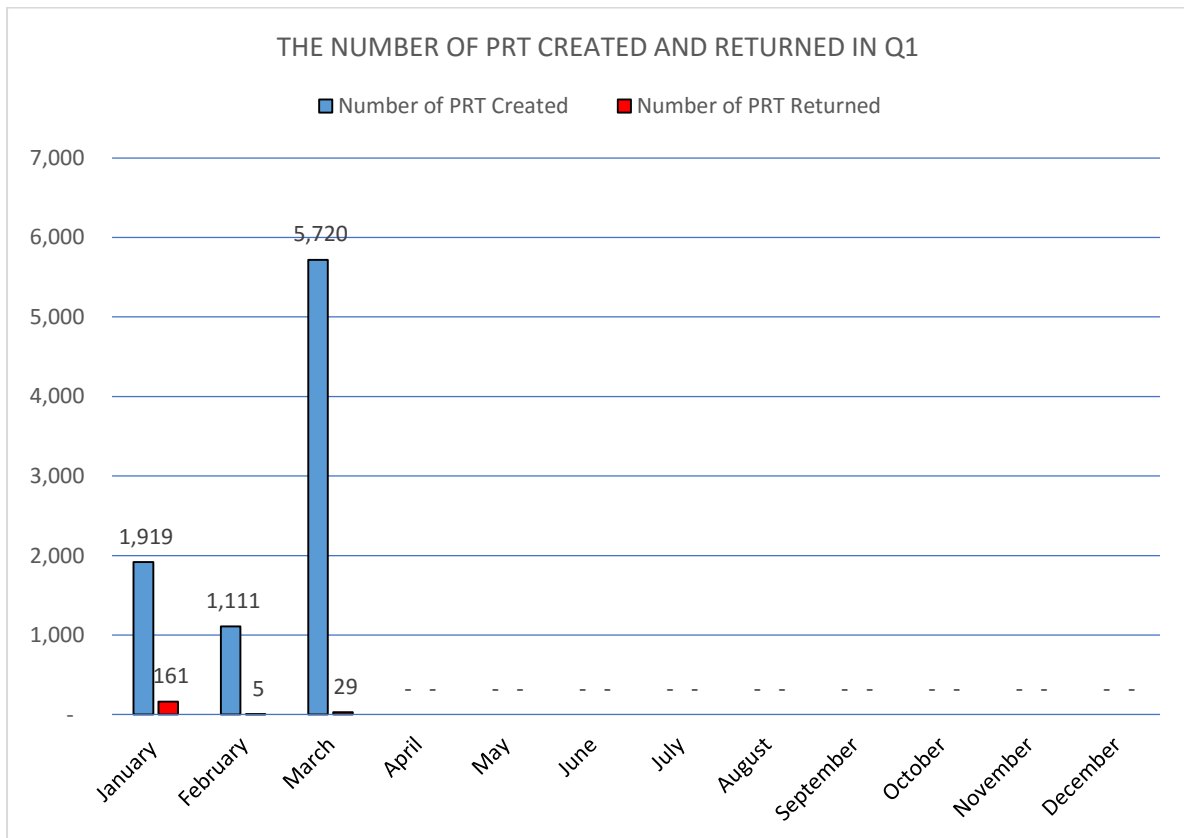
This quarterly report presents a summary of the number of payment requests created and returned as well as the total amount counted for in the first quarter of 2019. As said previously, if the number of activities increases, the number of public expenditures also increases, and vice-versa. Therefore, if the number of public expenditures increases, the number of payment requests created also increases, and vice-versa. The implementation of the Duodecimal regime also had significant effect on the processing of the payment request. The total number of payment requests created in the first quarter of 2019 is as follows. In January, the total number of Payment request created is 1,919, and in February, the number further decreased to 1,111. In March, however, the number went up considerably to 5,720. This fluctuation occurs due to abovementioned event (duodecimal regime). Therefore, from the total 8,750 Payment requests created in the first quarter of 2019, Line ministries created 4,328 payment requests, Autonomous agencies created 2,441, and municipalities created 1,981 payment requests. This also implies that in the first quarter of 2019, the total number of activities conducted as well as the total budget executed by line ministries are more than autonomous agencies and Municipalities.

On the other hand, during the processing of payments, several institutions encountered the issues of the returned payment request. Usually, the payment request is returned for a number of reasons such as incorrect coding block in PRT form, incorrect amount (different with the amount stated in invoice), incomplete documents, and not deduct the tax and Social security contribution. When the payment request is found incorrect, it will be returned to the concerned institution that created the payment request. That institution will be requested to rectify the error before sending back to Back offices to process the payment. The National Directorate of Payment observes that usually, this process is a time –consuming process. Some institutions could take more than one days to resolve such an issue. Therefore, it could affect the schedule of the payments or delay the payment.

In the first quarter, the total number of payment request returned is 195, of which 111 are returned to Line ministries, 16 are returned to Autonomous agencies, and 68 are returned to Municipalities.

**THE SUMMARY OF THE NUMBER OF PRT IN Q1
FOR YEAR-TO-DATE 2019**

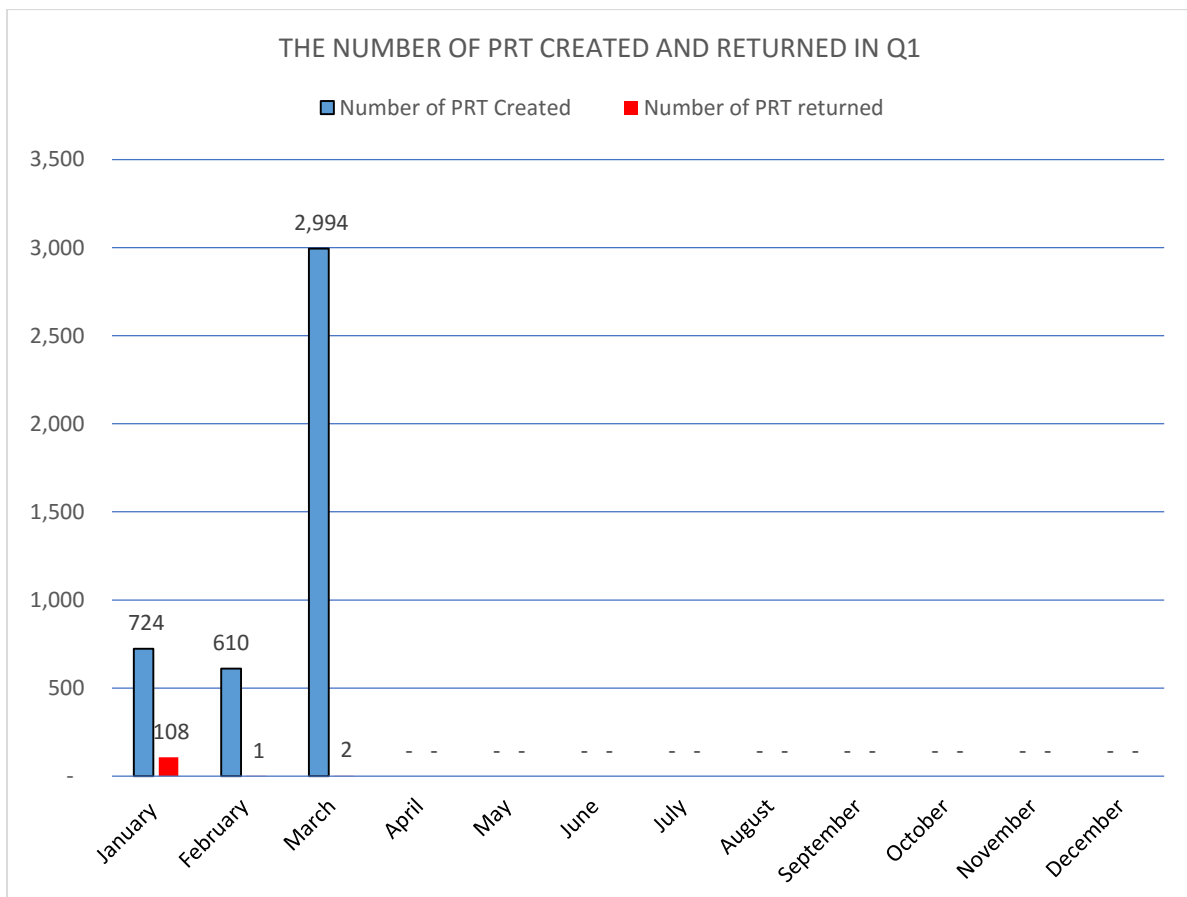
MONTH	Number of PRT Created	Amount of PRT	Number of PRT Returned	Amount Returned
JANUARY	1,919	\$19,867,352.05	161	\$1,669,902.00
FEBRUARY	1,111	\$22,278,953.15	5	\$6,531.25
MARCH	5,720	\$63,419,344.59	29	\$263,605.50
APRIL	-	-	-	-
MAY	-	-	-	-
JUNE	-	-	-	-
JULY	-	-	-	-
AUGUST	-	-	-	-
SEPTEMBER	-	-	-	-
OCTOBER	-	-	-	-
NOVEMBER	-	-	-	-
DECEMBER	-	-	-	-
TOTAL	8,750	\$105,565,649.79	195	\$1,940,038.75



A. PAYMENT REQUESTS CREATED BY LINE MINISTRIES

THE SUMMARY OF THE NUMBER OF PRTS CREATED BY AND RETURNED TO LINE MINISTRIES FOR YEAR-TO-DATE 2019

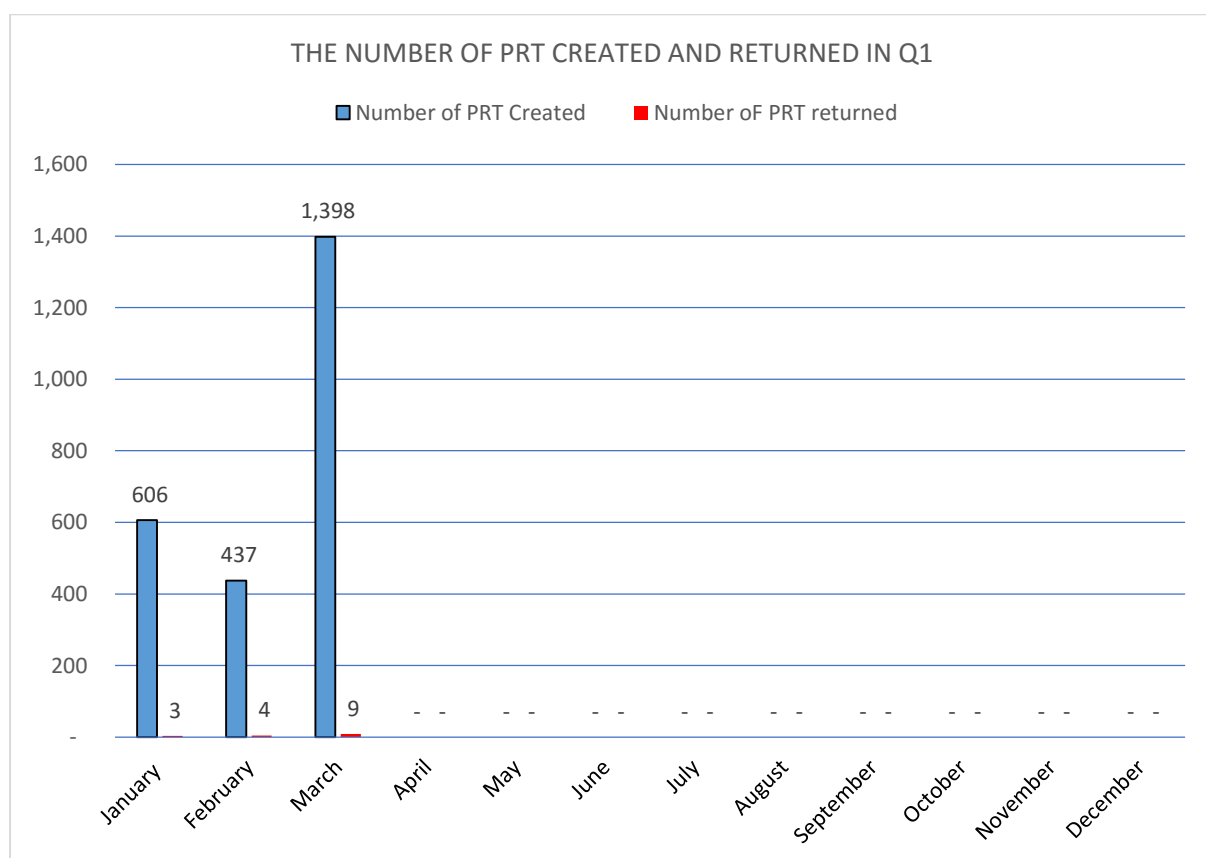
MONTH	Number of PRT Created	Amount of PRT	Number of PRT returned	Amount Returned
JANUARY	724	\$ 18,145,156.32	108	\$1,615,504
FEBRUARY	610	\$ 12,435,037.23	1	\$2,750
MARCH	2,994	\$41,212,698.90	2	\$1,850
APRIL	-	-	-	-
MAY	-	-	-	-
JUNE	-	-	-	-
JULY	-	-	-	-
AUGUST	-	-	-	-
SEPTEMBER	-	-	-	-
OCTOBER	-	-	-	-
NOVEMBER	-	-	-	-
DECEMBER	-	-	-	-
TOTAL	4,328	\$ 71,792,892.45	111	\$1,620,104



B. PAYMENT REQUESTS CREATED BY AUTONOMOUS AGENCIES

THE SUMMARY OF THE NUMBER OF PRTS CREATED BY AND RETURNED TO AUTONOMOUS AGENCIES
FOR YEAR-TO-DATE 2019

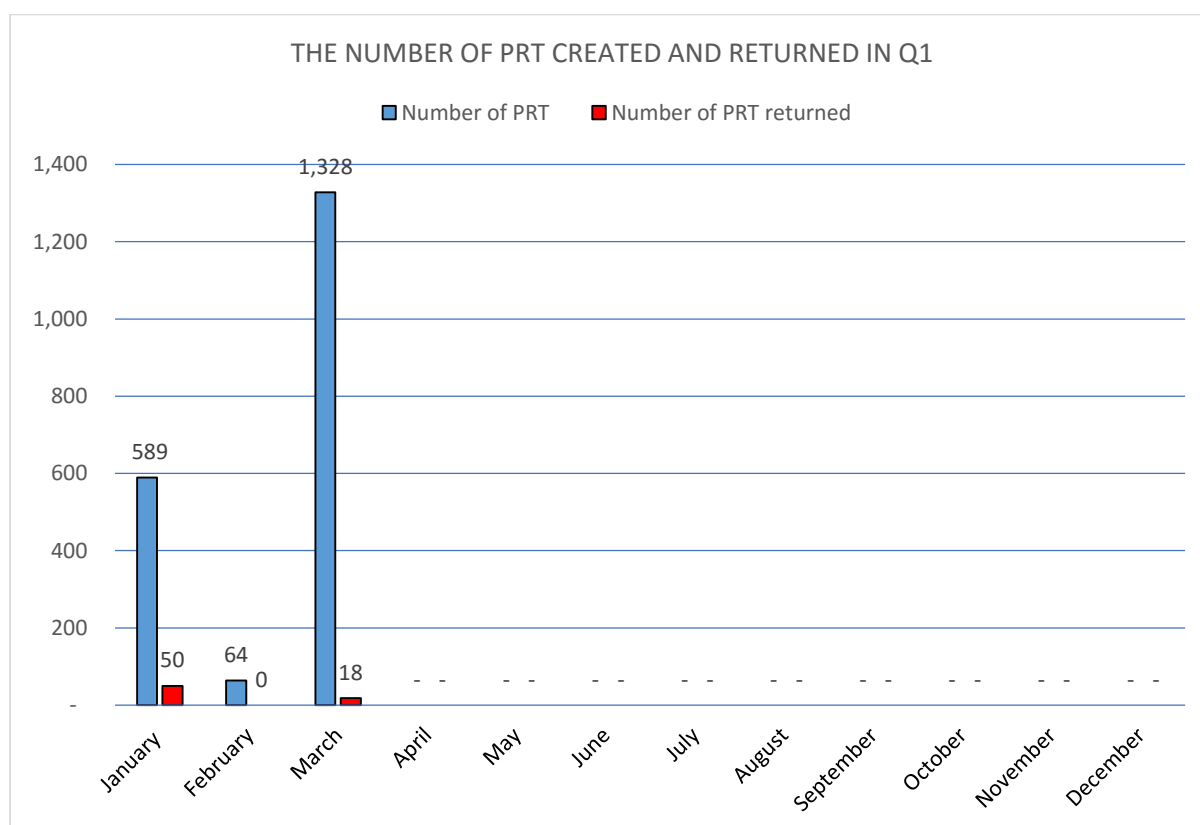
MONTH	Number of PRT Created	Amount of PRT	Number of PRT returned	Amount Returned
JANUARY	606	\$1,254,061.21	3	\$13,733.00
FEBRUARY	437	\$9,797,089.42	4	\$3,781.25
MARCH	1,398	\$18,860,660.24	9	\$29,940.00
APRIL	-	-	-	-
MAY	-	-	-	-
JUNE	-	-	-	-
JULY	-	-	-	-
AUGUST	-	-	-	-
SEPTEMBER	-	-	-	-
OCTOBER	-	-	-	-
NOVEMBER	-	-	-	-
DECEMBER	-	-	-	-
TOTAL	2,441	\$29,911,810.87	16	\$47,454.25



C. PAYMENT REQUESTS CREATED BY MUNICIPALITIES

THE SUMMARY OF THE NUMBER OF PRTS CREATED BY AND RETURNED TO MUNICIPALITIES
FOR YEAR-TO-DATE 2019

MONTH	Number of PRT Created	Amount of PRT	Number of PRT returned	Amount Returned
JANUARY	589	\$468,134.52	50	\$40,665
FEBRUARY	64	\$46,826.50	0	\$0
MARCH	1,328	\$3,345,985.45	18	\$231,816
APRIL	-	-	-	-
MAY	-	-	-	-
JUNE	-	-	-	-
JULY	-	-	-	-
AUGUST	-	-	-	-
SEPTEMBER	-	-	-	-
OCTOBER	-	-	-	-
NOVEMBER	-	-	-	-
DECEMBER	-	-	-	-
TOTAL	1,981	\$3,860,946.47	68	\$272,481



PAYMENT INSTRUMENTS ISSUED AND RETURNED

After the Payment Request form is verified and found correct and has complete documents attached with, it can proceed to the final payment. The final payment can be done in two modes; the first mode is the payment made with TPO, and the second is the payment made with Cheque. These payment instruments (TPO and CHK) are issued and sent to Central bank so as to initiate the transfer of funds between the Government account and the beneficiary's account in Commercial Bank.

Usually, one payment request will have one payment instrument, which is either TPO or Cheque. Most of the payment is effected with TPO; however, the cheque is issued as an exception if the beneficiary prefers the payment is made with that mode. Therefore, if the number of payment requests created increases, the number of payment instruments issued is also expected to increase. However, the monitoring activity concludes that every month, the total number of payment requests is either more or less than the total number of payment instruments issued. When the total number of payment requests created is higher than the total number of payment instruments issued, it means that even though public institution creates more Payment Requests, they only finalize some payment requests due to the rectification that has to be done with incorrect payment requests. Incorrect payment requests will be then processed in the next period. On the other hand, the total number of payment requests created in one period is less than the total number of payment instruments issued in that period is because the institutions do not only issue the payment instruments for the number of payment requests created in that relevant period but they also issue the payment instrument for unpaid payment requested created in the previous period. In addition, the total number of payment instruments issued in one period is classified into two groups. A group of payment instruments is issued for the total number of payment requests created, and another group of payment instruments is issued for the payment of Salary and Wages processed by the Payroll Department.

The report hereby presents a summary of the total number of payment instruments issued in the first quarter of 2019. It classifies the information about the payment instruments issued into two categories. The first category is the total number of payment instruments issued for the total number of payment requests created. In the first quarter, the total number of payment requests created is 8,750; however, the total number of payment instruments issued is 6,281.

The second category is the total number of payment instruments issued for the payment of salary and wages processed by the payroll department, which is not processed through the regular processing of the payment request. In regards to the payroll, there is only a small change in the total number of payment instruments issued for both TPO and CHK. Every month, the Payroll Department prepares one Cheque for the payment of salary and wages to the members of F-FDTL. In addition, the

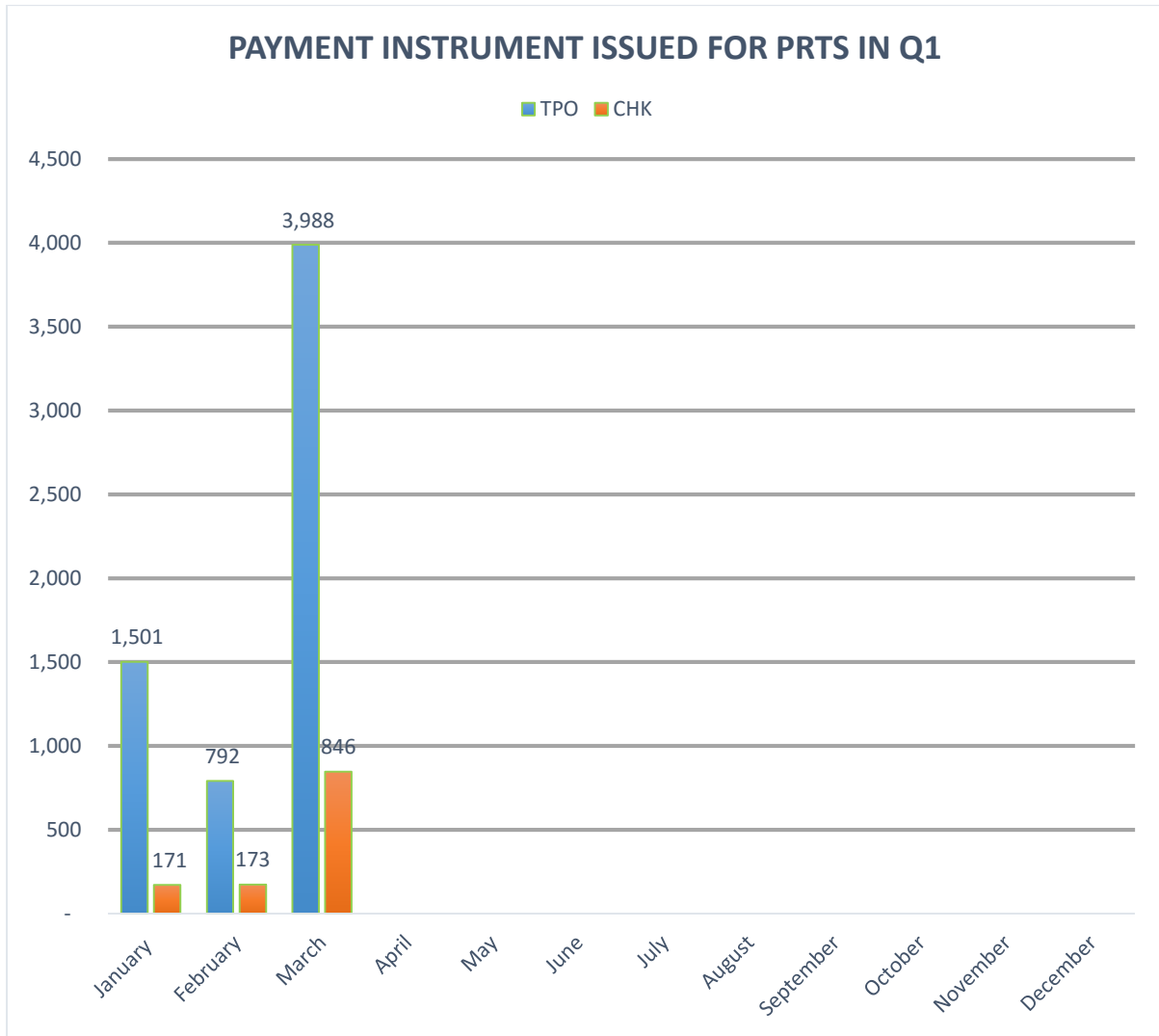
report also presents the information about the payment instruments issued for the payment made with Direct Budget Support (DBS).

On the other hand, several public institutions (LM/AA/MPO) also face the problem related to the issuance of the payment instruments. In the first quarter, there are 182 payment instruments returned by the central bank for rectifications. Normally, the Central Bank of Timor Leste returns the TPOs to the Treasury, or autonomous agency, or municipality for various reasons such as incorrect bank details, incorrect swift code, and IBAN, closed bank account, incorrect beneficiary's address, and unclear description of the payment. The Bank will request the Treasury/autonomous agency/municipalities to provide the correct bank details of the beneficiary. Once the Bank is provided the correct information of the beneficiary's bank details, it could re-initiate the process of transferring the fund to the beneficiary's account. Normally, this problem has two negative impacts on the payment process. The first impact is that the process of the rectification of payment instruments shall go through several steps, and this could be a time-consuming process. Consequently, it could cause a delay in payment. The second impact is that if the concerned institution fails to provide the bank details, the Bank will re-deposit fund to the Government account with the amount either exact as issued TPO or less.

A. PAYMENT INSTRUMENT ISSUED FOR PRT CREATED

THE SUMMARY OF THE NUMBER OF PAYMENT INSTRUMENTS ISSUED FOR THE NUMBER OF PRTS CREATED IN Q1
FOR YEAR-TO-DATE 2019

MONTH	Number of TPO	Amount TPO	Number of CHK	Amount CHK
JANUARY	1,501	\$17,382,338.58	171	\$1,571,899.80
FEBRUARY	792	\$26,569,198.17	173	\$1,114,505.49
MARCH	3,988	\$54,046,793.12	846	\$3,232,750.26
APRIL				
MAY				
JUNE				
JULY				
AUGUST				
SEPTEMBER				
OCTOBER				
NOVEMBER				
DECEMBER				
TOTAL	6,281	\$97,998,329.87	1,190	\$5,919,155.55



1. PAYMENT INSTRUMENTS ISSUED BY LINE MINISTRIES IN Q1

THE SUMMARY OF PAYMENT INSTRUMENTS ISSUED IN Q1 BY LINE MINISTRIES
FOR YEAR-TO-DATE

MONTH	TPO	Amount	CHK	Amount
JANUARY	428	\$15,869,697.34	93	\$1,280,106.20
FEBRUARY	406	\$8,934,981.16	96	\$724,019.14
MARCH	1,547	\$25,337,058.12	595	\$2,508,052.41
APRIL				
MAY				
JUNE				
JULY				
AUGUST				
SEPTEMBER				

OCTOBER				
NOVEMBER				
DECEMBER				
TOTAL	2,381	\$50,141,736.62	784	\$4,512,177.75

2. PAYMENT INSTRUMENTS ISSUED BY AUTONOMOUS AGENCIES IN Q1

THE SUMMARY OF PAYMENT INSTRUMENTS ISSUED Q1 BY AUTONOMOUS AGENCIES FOR YEAR-TO-DATE

MONTH	TPO	Amount	CHK	Amount
JANUARY	520	\$1,018,611.79	75	\$287,316.60
FEBRUARY	296	\$1,555,909.26	69	\$313,906.25
MARCH	1,142	\$25,651,015.53	250	\$722,336.25
APRIL				
MAY				
JUNE				
JULY				
AUGUST				
SEPTEMBER				
OCTOBER				
NOVEMBER				
DECEMBER				
TOTAL	1,958	\$28,225,536.58	394	\$1,323,559.10

3. PAYMENT INSTRUMENTS ISSUED BY MUNICIPALITIES IN Q1

THE SUMMARY OF PAYMENT INSTRUMENTS ISSUED IN Q1 BY MUNICIPALITIES FOR YEAR-TO-DATE 2019

MONTH	TPO	Amount	CHK	Amount
JANUARY	541	\$428,689.52	-	\$0.00
FEBRUARY	74	\$80,988.95	0	\$0.00
MARCH	1,281	\$2,914,218.95	-	\$0.00
APRIL				
MAY				
JUNE				
JULY				
AUGUST				

SEPTEMBER				
OCTOBER				
NOVEMBER				
DECEMBER				
TOTAL	1,896	\$3,423,897.42	-	\$0.00

4. PAYMENT INSTRUMENTS ISSUED FOR DIRECT BUDGET SUPPORT (DBS) IN Q1

THE SUMMARY OF PAYMENT INSTRUMENTS ISSUED FOR DBS IN Q1
FOR YEAR-TO-DATE 2019

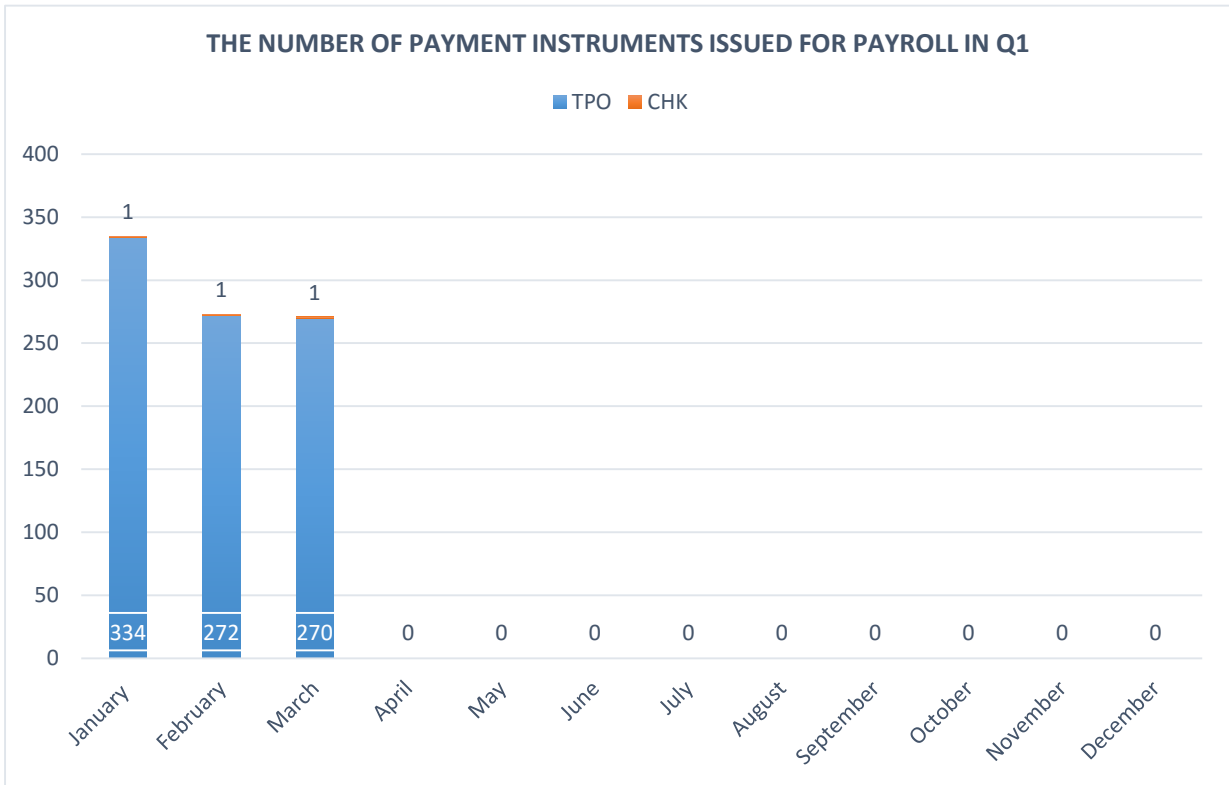
MONTH	TPO	Amount	CHK	Amount
JANUARY	12	\$65,339.93	3	\$4,477.00
FEBRUARY	16	\$108,074.64	8	\$67,664.40
MARCH	18	\$144,500.52	1	\$2,361.60
APRIL				
MAY				
JUNE				
JULY				
AUGUST				
SEPTEMBER				
OCTOBER				
NOVEMBER				
DECEMBER				
TOTAL	46	\$317,915.09	12	\$74,503.00

B. PAYMENT INSTRUMENTS ISSUED FOR PAYROLL

THE SUMMARY OF THE PAYMENT INSTRUMENTS ISSUED FOR PAYROLL IN Q1
FOR YEAR-TO-DATE 2019

MONTH	The number of TPO	Amount TPOs	The Number of CHK	Amount of CHK
JANUARY	334	\$13,359,832.30	1	\$8,915.70
FEBRUARY	272	\$15,889,244.16	1	\$8,915.70
MARCH	270	\$15,454,591.29	1	\$8,941.62
APRIL	0	\$0.00	0	\$0.00
MAY	0	\$0.00	0	\$0.00
JUNE	0	\$0.00	0	\$0.00

JULY	0	\$0.00	0	\$0.00
AUGUST	0	\$0.00	0	\$0.00
SEPTEMBER	0	\$0.00	0	\$0.00
OCTOBER	0	\$0.00	0	\$0.00
NOVEMBER	0	\$0.00	0	\$0.00
DECEMBER	0	\$0.00	0	\$0.00
TOTAL	876	\$44,703,667.75	3	\$26,773.02



C. PAYMENT INSTRUMENTS RETURNED

THE SUMMARY OF THE PAYMENT INSTRUMENTS RETURNED IN Q1
FOR YEAR-TO-DATE 2019

MONTH	No. TPO/CHK	Amount
JANUARY	51	\$61,581.73
FEBRUARY	73	\$190,443.81
MARCH	58	\$1,364,993.53
APRIL	0	0
MAY	0	0
JUNE	0	0

JULY	0	0
AUGUST	0	0
SEPTEMBER	0	0
OCTOBER	0	0
NOVEMBER	0	0
DECEMBER	0	0
TOTAL	182	\$1,617,019.07

PAYROLL AND PAYROLL VARIATIONS

One of the important assignments of the National Directorate of Payments is managing and processing the payroll for all Government's employees as well as ensure the deductions of tax and social security contributions.⁴ Normally, the payment of salary and wages is effected every month. The whole process of the payment of salary and wages is set out in the Government Decree-law.⁵

In accordance with the presented Decree-Law, every month, all Line ministries, autonomous agencies, and municipalities shall cooperate with the Public Service Commission regarding any payroll variations of permanent employees. Having received the payroll variations from Line Ministries, Autonomous Agencies, and Municipalities, the Public Service Commission shall send those payroll variations to the National Directorate of Payments before the 12th of each month.⁶ After receiving the information about payroll variations, the National Directorate of Payment will adjust that information in the payroll system and initiates the calculation. In addition, the process of the payroll for casual employees paid from Goods and Service budget, which is processed by the Payroll Department, also follows the same procedure; however, each line ministry, autonomy agency, and municipality will directly inform the National Directorate of payments (Payroll Department) any information about payroll variations, which should be made before the 15th of each month.⁷ The total number of payroll variations of both permanent and casual changes based on the information that line ministries, autonomous agencies, municipalities, and the Public Service Commission sent to the Payroll Department, and the total amount counted for also changes based on the number of the payroll variations.

⁴ Republica Democrática de Timor Leste, *Jornal da Republica; Diploma Ministerial no 35/2014 de 19 de Novembro; Estatuto Orgânico da Direção- Geral do Tesouro*, Timor Leste, 2014.

⁵ Republica Democrática de Timor Leste, *Jornal da Republica; Decreto do Governo no 3/2019 de 27 de Março; Execução do Orçamento Geral do Estado para 2019*, Timor Leste, 2019

⁶ Republica Democrática de Timor Leste, *Jornal da Republica; Decreto do Governo no 3/2019 de 27 de Março; Execução do Orçamento Geral do Estado para 2019*, Timor Leste, 2019

⁷ Ibid.

A. PAYROLL VARIATIONS OF THE PERMANENT EMPLOYEES

THE LIST OF PAYROLL VARIATIONS OF PERMANENT EMPLOYEES FOR YEAR-TO-DATE 2019

NO	Type of variations	January	February	March	April	May	June	July	August	September	October	November	December	Total
1	New Employee	3	24	97	0	0	0	0	0	0	0	0	0	124
2	Transfer Employee	695	15,387	221	0	0	0	0	0	0	0	0	0	16,303
3	Extension of Contract	284	4,585	194	0	0	0	0	0	0	0	0	0	5,063
4	Upgrade Level/Scale	166	104	979	0	0	0	0	0	0	0	0	0	1,249
5	Reactivation of Salary	26	36	38	0	0	0	0	0	0	0	0	0	100
6	Leave with Pay	1	2	-	0	0	0	0	0	0	0	0	0	3
7	Leave without Pay	0	2	-	0	0	0	0	0	0	0	0	0	2
8	Salary Cancellation/ Termination	96	64	82	0	0	0	0	0	0	0	0	0	242
9	Readjustment of Salary	10	-	979	0	0	0	0	0	0	0	0	0	989
10	Absence (Deduction)	344	415	1,013	0	0	0	0	0	0	0	0	0	1,772
11	Salary of Chief Positions	811	643	1,653	0	0	0	0	0	0	0	0	0	3,107
12	Termination for Chief Position Salary	13	6	46	0	0	0	0	0	0	0	0	0	65
13	Overtime	506	285	2,549	0	0	0	0	0	0	0	0	0	3,340
14	Retroactive Salary	91	4,662	1,685	0	0	0	0	0	0	0	0	0	6,438
15	Direct Transfer (Change of Bank Account)	176	210	243	0	0	0	0	0	0	0	0	0	629
16	Unpaid	41	8	209	0	0	0	0	0	0	0	0	0	258
17	Overpayment deduction	42	236	51	0	0	0	0	0	0	0	0	0	329
18	Payment of Salary and Allowance	0	-	-	0	0	0	0	0	0	0	0	0	-

Total	3,305	26,669	10,039	0	0	0	0	0	0	0	0	0	40,013
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**THE TOTAL AMOUNT COUNTED FOR PAYROLL VARIATIONS OF PERMANENT EMPLOYEES
FOR YEAR-TO-DATE 2019**

NO	Type of variations	January	February	March	April	May	June	July	August	September	October	November	December	Total
1	New Employee	\$3,435.82	\$8,404.00	\$42,207.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$54,046.82
2	Transfer Employee	\$226,358.00	\$390,747.00	\$5,349.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$622,454.00
3	Extension of Contract	\$61,249.14	\$942,864.00	\$7,329.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1,011,442.14
4	Upgrade Level/Scale	\$5,108.00	\$9,380.00	\$268,326.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$282,814.00
5	Reactivation of Salary	\$19,802.38	\$16,492.00	\$10,049.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$46,343.38
6	Leave with Pay	\$587.50	\$1,149.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1,736.50
7	Leave without Pay	\$0.00	\$353.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$353.00
8	Salary Cancellation/ Termination	\$25,320.85	\$23,962.00	\$667,240.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$716,522.85
9	Readjustment of Salary	\$8,148.65	\$294.00	\$59,171.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$67,613.65
10	Absence (Deduction)	\$566.05	\$259.00	\$94.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$919.05
11	Salary of Chief Positions	\$76,161.50	\$95,290.00	\$200,495.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$371,946.50
12	Termination for Chief Position Salary	\$1,545.00	\$1,652.00	\$17,618.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$20,815.00
13	Overtime	\$24,390.91	\$20,586.00	\$233,264.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$278,240.91
14	Retroactive Salary	\$42,746.12	\$1,019,015.00	\$214,452.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1,276,213.12
15	Direct Transfer (Change of Bank Account)	\$28,667.82	\$41,551.00	\$39,995.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$110,213.82
16	Unpaid	\$18,565.05	\$416.00	\$44,632.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$63,613.05

17	Overpayment deduction	\$1,417.07	\$5,409.00	\$8,582.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$15,408.07
18	Payment of Salary and Allowance	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	Total	\$544,069.86	\$2,577,822.00	\$1,818,803.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$4,940,695.86

B. PAYROLL VARIATIONS OF THE CASUAL EMPLOYEES

THE LIST OF PAYROLL VARIATIONS OF CASUAL EMPLOYEES FOR YEAR-TO-DATE 2019

NO	Type of variations	January	February	March	April	May	June	July	August	September	October	November	December	Total
1	New Employee	0	110	112	0	0	0	0	0	0	0	0	0	222
2	Transfer Employee	300	551	46	0	0	0	0	0	0	0	0	0	897
3	Extension of Contract	2071	1120	393	0	0	0	0	0	0	0	0	0	3584
4	Upgrade Level/Scale	0	28	117	0	0	0	0	0	0	0	0	0	145
5	Reactivation of Salary	0	1	8	0	0	0	0	0	0	0	0	0	9
6	Leave with Pay	0	0	0	0	0	0	0	0	0	0	0	0	0
7	Leave without Pay	0	1	0	0	0	0	0	0	0	0	0	0	1
8	Salary Cancellation/ Termination	293	8	34	0	0	0	0	0	0	0	0	0	335
9	Readjustment of Salary	1	0	136	0	0	0	0	0	0	0	0	0	137
10	Absence (Deduction)	153	52	339	0	0	0	0	0	0	0	0	0	544
11	Salary of Chief Positions	21	180	90	0	0	0	0	0	0	0	0	0	291

12	Termination for Chief Position Salary	0	0	1	0	0	0	0	0	0	0	0	0	1
13	Overtime	44	0	29	0	0	0	0	0	0	0	0	0	73
14	Retroactive Salary	45	1004	333	0	0	0	0	0	0	0	0	0	1382
15	Direct Transfer (Change of Bank Account)	2	2	3	0	0	0	0	0	0	0	0	0	7
16	Unpaid	1	5	0	0	0	0	0	0	0	0	0	0	6
17	Overpayment deduction	0	1010	146	0	0	0	0	0	0	0	0	0	1156
18	Payment of Salary and Allowance	0	0	0	0	0	0	0	0	0	0	0	0	0
	Total	2,931	4,072	1,787	0	0	0	0	0	0	0	0	0	8790

**THE TOTAL AMOUNT COUNTED FOR PAYROLL VARIATIONS OF CASUAL EMPLOYEES
FOR YEAR-TO-DATE 2019**

NO	Type of variations	January	February	March	April	May	June	July	August	September	October	November	December	Total
1	New Employee	-	\$6,050.60	\$16,915.08	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$22,965.68
2	Transfer Employee	\$47,764.00	\$32,570.00	\$4,996.50	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$85,330.50
3	Extension of Contract	\$386,521.34	\$97,028.94	\$55,630.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$539,180.28
4	Upgrade Level/Scale	\$0.00	\$2,518.00	\$19,609.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$22,127.00
5	Reactivation of Salary	\$0.00	\$204.00	\$4,541.73	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$4,745.73
6	Leave with Pay	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
7	Leave without Pay	\$0.00	\$432.60	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$432.60
8	Salary Cancellation/ Termination	\$45,371.30	\$1,785.63	\$9,629.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$56,785.93
9	Readjustment of Salary	\$700.00	\$0.00	\$3,744.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$4,444.00

10	Absence (Deduction)	\$0.00	\$132.99	\$733.60	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$866.59
11	Salary of Chief Positions	\$5,699.00	\$13,678.00	\$6,195.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$25,572.00
12	Termination for Chief Position Salary	\$0.00	\$0.00	\$955.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$955.00
13	Overtime	\$0.00	\$0.00	\$4,460.82	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$4,460.82
14	Retroactive Salary	\$11,356.87	\$192,141.79	\$35,637.24	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$239,135.90
15	Direct Transfer (Change of Bank Account)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
16	Unpaid	\$75.00	\$375.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$450.00
17	Overpayment deduction	\$0.00	\$30,178.00	\$2,544.90	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$32,722.90
18	Payment of Salary and Allowance	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	Total	\$497,487.51	\$377,095.55	\$165,591.87	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1,040,174.93

C. PAYROLL DATA

1. MEMBER OF PARLIAMENT

THE SUMMARY OF THE PAYROLL OF THE MEMBERS OF PARLIAMENT
FOR YEAR-TO-DATE 2019

MONTH	No. of Person	Gross amount U\$	Tax U\$	SSC%	SSC 6%	Net amount
JANUARY	65	\$243,672.50	\$21,167.16	\$7,826.90	\$0.00	\$214,678.44
FEBRUARY	65	\$248,712.50	\$21,621.16	\$4,924.00	\$0.00	\$227,091.34
MARCH	65	\$248,712.50	\$21,621.16	\$4,924.00	\$0.00	\$227,091.34
APRIL						
MAY						
JUNE						
JULY						
AUGUST						
SEPTEMBER						
OCTOBER						
NOVEMBER						
DECEMBER						
TOTAL	195	\$741,097.50	\$64,409.48	\$17,674.90	\$0.00	\$668,861.12

2. MEMBER OF GOVERNMENT

THE SUMMARY OF THE PAYROLL OF THE MEMBERS OF GOVERNMENT
FOR YEAR-TO-DATE 2019

MONTH	No. of Person	Gross amount U\$	Tax U\$	SSC%	SSC 6%	Net amount
JANUARY	27	\$84,161.75	\$7,173.08	\$6,732.94	\$0.00	\$70,255.73
FEBRUARY	27	\$84,161.75	\$7,173.08	\$6,732.94	\$0.00	\$70,255.73
MARCH	27	\$84,161.75	\$7,173.08	\$6,732.94	\$0.00	\$70,255.73
APRIL						
MAY						
JUNE						
JULY						
AUGUST						
SEPTEMBER						
OCTOBER						
NOVEMBER						

DECEMBER							
TOTAL	81	\$252,485.25	\$21,519.24	\$20,198.82	\$0.00	\$210,767.19	

3. CIVIL SERVANTS

THE SUMMARY OF THE PAYROLL OF CIVIL SERVANTS
FOR YEAR-TO-DATE 2019

MONTH	No. of Person	Gross amount U\$	Tax U\$	SSC%	SSC 6%	Net amount
JANUARY	28,134	\$10,669,647.59	\$121,941.01	\$415,210.33	\$0.00	\$10,132,496.25
FEBRUARY	32,563	\$12,876,567.29	\$136,580.47	\$493,568.46	\$0.00	\$12,174,630.43
MARCH	32,810	\$12,412,997.56	\$143,130.89	\$467,605.73		\$11,729,285.65
APRIL						
MAY						
JUNE						
JULY						
AUGUST						
SEPTEMBER						
OCTOBER						
NOVEMBER						
DECEMBER						
TOTAL	93,507	\$35,959,212.44	\$401,652.37	\$1,376,384.52	\$0.00	\$34,036,412.33

4. MEMBER OF PNTL

THE SUMMARY OF THE PAYROLL OF THE MEMBERS OF PNTL
FOR YEAR-TO-DATE 2019

MONTH	No. of Person	Gross amount U\$	Tax U\$	SSC%	SSC 6%	Net amount
JANUARY	4,196	\$1,252,616.16	\$1,511.22	\$42,563.44	\$0.00	\$1,208,541.50
FEBRUARY	4,181	\$1,274,893.57	\$4,477.85	\$42,103.68	\$0.00	\$1,270,415.72
MARCH	4,212	\$1,296,266.08	\$1,447.57	\$42,257.95	\$0.00	\$1,294,818.51
APRIL						
MAY						
JUNE						
JULY						
AUGUST						
SEPTEMBER						

OCTOBER						
NOVEMBER						
DECEMBER						
TOTAL	12,589	\$3,823,775.81	\$7,436.64	\$126,925.07	\$0.00	\$3,773,775.73

5. MEMBER OF F-FDTL

THE SUMMARY OF THE PAYROLL OF THE MEMBERS OF F-FDTL FOR YEAR-TO-DATE 2019

MONTH	No. of Person	Gross amount U\$	Tax U\$	SSC%	SSC 6%	Net amount
JANUARY	2,211	\$618,926.70	\$1,211.18	\$24,757.09	\$0.00	\$592,958.43
FEBRUARY	2,211	\$619,638.95	\$1,206.29	\$24,760.25	\$0.00	\$618,432.66
MARCH	2,212	\$646,058.50	\$1,240.16	\$25,793.34	\$0.00	\$644,818.34
APRIL						
MAY						
JUNE						
JULY						
AUGUST						
SEPTEMBER						
OCTOBER						
NOVEMBER						
DECEMBER						
TOTAL	6,634	\$1,884,624.15	\$3,657.63	\$75,310.68	\$0.00	\$1,856,209.43

6. EIS-TITULARES

THE SUMMARY OF THE PENSIONS FOR EIS TITULARES FOR YEAR-TO-DATE 2019

MONTH	No. of Person	Gross amount U\$	Tax U\$	SSC%	SSC 6%	Net amount
JANUARY	194	\$363,579.78	\$25,900.51	\$0.00		\$337,679.27
FEBRUARY	190	\$317,629.78	\$22,813.01	-	-\$2,139,592	\$294,816.77
MARCH	191	\$348,217.60	\$25,721.79	\$0.00		\$322,495.81
APRIL						
MAY						
JUNE						
JULY						

AUGUST						
SEPTEMBER						
OCTOBER						
NOVEMBER						
DECEMBER						
TOTAL	575	\$1,029,427.16	\$74,435.31	\$0.00	-\$2,139,592	\$954,991.85

7. CASUAL EMPLOYEES

THE SUMMARY OF THE PAYROLL OF CASUAL EMPLOYEES FOR YEAR-TO-DATE 2019

MONTH	No. of Person	Gross amount U\$	Tax U\$	SSC%	SSC 6%	Net amount
JANUARY	3,451	\$849,058.88	\$5,082.63	\$31,424.11	\$0.00	\$812,552.14
FEBRUARY	4,607	\$1,290,533.26	\$6,092.83	\$41,923.22	\$0.00	\$1,242,517.21
MARCH	4,720	\$1,233,736.61	\$6,785.09	\$42,686.97	\$0.00	\$1,184,264.55
APRIL						
MAY						
JUNE						
JULY						
AUGUST						
SEPTEMBER						
OCTOBER						
NOVEMBER						
DECEMBER						
TOTAL	12,778	\$3,373,328.75	\$17,960.55	\$116,034.30	\$0.00	\$3,239,333.90

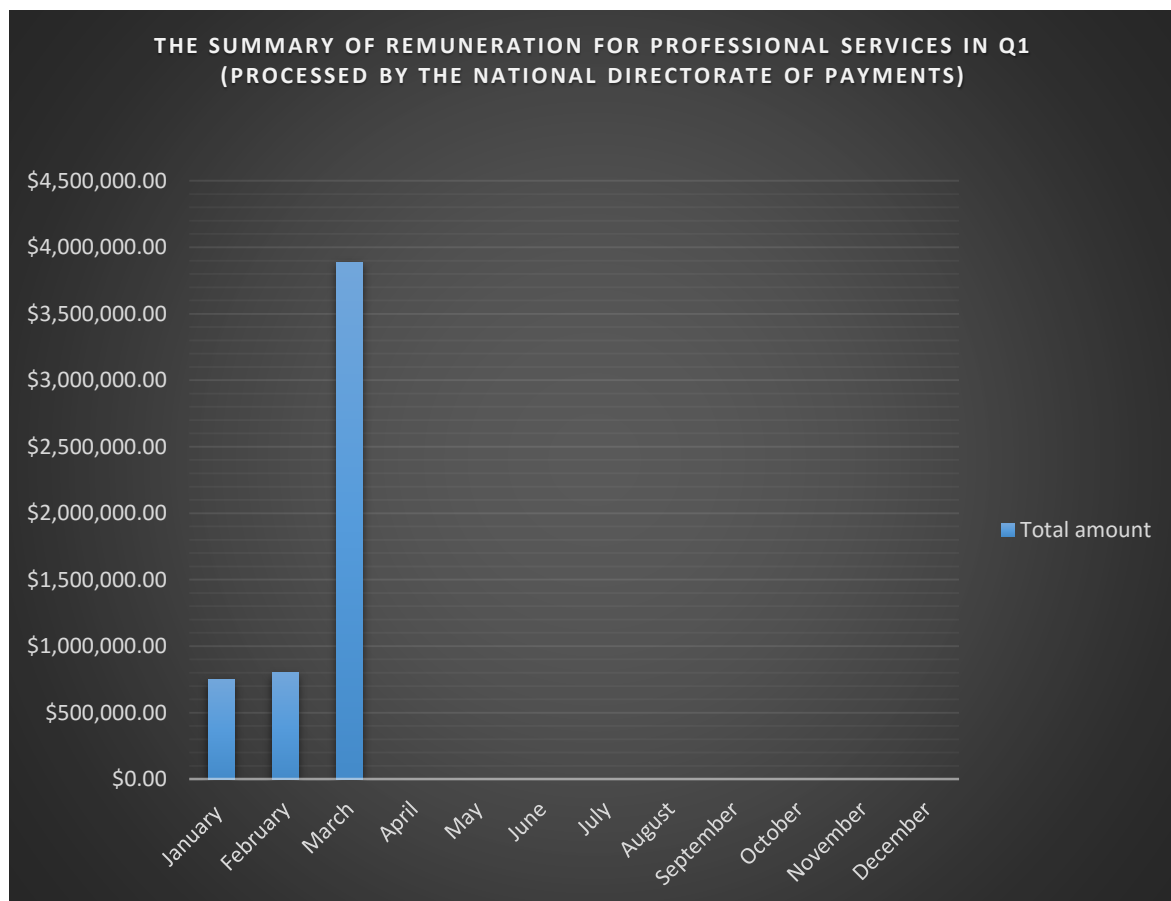
REMUNERATION FOR PROFESSIONAL SERVICES

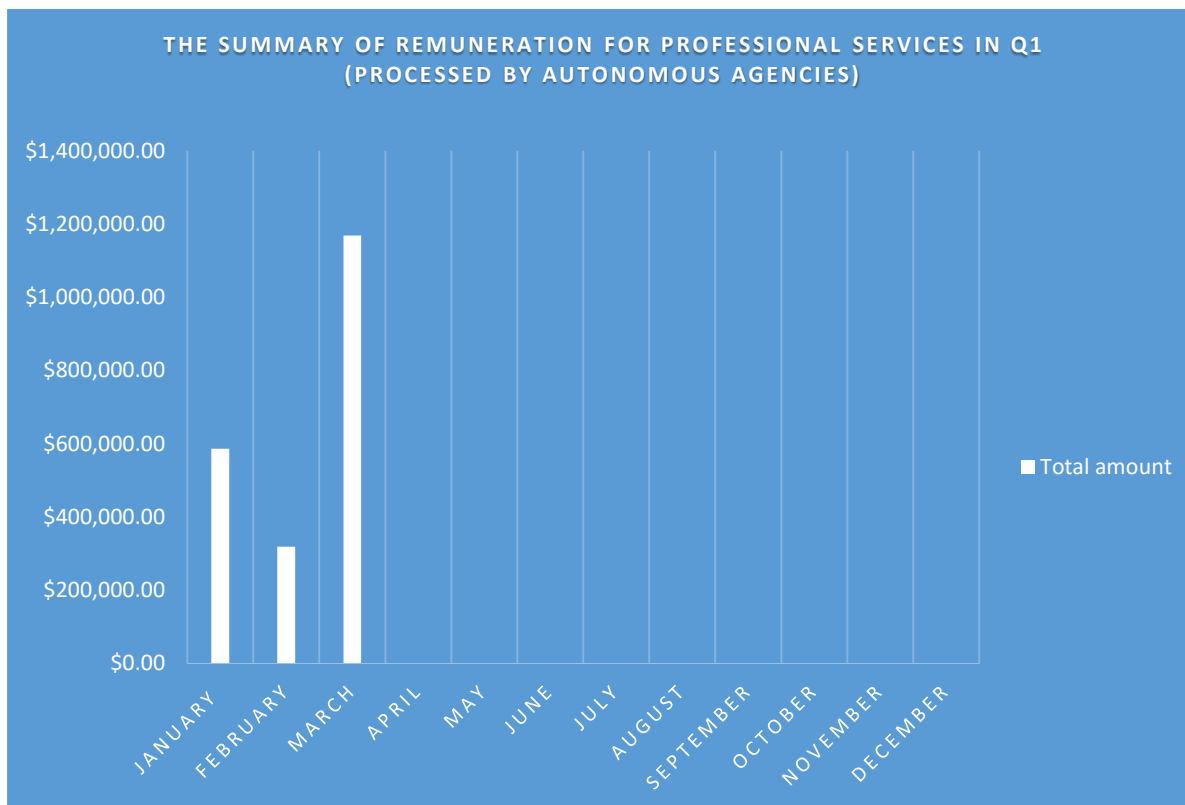
The remuneration for professional services such as National and International advisors is not processed through the regular payroll system, and the remuneration is paid from Goods and Service budget.

THE SUMMARY OF REMUNERATION FOR PROFESSIONAL SERVICES FOR YEAR-TO-DATE 2019

MONTH	Treasury		Autonomous agencies	
	No. of Professional Services	Total amount	No. of Professional Services	Total amount
JANUARY	217	\$746,117.23	311	\$586,824.08

FEBRUARY	219	\$799,795.52	188	\$319,144.34
MARCH	628	\$3,888,717.95	586	\$1,168,369.80
APRIL				
MAY				
JUNE				
JULY				
AUGUST				
SEPTEMBER				
OCTOBER				
NOVEMBER				
DECEMBER				
TOTAL	1,064	\$5,434,630.70	1,085	\$2,074,338.22





SOCIAL BENEFITS

As a part of the Government plans to improve social and economic welfare as well as to promote economic and social cohesion among its people, it provides financial support, which is known as social benefits, to disadvantaged group of people such as Veterans, Civil Servant retirees, elders and people with disabilities as well Bolça da mãe and Bolça aos filhos dos Veteranos.⁸

The National Directorate of Payments is one of the agencies of the Ministry of Finance that is responsible for the payment of social benefits such as pensions and other public subsidies.⁹ One of the categories of the beneficiary of the social benefit is Veterans.¹⁰ The Procedure of the payment of social benefits conforms to the general procedure of the executions of Public Transfer Budget as described in the Decree-Law.¹¹

Every month, the National Directorate of Payments is given a list of the Veterans by the Ministry of Social Solidarity so as to process the payment of social benefits for. The National

⁸ Republica Democrática de Timor Leste, *Jornal da Republica*; *Decreto do Governo no 1/2009 de 8 de Fevereiro*, Timor Leste, 2019.

⁹ Republica Democrática de Timor Leste, *Jornal da Republica*; *Diploma Ministerial no 35/2014 de 19 de Novembro*; *Estatuto Orgânico da Direção-Geral do Tesouro*, Timor Leste, 2014.

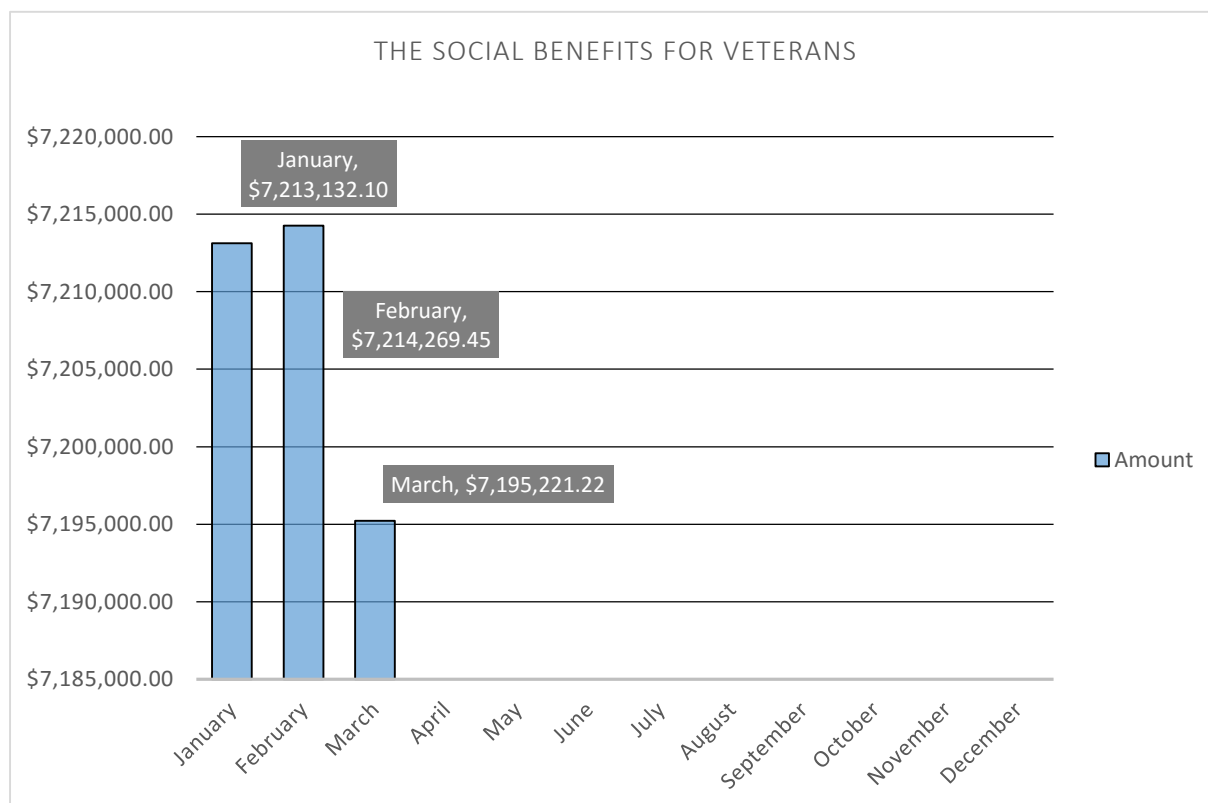
¹⁰ Republica Democrática de Timor Leste, *Jornal da Republica*; *Decreto do Governo no 1/2009 de 18 Fevereiro* Timor Leste, 2009.

¹¹ Republica Democrática de Timor Leste, *Jornal da Republica*; *Decreto do Governo no 3/2019 de 27 de Março*; *Execução do Orçamento Geral do Estado para 2019*, Timor Leste, 2019.

Directorate of Payment will process the payment following the normal procedure set out in Decree-law. All payment of social benefits for Veterans is transfer directly to the beneficiaries' bank account.

THE SUMMARY OF SOCIAL BENEFITS FOR VETERANS
FOR YEAR-TO-DATE 2019

MONTH	No. of persons	Amount	Non-Bank	With Bank	% with bank transfer
JANUARY	28,250	\$7,213,132.10	0	28,250	100%
FEBRUARY	28,224	\$7,214,269.45	0	28,224	100%
MARCH	28,184	\$7,195,221.22	0	28,184	100%
APRIL	-		0	-	0%
MAY			0	-	0%
JUNE			0	-	0%
JULY			0	-	0%
AUGUST			0	-	0%
SEPTEMBER			0	-	0%
OCTOBER			0	-	0%
NOVEMBER			0	-	0%
DECEMBER			0	-	0%
TOTAL	84,658	\$21,622,622.77	0	84,658	100%



ADVANCE PAYMENTS

Advance Payment is a method of payment that is made with an objective to transfer sufficient funds to each spending unit so that each could use to finance specific activities as well as any unexpected expenditure. Usually, there are two types of advance payments. The first is the advance payment made to finance defined activities and program such as:

LINE ITEMS	DESCRIPTIONS
1400	District Imprest Advance
6253	Oversea Travel – Advance for the member of the Government.
6256	Overseas Travel - Officials-Advance
6259	Overseas Travel-Others-Advance
7215	Transfer of Advance for personal payments.
7225	Transfer of Advance for Public Transfer.
7400	Petty Cash
7600	G&S General Embassy Advance
8050	Advance Minor Capital Embassy
4038	Contingency Advance
6201	Advance Local travel
6303	Advance Training & workshops

The second is the petty cash, which is transferred to each institution so as to finance unexpected expenses requiring a small amount of budget. The National Directorate of Payment is responsible for the transfer of the advance payment to Line ministries. However, Autonomous agencies and Municipalities are responsible for their own budget executions; therefore, they are fully responsible for managing the advance payments and petty cash.

The Government Decree-law no.3/2019 describes all necessary steps that each institution shall follow regarding the process of the advance payments.¹² The presented law states that the request for the advance payment shall be made with the preparation of PRT/CPV as well as all necessary documents that are used as evidence to support the requests. The requests for the subsequent advance payments or replenishment of advance payments shall be made with the preparations of CPV and necessary documents as well as the acquittal report of the previous advance payments. It means that any earlier advance payments must be retired before requesting for the replenishment. The advance payment will not be processed if the earlier advance payment is not yet fully retired or made balance. In addition, the law states that the requests for advance payment shall be made every quarter

¹² Republica Democrática de Timor Leste, *Jornal da Republica; Decreto do Governo no 3/2019 de 27 de Março; Execução do Orçamento Geral do Estado para 2019*, Timor Leste, 2019

except for the requests of advance payment to embassies, which is made every semester. Therefore, all institutions are requested to prepare complete acquittal reports every quarter.

This quarterly report will pay more attention to the status of outstanding advance payments held by line ministries, autonomous agencies, and Municipalities. The report presents a summary of the advance payments in each month of the first quarter. It concludes that in the first quarter these institutions (LM/AA/MP) still have excessive outstanding advance payment. Line ministries have 61% outstanding advance, Autonomous agencies have 71% of the outstanding advance, and Municipalities have 74.99% outstanding advances. Therefore, in the first quarter municipalities have higher outstanding advance than Autonomous agencies and Line Ministries.

**THE SUMMARY OF THE ADVANCE PAYMENTS HELD BY LM, AA, AND MP
AS OF JANUARY 2019**

LINE MINISTRIES		
DESCRIPTIONS	Total Amount	Percentage
SUM OF ADVANCE PAYMENTS	\$1,870,768.98	
SUM OF ACQUITTED ADVANCE	\$90,636.00	
OUTSTANDING ADVANCE	\$1,780,132.98	
PERCENTAGE ACQUITTED ADVANCE		4.84%
PERCENTAGE OUTSTANDING ADVANCE		95.16%
AUTONOMOUS AGENCIES		
DESCRIPTIONS	Total Amount	Percentage
SUM OF ADVANCE PAYMENTS	\$141,962	
SUM OF ACQUITTED ADVANCE	\$7,480	
OUTSTANDING ADVANCE	\$134,482	
PERCENTAGE ACQUITTED ADVANCE		5.27%
PERCENTAGE OUTSTANDING ADVANCE		94.73%
MUNICIPALITIES		
DESCRIPTIONS	Total Amount	Percentage
SUM OF ADVANCE PAYMENTS	\$109,808.45	
SUM OF ACQUITTED ADVANCE	\$119,524.25	
OUTSTANDING ADVANCE	(\$9,715.80)	
PERCENTAGE ACQUITTED ADVANCE		108.85%

PERCENTAGE OUTSTANDING ADVANCE	-8.85%
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THE SUMMARY OF THE ADVANCE PAYMENTS HELD BY LM, AA, AND MP
AS OF FEBRUARY 2019

LINE MINISTRIES		
DESCRIPTIONS	Total Amount	Percentage
SUM OF ADVANCE PAYMENTS	\$3,143,034.48	
SUM OF ACQUITTED ADVANCE	\$861,219.74	
OUTSTANDING ADVANCE	\$2,281,814.74	
PERCENTAGE ACQUITTED ADVANCE		27%
PERCENTAGE OUTSTANDING ADVANCE		73%
AUTONOMOUS AGENCIES		
DESCRIPTIONS	Total Amount	Percentage
SUM OF ADVANCE PAYMENTS	\$418,719.25	
SUM OF ACQUITTED ADVANCE	\$116,739.00	
OUTSTANDING ADVANCE	\$301,980.25	
PERCENTAGE ACQUITTED ADVANCE		28%
PERCENTAGE OUTSTANDING ADVANCE		72%
MUNICIPALITIES		
DESCRIPTIONS	Total Amount	Percentage
SUM OF ADVANCE PAYMENTS	\$241,609.85	
SUM OF ACQUITTED ADVANCE	\$212,767.40	
OUTSTANDING ADVANCE	\$28,842.45	
PERCENTAGE ACQUITTED ADVANCE		88%
PERCENTAGE OUTSTANDING ADVANCE		12%

THE SUMMARY OF THE ADVANCE PAYMENTS HELD BY LM, AA, AND MP
AS OF MARCH 2019

LINE MINISTRIES		
DESCRIPTIONS	Total Amount	Percentage
SUM OF ADVANCE PAYMENTS	\$8,044,739.68	
SUM OF ACQUITTED ADVANCE	\$3,126,937.97	
OUTSTANDING ADVANCE	\$4,917,801.71	

PERCENTAGE ACQUITTED ADVANCE		38.87%
PERCENTAGE OUTSTANDING ADVANCE		61.13%
AUTONOMOUS AGENCIES		
DESCRIPTIONS	Total Amount	Percentage
SUM OF ADVANCE PAYMENTS	\$718,178.97	
SUM OF ACQUITTED ADVANCE	\$206,898.98	
OUTSTANDING ADVANCE	\$511,279.99	
PERCENTAGE ACQUITTED ADVANCE		28.81%
PERCENTAGE OUTSTANDING ADVANCE		71.19%
MUNICIPALITIES		
DESCRIPTIONS	Total Amount	Percentage
SUM OF ADVANCE PAYMENTS	\$1,584,658.72	
SUM OF ACQUITTED ADVANCE	\$396,300.35	
OUTSTANDING ADVANCE	\$1,188,358.37	
PERCENTAGE ACQUITTED ADVANCE		25.01%
PERCENTAGE OUTSTANDING ADVANCE		74.99%

INTERNAL CONTROL RECOMMENDATIONS

One of the mechanisms that an institution usually uses to safeguard its activities and all processed involved is developing an effective internal control system, which is established to assure that policies, rules, procedures are implemented to all employees to achieve institution's objective. Regarding the payment activity and process, the report hereby provides a general recommendation on how each institution could improve its internal control system and guarantee the exceptional service in processing the payment. There are four general recommendations for enhancing the internal control system.

- a. Each institution needs to assure that all the employees are provided legal documents such as Budget and Financial Management Law and Government Decree-law on Budget executions as well as other necessary legal frameworks so that they could observe all legal mandates and procedures when they conduct the payment activities.
- b. The head of each institution must ensure that their employees take fully responsibility for the tasks and follow proper procedures.
- c. There must be an appropriate system of the segregation of duties, which facilitate the institution to assign a specific task to the different employee. The system is designed to

help the institution to mitigate the intentional and unintentional acts as well as any potential threats that might prevent the institution to achieve its goal. In addition, there must be proper control made on IFMISU user Management and System Access.

- d. Each institution is required to have a proper archiving system for vendor's details and other necessities documents related to current and past payment activities and keep updating any information regarding vendor's details. In addition, each institution is required to have the standard operating procedure for each type of payments.
- e. A proper risk assessment strategy should be developed by each institution so as to help them to identify, assess, and mitigate any potential risk associated with the payment activity.
- f. A Budget-to-Actual Variance analysis must be carried out by each group of the institution to review whether their budget executions process is properly performed as expected, which could be a basis for the next quarters' budget executions process.

CONCLUSION

To sum up, overall the number of the payment activities, as well as the total budget executed in the first quarter, decreased as several line ministries, autonomous agencies, and municipalities only execute few activities in January and February. This situation could impact the process of the execution in the next three quarters because several institutions need to accelerate their budget execution process to reflect what they have already planned in their annual plans. This further can affect the schedule of the budget allocation in the next three quarters. In addition, the issues associated with the payment process might imply that several institutions need to review the internal control system and promote the development of the capacity building. The report found that these issues raise due to a weak of internal control and human error.