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I assent

BAKILI MULUZI

PRESIDENT

13th June, 2003

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An Act to foster and enhance effective and responsible economic and financial management by Government, including adherence to policy objectives; to provide accompanying accountability arrangements together with compliance with those arrangements; to require the Government to produce statements of proposed budget policy, confirmation of adherence to fiscal discipline, economic and fiscal statements, including economic and fiscal forecasts and updates, and performance information, including comprehensive financial statements; and for matters connected therewith and incidental thereto

PART I—PRELIMINARY

Short title
and
commencement

1. This Act may be cited as the Public Finance Management Act, 2003, and shall come into operation on such date as the Minister may appoint by notice published in the *Gazette*.

2. In this Act, unless the context otherwise requires—

Interpretation

“Appropriation Act” means an Act of Parliament the principal purpose of which is the application of public moneys for such goods and services as are specified in the Act;

“bank” means—

(a) a financial institution whose operations include the acceptance of deposits subject to withdrawal or transfer by cheque or other means of third party transfer; and

(b) any financial institution in Malawi or outside Malawi in which any public money is deposited or kept in accordance with the provisions of this Act, and includes an international financial institution;

“Cabinet” means the Cabinet of Ministers appointed in accordance with section 92 of the Constitution;

“chief executive” means the head, however called, of a statutory body;

“Consolidated Fund” means the Consolidated Fund established by section 172 of the Constitution;

“Controlling Officer” means any person appointed by the President who is—

(a) the head or principal person in-charge of a Ministry or Department; and

(b) charged with a duty to, or who actually does collect, receive, disburse or deal in any way with any public money, or a person who is charged with the purchase, receipt, custody, or disposal of, or the accounting for, any public resources or public securities;

“Estimates” means the statements of the proposed public revenues and expenditure in any financial year as approved by the National Assembly through the passing of an Appropriation Act;

“expenditure” means the actual payment of moneys by Government, whether required or unrequired and whether for current or capital transactions;

“financial statements” means the financial statements required under Part IX and the Third Schedule;

“financial year” means—

(a) in relation to the Government and Government financial statements, a period of twelve months ending on 30th June; and

(b) in relation to a statutory body, the annual accounting period of the statutory body;

“generally accepted accounting practice” means—

(a) standards and practices promulgated by the International Federation of Accountants as applicable to Governments and statutory bodies; or

(b) if no standard or practice exists, then accounting principles or practices which have the authoritative support of the accounting profession in Malawi or in countries that maintain accounts and records and prepare financial statements similar to the Government of Malawi and its statutory bodies;

“Government” means the executive Government of Malawi established under Chapter VIII of the Constitution;

“Government agency” or “agency” means an office, entity or instrument of the Government, other than a Ministry, or statutory body;

“grants” means—

(a) non-repayable receipts from other Governments, international institutions or domestic institutions or individuals; or

(b) non-repayable payments made by the Government to other Governments, international institutions or domestic institutions or individuals;

“imprestee” means a person in whose hands any public money is placed for expenditure;

“internal control” includes the controls adopted to ensure that within Government—

(a) revenue is properly assessed and collected;

(b) expenditure is validly and correctly authorized;

(c) revenue, expenditure, assets and liabilities are properly recorded and accounted for;

(d) financial and operating information is accurate and reliable;

(e) assets are safeguarded against loss or destruction;

(f) public resources are employed and managed in an effective, economic and efficient manner;

(g) there is no waste or extravagance with respect to public resources;

(h) outcomes or provisions produced are consistent with those specified in an Appropriation Act;

(i) relevant Government policies and legislation are being complied with; and

(j) there is effective and efficient management of the financial resources of Government;

“National Assembly” or “Assembly” means the National Assembly established under Chapter VI of the Constitution;

“National Audit Office” means that part of the office of the Auditor General charged with the responsibility of audit;

“officer” includes an officer, a contract officer and an employee of the Public Service of Malawi;

“outcomes” mean the impacts or consequences for the people of Malawi of the outputs or activities of Government or the results of the outputs produced;

“outputs” means the goods and services that are produced by a Ministry or other person or body who receives an appropriation;

“personal emoluments” includes salaries, wages, fees, contract payments for the provision of personal services, and taxable allowances, but does not include any payment in the nature of reimbursement for expenses incurred;

“public debt” means all liabilities of the Executive Government and other branches of Government, but does not include liability where the Government is trustee for another person, or the liabilities of any statutory body;

“public interest” means something that is to the advantage, direct or indirect, of the people of Malawi;

“public money” means all money, other than trust money, received by the Government, including all revenue, grants, loans and other moneys, and all bonds, debentures, and any other securities received by, or on account of, or payable to, or belonging to, or deposited with the Government or any Ministry by—

- (a) any officer of Government in his capacity as such; or
- (b) any person on behalf of Government;

“public resources means all real or personal property that belongs to or is owned or held by the State or held by any Ministry, agency or other person for and on behalf of the State or the Government;

“public securities” means securities representing the investment, or securing the payment, of any public money;

“records” means information recorded and kept by any means, and includes all books, accounts, rolls, files, vouchers, receipts, cheques, records, registers, papers, documents, photographic plates, microfilms photostatic negatives prints, tapes, disks, computer

reels, diskettes and hard disk, perforated rolls, and any other type of written, printed, copied, magnetic tape, electronic data record or other information whatsoever, and all papers and other records relating to accounting operations and practice or information recorded and kept by any means;

“revenue” means all non-repayable Government receipts;

“Secretary to the Treasury” means the Principal Secretary having supervision for the time being of the Ministry of Finance;

“State” means the independent State of Malawi, established under the Constitution and includes the Government;

No. 42 of 1998 “statutory body” means a body of persons, whether corporate unincorporated, other than the Reserve Bank of Malawi, established by any written law, and includes an Assembly established under the Local Government Act, 1998 and any corporation or a subsidiary of a corporation where the Government, directly or indirectly—

(a) controls the composition of any board of directors of the body; or

(b) controls more than fifty per cent of the voting power of the body; or

(c) holds more than fifty per cent of any of the issued share capital of the body either directly or through another agency or statutory body (excluding any part of it that carries no right to participate beyond a specific amount in a distribution of either profits or capital);

“statutory expenditure” means—

(a) expenditure which is not subject to the vote of the National Assembly; and

(b) expenditure charged on the Consolidated Fund under the provisions of the Constitution or charged on the Consolidated Fund or any other public fund or account by any other written law in which it is expressly stated to be statutory expenditure;

“trading revenue” means the revenue received from the supply of goods or services in a contestable environment;

“transactions on behalf of the State” or “payments on behalf of the State” means the categories of appropriations listed in section 23 (3) (c), (d) and (e);

“Treasury Instructions” means Treasury Instructions issued under section 92;

“trust account” means a trust account established under section 41;

“Trust Fund” means the Trust Fund established under section 41;

“unclaimed money” means unclaimed money defined under section 44;

“Vote” means a sum of money authorized to be spent under section 23 (2).

PART II—RESPONSIBILITY FOR FINANCIAL MANAGEMENT

3.—(1) The Minister is responsible to the Cabinet and to the National Assembly for—

General
responsibilities
of the
Minister

(a) the preparation and presentation of economic and fiscal policy in accordance with this Act;

(b) ensuring adequate procedures, internal controls and guidelines exist for the use of public money and public resources; and

(c) the compliance by the Ministry of Finance with its responsibilities under this Act.

(2) When submitting the draft Estimates to Cabinet the Minister shall provide—

(a) a detailed assessment of the economic and fiscal impact of the projected revenue in relation to the projected expenditure contained in the Budget Policy Statement required under section 15; and

(b) where appropriate, details of options to change the draft Estimates including details of possible changes in Government expenditure and programmes to make them compatible with the Budget Policy Statement.

4. The Minister is responsible for—

Specific for
responsibilities
of the
Minister

(a) the formulation of economic and fiscal policy of the Government of Malawi, and for the financial management of ongoing operational activities, both annually and for such longer periods as he considers appropriate, specifying agreed policies, outcomes and outputs to be achieved, and taking into account the views of prior policy consultations;

(b) the preparation of the annual draft Estimates and such other Estimates as may be necessary and overseeing their implementation on behalf of the Government;

(c) the supervision of the finances, assets and liabilities of the State so as to ensure that a full accounting is made to the National Assembly of all transactions involving public moneys or the disposition of public resources;

(d) the oversight of the finances of statutory bodies; and

(e) the publication in the *Gazette* and by whatever other means he considers appropriate, of information as to economic plans and projects approved by the National Assembly or Government and the progress made in their implementation.

Minister
may delegate
powers

5.—(1) Subject to subsection (2), the Minister may in writing delegate his powers under this Act where he is unable, for the time being, to exercise those powers.

(2) The Minister shall not delegate any power under subsection (1) where this Act prohibits the power of delegation.

(3) The responsibility of the Minister under this Act shall not be derogated merely by his having exercised his power of delegation under this section.

General
responsibilities
of Ministers

6.—(1) Each Minister of Government is responsible to Cabinet and the National Assembly for ensuring that Controlling Officers coming within the area of the assigned responsibilities of the Minister comply with their responsibilities under this Act for the effective and efficient financial management of all public money and public resources under their control.

(2) Each Minister shall ensure that all estimates of revenue and expenditure provided from entities that comprise the assigned responsibilities of the Minister are realistic, practicable and fully consistent with the budget policy statement of the Government published under section 15.

(3) Each Minister shall ensure that the financial management of the public money and public resources that are allocated to the assigned responsibilities of the Minister in an Appropriation Act achieves the objectives and outputs approved for each vote.

(4) Each Minister shall ensure compliance with all reporting responsibilities coming within the assigned area of responsibility of the Minister under this Act.

Secretary to
the Treasury

7.—(1) There shall be the office of Secretary to the Treasury, who shall be the principal financial adviser to the Government and the administrative head of Treasury, responsible for the administration of this Act.

(2) The Secretary to the Treasury shall report and is responsible to the Minister for compliance by Treasury with its obligations under this Act.

Specific
responsibilities
of the Secretary
to the Treasury

8. In addition to the responsibilities Controlling Officers set out in section 10 (with the necessary modifications to paragraphs (k) and (o) in subsection (1)), the Secretary to the Treasury is responsible for—

- (a) providing economic, fiscal and financial advice to and assisting the Minister in presenting the draft Estimates, supplementary Estimates and periodic and annual financial statements for Government;
- (b) setting policies, practices and procedures for all financial management;
- (c) providing the information required by this Act in accordance with generally accepted accounting principles;
- (d) monitoring the accounting systems for Government;
- (e) co-ordinating and monitoring systems of financial management, internal control and reporting in all Government ministries;
- (f) exercising and maintaining control and direction of all matters relating to the financial management of the Government in accordance with Government policy as communicated by the Minister; and
- (g) collection of revenue owing to the State.

9.—(1) Subject to subsection (2), and excepting his powers under Part VII, the Secretary to the Treasury may in writing delegate to a senior officer of Treasury his powers under this Act so as to ensure the effective and efficient operation of the Treasury, or where he is unable, for the time being, to exercise any powers under this Act.

Secretary to the Treasury may delegate powers

(2) The Secretary to the Treasury shall not delegate any power under subsection (1) where this Act prohibits the power of delegation.

(3) The responsibilities of the Secretary to the Treasury under this Act shall not be derogated merely by his having exercised his power of delegation under this section.

10.—(1) Each Controlling Officer is responsible for ensuring that, in relation to his Ministry—

Responsibilities of Controlling Officers

- (a) the provisions of this Act are complied with;
- (b) advice on financial management is provided to the responsible Minister;
- (c) all accounts and records relating to the functions and operations of the Ministry are properly maintained;
- (d) all necessary precautions are taken to safeguard the collection and custody of public money;
- (e) all expenditure, including salaries and other personal emoluments, is properly authorized and applied to the specific purposes for which it is appropriated;

(f) there is no over-expenditure or over-commitment of funds and a review is undertaken each month to ensure that there is no such over-expenditure or over-commitment;

(g) the collection of public moneys is according to approved plans and the Estimates;

(h) all expenditure is incurred with due regard to economy, efficiency and effectiveness and the avoidance of waste;

(i) all necessary precautions are taken to safeguard public resources;

(j) any tax, duty, fee, levy or other charge imposed by legislation for which the Ministry is responsible is collected promptly and to the fullest extent;

(k) any tax, duty, fee, levy or other charge imposed by legislation for which the Ministry is responsible is reviewed and reported upon in the format specified by the Secretary to the Treasury or in Treasury Instructions at least once in each year in order to establish—

(i) whether the level of such tax, duty, fee, levy or other charge is adequate; and

(ii) whether such tax, duty, fee, levy or other charge should be varied and, if so, by what amount;

(l) any proposal to charge for the supply of goods or services confirms that the charge is consistent with the economic and fiscal policy of the Government;

(m) any financial information required by any Standing Committee of the National Assembly is submitted to that Committee accurately and promptly;

(n) estimates and forecasts in respect of collection and expenditure of public moneys are prepared in the format specified in Treasury Instructions;

(o) after the first six months of each financial year and at such other times as required by the Secretary to the Treasury he shall submit reports, as may be specified in Treasury Instructions, on the management of funds provided for the achievement of the outputs of the Ministry and the collection of revenues;

(p) an effective system of internal control is developed and maintained and, unless the Secretary to the Treasury approves otherwise in circumstances provided for in Treasury Instructions, an effective internal audit function is developed and maintained; and

(q) all officers in his Ministry are aware of their duties and responsibilities under this Act and any other written law for which the Ministry is responsible.

(2) The responsibility of a Controlling Officer under subsection (1) is not derogated or reduced by reason of any delegation of functions by him to another person.

(3) Responsibilities other than those listed in subsection (1) may be conferred or imposed on a Controlling Officer by this or any other Act.

(4) A Controlling Officer in breach of his responsibilities under this section is liable to disciplinary action under section 87.

11.—(1) The Secretary to the Treasury has power—

Access to
information

(a) to obtain full and free access at all times to all accounts and records of Controlling Officers that relate, directly or indirectly, to—

(i) the collection, receipt, expenditure, issue or use of public money; and

(ii) the receipt, custody, disposal, issue or use of public resources,

and to inspect and inquire into and call for any information arising from those accounts and records; and

(b) where he has reason to believe that a Controlling Officer has been or may have been in breach of this Act, recommend to the Secretary of the Office of President and Cabinet that the Controlling Officer be suspended from all financial duties and responsibilities, pending an investigation.

(2) In the exercise of his powers under this section, the Secretary to the Treasury may appoint any person by writing under his hand to inquire into and report to him on any matter or matters specified in the instrument of appointment.

PART III—ECONOMIC, FISCAL AND FINANCIAL POLICY

12.—(1) Subject to subsection (4), the Government shall pursue its policy objectives in accordance with the principles of responsible fiscal management specified in subsection (2).

Principles of
responsible
fiscal
management

(2) The principles of responsible fiscal management are—

(a) managing total public debt at prudent levels so as to provide a buffer against factors that may impact adversely on the level of total public debt in the future;

(b) ensuring that within any borrowing programme the total overall expenditures of the State in each financial year is in the public interest and designed to achieve long-term fiscal stability;

(c) achieving and maintaining levels of the State's net worth that provide a buffer against factors that may impact adversely on the State's net worth in the future;

- (d) managing prudently the fiscal risks facing the State;
- (e) pursuing policies that are consistent with a reasonable degree of predictability about the level and stability of tax rates for future years; and
- (f) agreement of Government on the fiscal limits that will apply to the current and future financial expenditure on Ministries and Government projects.

(3) The Government may depart from the principles of responsible fiscal management specified in subsection (2) only in cases of exceptional circumstances, and when the Government does so—

- (a) any such departure shall be temporary; and
- (b) the Minister shall specify—
 - (i) the detailed reasons for the Government's departure from those principles, including justification of those exceptional circumstances;
 - (ii) the approach the Government intends to take to return to those principles; and
 - (iii) the period of time that the Government expects to take to return to those principles.

(4) Where such exceptional circumstances arise which force a departure from the principles of responsible fiscal management specified in subsection (2) during the financial year, those exceptional circumstances shall be disclosed to the National Assembly forthwith if the Assembly is in session, and if not, at the commencement of the next ensuing session, and the exceptional circumstances shall also be included in the next ensuing economic and fiscal update.

Generally
accepted
accounting
practice

Economic and
fiscal policy
statement

13. Financial reports, financial statements, associated information and accounting procedures required by this Act shall be in accordance with generally accepted accounting practice.

14.—(1) The Minister shall submit to the National Assembly and publish, not later than 1st April of each year, an economic and fiscal policy statement for the financial year commencing on 1st July after publication, and forecasts for the two years following that financial year, and the economic and fiscal policy statement shall—

- (a) specify the economic and fiscal policy that the Government will follow in all economic and fiscal dealings, and disciplines that the Government will adhere to;
- (b) specify or re-affirm the Government's long-term fiscal policy objectives and in particular, provide for the principal variables specified in sections 18 and 19;
- (c) specify the broad strategic priorities by which the Government will be guided in preparing the Estimates for that fiscal year; and

(d) indicate by appropriate means the Government's intentions regarding the variables specified in sections 18 and 19.

(2) The economic and fiscal policy statement shall also—

(a) assess the extent to which the objectives, priorities, and intentions referred to under subsection (1) are consistent with the requirement to produce a fiscally responsible budget under section 12 (2) (b); and

(b) assess the consistency of the objectives, priorities, and intentions referred to under subsection (1) with the objectives, priorities, and intentions indicated in the immediately preceding economic and fiscal policy statement, or, if amended, the amended statement and, where these are not consistent, justify the difference.

(3) Any member of the public may, within twenty-eight days of the economic and fiscal policy statement being published, deliver in writing to the office of the Minister any submission that that person may have in respect of that statement.

15.—(1) The Minister shall lay before the National Assembly, with the Estimates, a written budget policy statement. Budget Policy Statement

(2) The budget policy statement shall include—

(a) a budget message, which shall include such supporting financial, statistical, output performance, and other information, data and recommendations as the Minister may determine are in the public interest and consistent with the principles of fiscal responsibility set out in section 12; and

(b) a statement, including forecasts, providing a projection of expenditures for each category of outputs for the ensuing financial year and the two years following that financial year including—

(i) the details of the estimated revenue of the Government;

(ii) the details of the estimated expenditures of the Government;

(iii) the Government's debt management responsibilities and, where applicable, the details of a financial plan to meet those responsibilities; and

(iv) a statement that the annual budget is fiscally responsible in accordance with the principles set out in section 12.

16.—(1) The Minister shall submit to the National Assembly, at the same time as, and in addition to, the budget policy statement referred to in section 15 a report on the Government's fiscal strategy. Fiscal strategy

(2) The report on the fiscal strategy shall—

(a) include an assessment of the extent to which the budget policy statement is consistent with the economic and fiscal policy statement required under section 14;

(b) include an explanation of the reasons for any significant differences between the current economic and financial situation of the State and the information and intentions presented in the previous economic and fiscal policy statement required under section 14;

(c) where the circumstances have changed, present an amended set of intentions; and

(d) provide projections of movements in the variables specified in sections 18 and 19 which demonstrate intended progress towards achieving the longer-term objectives specified in the economic and fiscal policy statement most recently published and state the significant assumptions on which the projections are based.

Economic and
fiscal update

17.—(1) The Minister shall, no later than 30th June in each year, publish a report updating the economic and fiscal policy statement for the following financial year.

(2) The economic and fiscal update report shall contain—

(a) an economic and fiscal update for the current financial year, and forecasts for the following two financial years, containing the information specified in sections 18 and 19; and

(b) a statement of the date on which the contents were finalized confirming that the data used was the most recent available.

Economic and
fiscal data

First Schedule

18.—(1) Economic reports required under this Part shall include, where available, forecasts of projected movements in Malawi of the information specified in Part I of the First Schedule.

First Schedule

(2) Fiscal forecasts required under this Part shall include, where available, the information specified in Part I of the First Schedule.

(3) Economic forecasts shall include a statement of all significant assumptions underlying them.

(4) Where information to be included in reports and statements under this section is not available the Minister shall provide in the report or statement required the reason why the information is not available.

Reporting
requirements

First Schedule

19.—(1) Any forecast or statement required under this Part shall include, where available, details of the information specified in Part II of the First Schedule.

(2) Where information to be included in reports and statements under this section is not available the Minister shall provide in the

report or statement required the reasons why the information is not available.

20. Every Controlling Officer and the head of every agency of Government shall provide to the Secretary to the Treasury such relevant information, as may be in his possession, that will assist the Secretary to the Treasury to produce the economic and fiscal data and reporting information required under this Part.

Provision of
relevant
information

PART IV—PARLIAMENTARY APPROPRIATION AND BUDGET

21.—(1) The Minister shall, not less than fourteen days before introducing the Estimates to the National Assembly, prepare and submit to Cabinet a statement of anticipated revenue for the forthcoming financial year together with a statement of the anticipated budgetary appropriations.

Estimates

(2) The Cabinet shall consider and approve a proposed budget and the Minister shall then cause the Ministry of Finance to prepare the Estimates, in accordance with the budget approved by Cabinet, for introduction to the National Assembly for the forthcoming financial year.

(3) The Minister shall, on behalf of the Government, lay before the National Assembly a statement of the estimated receipts, grants, all other revenue and expenditure for the forthcoming financial year.

(4) Details of statutory expenditure, shall be included in the Estimates in order to present the total expenditure proposed in the Government's programmes or activities, but shall not be submitted to the vote of the National Assembly.

(5) The statement of statutory expenditure shall include a brief description of all projected statutory expenditures for the forthcoming financial year, stating the authority for any payment to be made and showing comparative revised estimates figures for each item in respect of the previous appropriation period.

22. The Estimates shall include the following information in respect of each Vote—

Form of the
the Estimates

(a) the Minister responsible for the Vote;

(b) the Ministry and Controlling Officer administering the Vote;

(c) a brief description of each output to be delivered by the Ministry together with an estimate of the expenditures to be made and any receipts from charges made for the delivering of that output;

(d) all other revenues to be collected on behalf of the State;

(e) a brief description of any output to be provided by a third party on behalf of Government together with an estimate of the expenditures to be made;

(f) a brief description of any transaction on behalf of the State together with an estimate of the expenditures to be made;

(g) comparative revised estimates figures for each of the items in paragraphs (c) to (f) of this subsection for the previous appropriation period; and

(h) any other relevant information as directed by the Minister.

Appropriation
required

23.—(1) Subject to section 178 of the Constitution, no public money shall be expended unless the expenditure has been authorized by an Appropriation Act in accordance with subsection (2) or is statutory expenditure.

(2) No expense or liability will be incurred unless the expenditure in relation to such expense or liability is chargeable to a category specified in subsection (3).

(3) A separate appropriation shall be made for each of the following—

(a) each category and output to be delivered by a Ministry;

(b) any payment to a non-government agency or person by way of grant or otherwise;

(c) loans by Government to any third party; and

(d) capital contributions and capital purchases; and

(e) each item of statutory expenditure or any other payment on behalf of the State.

(4) The authority to expend cash or incur expenses or liabilities under an Appropriation Act will lapse at the end of the financial year to which that Act relates.

(5) Subject to this Part, any money appropriated under this section shall be expended only in relation to that appropriation, and for no other purpose.

(6) Each expenditure of public money made in respect of statutory expenditure shall be managed and accounted for in the same manner as public money expended under an Appropriation Act.

Adjustment for
unforeseen
expenditure

24.—(1) The annual Estimates presented to the National Assembly shall contain a Vote for Unforeseen Expenditure, with a proposed appropriation not exceeding two per centum of the total appropriation for outputs.

(2) The Minister may only use funds from the unforeseen expenditure vote in exceptional circumstances and any expenditure of unforeseen expenditure shall be first approved by the Cabinet

(3) Subject to subsection (2), where the Minister considers that expenditure from the Consolidated Fund in any financial year in excess of, or without, appropriation by the National Assembly should be approved, he may transfer to one or more nominated Votes from the Unforeseen Expenditure Vote such sum or sums as he considers necessary up to but not exceeding the amount of the balance from time to time available in the Unforeseen Expenditure Vote.

(4) If during any regular or other review of budget performance, it appears to the Cabinet that any vote or votes may be under-spent during the financial year, the Cabinet may direct the Minister to transfer any such surplus to the Unforeseen Expenditure Vote and such sum or sums shall be available for transfer as provided in subsection (3).

(5) No expenditure in excess of, or without, appropriation other than is provided in this section, is permitted.

(6) This section does not apply to statutory expenditure.

(7) Without affecting the validity of any transfers approved under subsections (1) and (2), the financial statements for the financial year in which any such transfer occurs shall disclose each instance of a revised appropriation, (regardless of whether such sum has been subsequently appropriated during the course of the financial year in an amended or Supplementary Appropriation Act) together with an explanation of the reasons for such revision.

25.—(1) The Secretary to the Treasury may, with the approval of the Minister at the request of a Controlling Officer, direct that an amount appropriated for a specified output to be delivered by a Ministry be transferred to another output to be delivered by that Ministry where—

Transfer
between
outputs

(a) the amount transferred does not increase an appropriation for the financial year for an output by more than twenty per cent;

(b) the transfer does not conflict with performance of the outputs or policy specified in the Estimates; and

(c) the total appropriation for that financial year for that Ministry is unaltered.

(2) Without limiting the validity of the transfers made under subsection (1), a clause recording any transfers made under subsection (1) in that financial year shall be made in an Appropriation Act for the same or the succeeding financial year, and all such budget variations shall be noted in the financial statements for that year.

26. Upon an Appropriation Bill receiving the assent of the President, the Secretary to the Treasury shall make funds available to the respective votes according to the cashflow forecasts agreed

Approval of
Appropriation
Bill

between the head of the entity responsible for the Vote and the Secretary to the Treasury, and if agreement cannot be reached, as approved by the Minister.

Charge for
supply of
goods or
services

27. Save as expressly otherwise provided in any other written law, a Ministry may, with the approval of the Minister, charge for the provision of goods or services:

Provided that, if the recipient of the goods or services is another Ministry, there is a prior agreement to charge the costs incurred to an output of the recipient Ministry.

PART V—PUBLIC MONEY AND THE CONSOLIDATED FUND

Consolidated
Fund

28.—(1) The Secretary to the Treasury may establish such accounts as may be deemed necessary for the proper accounting of moneys in the Consolidated Fund.

(2) Subject to any other written law and the terms of any trust, the Secretary to the Treasury shall in respect of any such account or class of accounts referred to in subsection (1) specify the person by whom and the manner in which such account or class of accounts shall be controlled.

(3) Subject to any other written law and the terms of any trust, the Secretary to the Treasury may direct that any deposit account shall be closed and after all liabilities of the account have been met, the account shall be closed and any balance of moneys standing to the credit of such account shall be transferred to the Consolidated Fund.

Development
Fund

29.—(1) There shall be paid into the Development Fund all moneys held by the Treasury for the purposes of such Fund immediately prior to the coming into operation of this Act, and all moneys subsequently received or appropriated for the purposes of the Fund, including the proceeds of any loan which may be raised for general development purposes.

(2) Moneys held for the purposes of the Development Fund shall be accounted for in a separate account in the Consolidated Fund.

(3) The estimates of expenditure to be made from the Development Fund shall show the total estimated cost of each project and the amount estimated to be required for expenditure during the current year in respect of such projects.

(4) The amount applied in respect of any project during any year shall be in accordance with the directions of the Secretary to the Treasury but shall not exceed the unexpended balance of the total estimated cost of the project as shown in the latest estimates approved by the National Assembly.

(5) Where it is expedient in the public interest for sums to be spent on a project for which no total estimated cost has been approved in any Development Estimates laid before the National

Assembly, the Minister of Finance may direct that an additional item be created to provide for such project with such particulars, including an estimate of the total cost, as may be appropriate and may authorize the issue of sums to be applied to such purpose out of the total appropriated by the National Assembly:

Provided that in any case where the Minister has so directed a supplementary Development Estimate providing for such project shall be laid before the National Assembly not later than the next meeting of the National Assembly occurring after the expiration of seven days from the date of the direction.

(6) Where it is expedient in the public interest for the total estimated cost shown in the Development Estimates in respect of any project to be varied the Minister may direct that it be varied accordingly.

(7) The powers conferred by subsections (5) and (6) shall not be exercised so as to increase the total estimated cost of the projects provided for in the Development Estimates approved by the National Assembly by an amount exceeding one million Kwacha, nor so as to cause the amount authorized to be spent in the Appropriation (Development Fund) Act to be exceeded.

30.—(1) The Minister may, on the recommendation of the Secretary to the Treasury, by Order published in the *Gazette*, establish special funds to be known as Treasury Funds, and may make orders for the regulation and management of such Treasury Funds. Treasury
Funds

(2) Where a Treasury Fund is established pursuant to subsection (1), the Secretary to the Treasury shall cause to be maintained separate accounts within the Consolidated Deposit Account in respect of the Treasury Fund which shall be regulated and managed in accordance with orders made by the Minister for that purpose.

(3) Section 175 (1), (2), (3) and (4) of the Constitution shall not apply to receipts and expenditure of Treasury Funds.

31.—(1) Public money is the property of the State. Dealing with
public money

(2) Public money shall, except as otherwise provided in this Act, be paid into bank accounts designated by the Secretary to the Treasury for that purpose and such accounts shall form part of the Consolidated Fund.

(3) Money paid into any designated bank account is public money, and shall not be removed except as provided by the Constitution or this Act.

(4) Notwithstanding any other written law to the contrary and except as permitted in subsection (5), no bank account shall be opened or operated or continue to be operated for the deposit or

