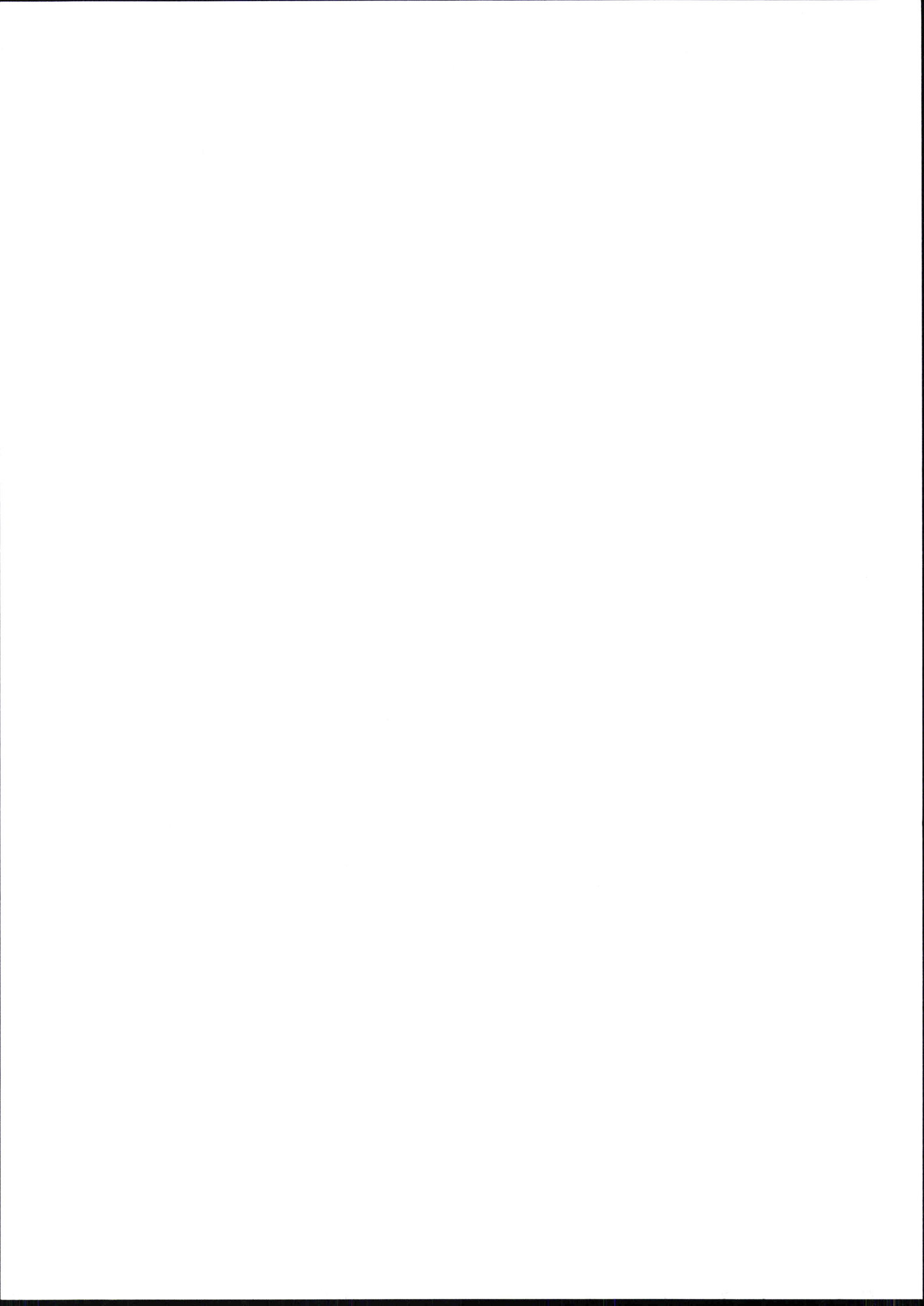


APPROVED

TSOLMON.J
DIRECTOR AND GENERAL INVESTIGATOR
AIRCRAFT ACCIDENT AND INCIDENT
INVESTIGATIONS BUREAU

PROCEDURE FOR BUDGET DEVELOPMENT

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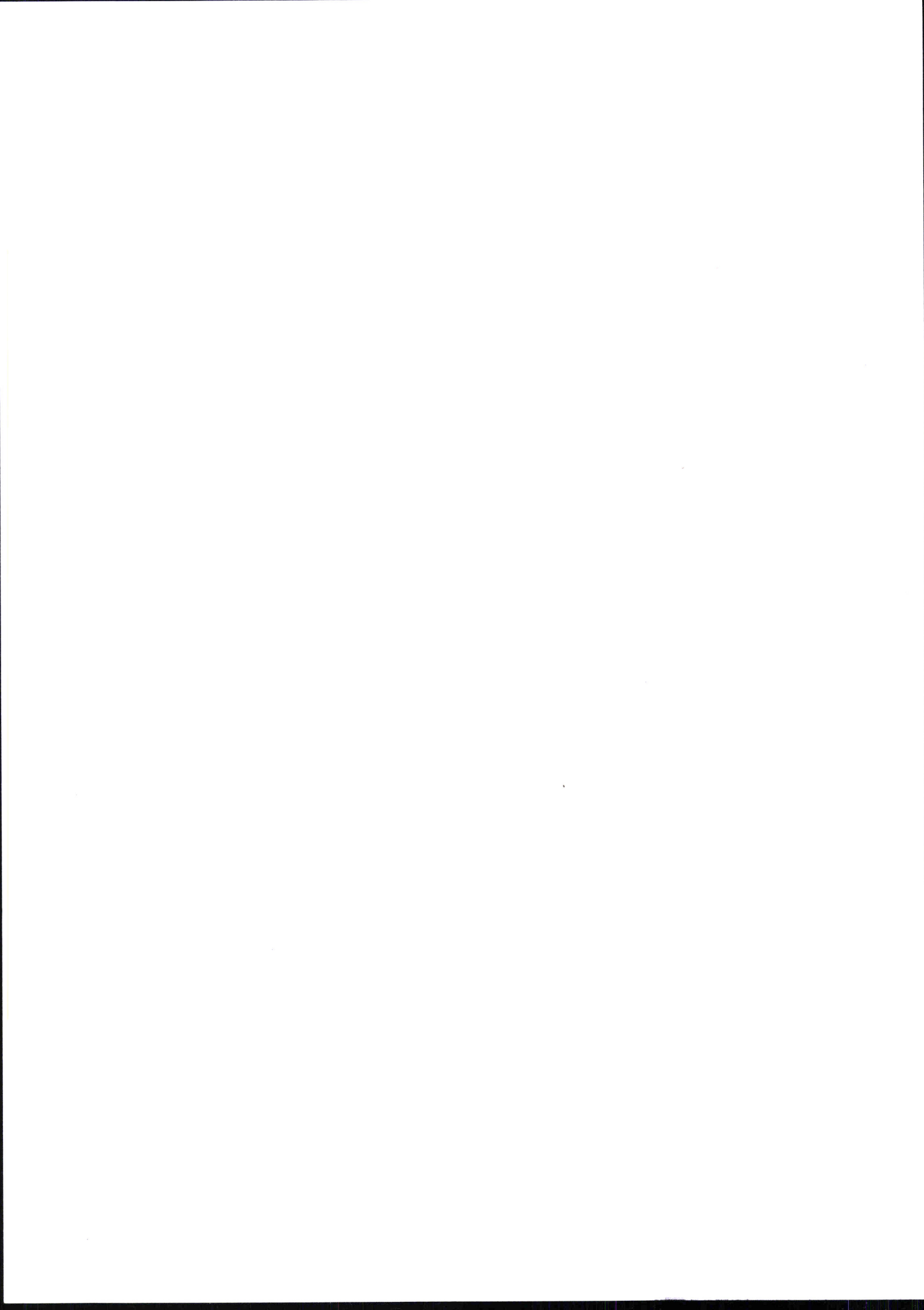


Record of Amandments

| Amendment No | Description of Amendment | Section affected | Name and position | Date | Signature |
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REGULATION
ON BUDGET PREPARATION
OF THE AIRCRAFT ACCIDENT AND INCIDENT INVESTIGATION BUREAU

Annex1 to Order No. ____ dated ____ 2025
Of the Head of the Aircraft Accident and Incident Investigation Authority

ONE. GENERAL PROVISIONS

1.1. The purpose of this Regulation is to regulate relations related to the preparation, review, validation, submission, and organization of implementation of:

- The draft budget for the following year,
- Budget amendments,
- Proposals for additional financing, and
- Allocation of the approved budget

Of the Aircraft Accident and Incident Investigation Authority.

1.2. This Regulation shall be implemented in compliance with:

the Law on Budget of Mongolia, Law on Fiscal Stability, Law on State Savings, Law on State Reserves, Law on Accounting, Law on State and Local Property, budget preparation guidelines, classifications and methodologies approved by the Minister of Finance, and other relevant legislation.

1.3. This Regulation shall be followed by the Authority's management, finance and accounting personnel, and all units and staff performing investigation, administrative, and research functions.

1.4. Budget preparation activities shall be based on the principles of legality, justification, realism, efficiency, transparency, accountability, and risk-based planning.

TWO. STAGES OF BUDGET PLANNING, PROPOSAL COLLECTION, AND
CONSOLIDATION

2.1. The finance and accounting officer shall ensure centralized management and organization of preparing the next year's budget and officially distribute relevant templates, deadlines, and requirements to units.

2.2. Budget preparation consists of the following stages:

- 2.2.1. Planning stage:

Disseminating directions, templates, deadlines, legal requirements, and economic classifications;

- 2.2.2. Proposal stage:

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Units submit planned activities and operational and capital expenditure needs with justification, calculations, plans, and price studies;

- 2.2.3. Preliminary consolidation stage:

Reviewing proposals for completeness, calculations, and legal compliance, and returning for correction if necessary;

- 2.2.4. Consolidation stage:

Integrating proposals in line with organizational functions, previous performance, strategic objectives, and savings requirements;

- 2.2.5. Review and validation stage:

Conducting internal control as defined in Chapter 4 and presenting the final draft to management;

- 2.2.6. Submission stage:

Submitting the validated budget draft to higher authorities within legally established deadlines.

2.3. Budget proposals shall include:

Purpose of expenditure, justification, calculations, explanation of need, implementation timeline, price research, previous performance data, and technical specifications and other supporting documents if required.

2.4. Proposals for special-purpose expenditures (such as domestic and foreign travel, overseas training, expert services, occupational safety equipment, tools, specialized vehicles, uniforms, international membership fees) shall be prepared separately based on actual needs, applicable norms, and plans.

2.5. Budget drafts, amendments, and additional financing proposals shall be submitted to the relevant budget governor within deadlines set by law and higher authorities.

THREE. COMPONENTS AND REQUIREMENTS OF THE BUDGET

3.1. The budget shall consist of:

- Operational expenditure budget;
- Capital expenditure budget;
- Budget amendments and additional financing proposals (if necessary);
- Explanatory notes, calculations, supporting studies, and other documents.

3.2. Operational expenditures shall be based on approved staffing, salary scales, allowances, social insurance contributions, actual needs for goods and services, previous performance, and state savings requirements.

3.3. Costs of goods, works, and services shall clearly specify purpose, quantity, unit price, implementation timeline, supply conditions, and applicable standards and limitations.

3.4. Capital expenditure shall include acquisition, upgrading, or major repair of assets, equipment, software, digital systems, and other assets, with specifications, quantities, market price research, and usage requirements.

3.5. The budget shall align with organizational functions, risk assessments, international requirements, safety needs, digitalization policy, and asset utilization planning.

FOUR. REVIEW AND VALIDATION OF THE BUDGET

4.1. Internal controls shall include:

- 4.1.1. Preliminary control: completeness of submissions and supporting documents;
- 4.1.2. Legal and policy compliance control: conformity with laws, norms, limits, and organizational plans;
- 4.1.3. Financial justification control: evaluation of previous performance, unit costs, market research, duplication, inflation, and unjustified expenses;
- 4.1.4. Management control: presentation to the Head for clarification, prioritization, and final approval.

4.2. Errors or deficiencies shall be returned for correction and re-review.

4.3. All review records and supporting materials shall be documented and archived by the finance officer.

4.4. Approved budget drafts shall be submitted to higher authorities.

FIVE. RIGHTS AND RESPONSIBILITIES

5.1. Units shall:

- prepare realistic and efficient budget proposals;
- submit accurate and complete forms on time;
- provide supporting documentation and justification;
- implement approved budgets effectively.

5.2. Finance and accounting officer shall:

- prepare and distribute templates and guidelines;
- receive, consolidate, review, and request corrections;
- ensure compliance with laws and budget limits;
- present proposals to management;
- distribute approved budgets and monitor implementation;
- archive documentation.

5.3. The Head shall:

- review, prioritize, and approve the budget;

Unofficial Translation from Mongolian

- submit proposals for amendments, additional funding, or state reserve support;
- ensure accountability and performance.

SIX. RISKS, ADDITIONAL FUNDING, AND RESOURCE SOURCES

6.1. If the approved budget is insufficient or urgent operational costs arise:

- prioritize essential activities;
- reallocate within the approved budget;
- prepare and submit amendment or additional funding proposals;
- request support from state reserves where necessary.

6.2. Requests for state reserve support shall include justification, situation analysis, resource details, and supporting documents.

6.3. Risks shall be classified as:

- Budget sufficiency risk,
- Operational readiness resource risk,
- Supply disruption risk,
- Risks related to international obligations.

6.4. Management and reporting of assets acquired through additional funding or state reserves shall comply with relevant legislation.

SEVEN. IMPLEMENTATION AND ACCOUNTABILITY

7.1. The approved budget shall be allocated based on unit needs, expenditure purpose, and timelines, and approved by the Head.

7.2. Budget implementation shall be monitored throughout the year, with performance evaluations and amendments where necessary.

7.3. Violations (late submission, incorrect forms, incomplete or false data, and misuse of funds) shall result in liability in accordance with legislation and internal rules.

7.4. All documentation shall be archived in accordance with legal requirements.

Annex 2: Budget Proposal Form

Note: Each proposal must include justification, calculations, price research, technical specifications, and supporting documents.

Structure includes:

21 – CURRENT EXPENDITURE

- Supplies and materials
- Office supplies
- Transport and fuel
- Communication and internet
- Books and publications
- Consumables
- Norm-based expenses (uniforms, etc.)
- Equipment and maintenance
- Travel (domestic/foreign)
- Guest reception
- Service fees (professional, audit, insurance, IT, etc.)
- Research and development
- International conferences
- Training and publicity

213 – CURRENT TRANSFERS

- International membership fees
- Social insurance benefits
- Welfare benefits
- Allowances and compensation

22 – CAPITAL EXPENDITURE

- Buildings and structures
- Major repairs
- Equipment
- Feasibility studies and design
- Digital systems
- Other assets
- Strategic reserve assets

