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THE PUBLIC FINANCIAL MANAGEMENT ACT, 2015

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SCHEDULE

No.

2015



Sierra Leone

A BILL ENTITLED

The Public Financial Management Act, 2015.

Short title.

Being an Act to make provision for the prudent, efficient effective, and transparent management and use of public financial resources.

[] Date of commencement.

ENACTED by the President and Members of Parliament in this present Parliament assembled.

PART 1—PRELIMINARY

Interpretation.

1. (1) In this Act, unless the context otherwise requires -

“accountable” means, the requirement to record, report, explain and justify actions, as the case may be, to a superior officer, to Parliament or to the public;

“appropriation” means an authority under this Act or any other law to make payments of public money;

“available allotment” means an amount of a provision under the Estimates which has been allotted for a specific period of time under an approved appropriation allotment and has not been committed;

“available provision” means an amount of a provision under the Estimates which has not yet been committed or spent;

“Bank of Sierra Leone” means the Bank of Sierra Leone established by section 4 of the Bank of Sierra Leone Act, 2011;

“budgetary agency” includes -

- (a) departments;
- (b) constitutional institutions; and
- (c) other entities which are established within, or as part of a department or constitutional institution and do not have a separate legal personality;

“central government” includes any entity which satisfies the following conditions:

- (a) most of the entity’s output is provided free or at not economically significant prices;

(b) the entity’s output is intended for individual and collective consumption;

(c) the entity is mainly financed by taxes or other compulsory transfers or payments or controlled and mainly financed by another entity included in the central government; and

(d) the entity is not a social security fund or included in the local government;

“commitment” means an explicit or implicit but legally enforceable contract or agreement to make payments to another party in exchange for that party supplying goods or services or fulfilling other obligations, and includes, but is not limited to, -

(a) agreements to make payments in exchange for supply of specific goods or services; and

(b) agreements of a continuing nature, which require a series of payments over an indeterminate period of time;

“Constitution” means the Constitution of Sierra Leone, 1991;

“Consolidated Fund” means the Consolidated Fund established under subsection (1) of section 111 of the Constitution;

“company” has the meaning assigned to it under the Companies Act, 2009;

“entity” includes any fund, office, body, organization, institution, group of persons, pool of assets, and person, regardless of whether it has legal personality or not;

“entity’s Act” means, in relation to a subvented agency, other entity in the central government, or social security fund, an Act of Parliament by or under which the agency, entity, or fund is established and any other enactment which provides for the functions or powers of the agency, entity, or fund;

“Estimates” has the meaning assigned to it in paragraph (b) of subsection (1) of section 27 and includes the main Estimates to be laid before Parliament each year under subsection (1) of section 112 of the Constitution and the Supplementary Estimates to be laid before Parliament under subsection (3) of section 112 of the Constitution;

“expenditure arrears” means payables which have remained unpaid -

- (a) for 30 days or more after the due date specified under the relevant contract or agreement; or
- (b) if there is no specific due date, for 90 days or more after the date of the relevant invoice or of satisfaction of the terms of the relevant contract;

“extractive industries revenues” include -

- (a) royalties, mineral resource rent tax, income tax, annual charges, and other amounts payable mentioned in paragraphs (a), (b), and (c) of section 148 of the Mines and Minerals Act, 2009;

- (b) profits arising from a carried interest of the Government in a large-scale mining licence defined in subsection (3) of section 162 of the Mines and Minerals Act, 2009;

- (c) profits arising from a carried interest of the Government in a petroleum licence defined in subsection (2) of section 85 of the Petroleum (Exploitation and Production) Act, 2011; and

- (d) royalties, petroleum resource rent tax, income tax, area fees, and other amounts payable mentioned in paragraphs (a), (b), and (c) of section 104 of the Petroleum (Exploration and Production) Act, 2011;

“financial institution” has the meaning assigned to it in section 3 of the Bank of Sierra Leone Act, 2011;

“financial year” means a period of twelve months starting on 1st January in one year and ending on 31st December of the same year;

“general government” includes all entities included in the central government, local government, and social security funds;

“Government” means the Government of Sierra Leone;

“head of a budgetary agency” means—

- (a) a Minister heading the budgetary agency; or
- (b) a person heading the budgetary agency, if no Minister is heading the budgetary agency;

“local government” includes -

- (a) local councils;
- (b) Chiefdom Administrations; and
- (c) other non-profit entities -
 - (i) which are controlled and mainly financed by local councils or Chiefdom Councils; and
 - (ii) the competence of which is restricted to a district, town, or city;

“Minister” means the Minister responsible for finance, and “Ministry” shall be construed accordingly;

“money” means any coin, note or negotiable instrument;

“non-EIR” means the amount which is calculated by deducting from the total revenues of the Consolidated Fund for a financial year -

- (a) the extractive industries revenues for the financial year; and
- (b) the revenues from domestic and external borrowing for the financial year;

“other entity in the central government” includes any entity which is included in the central government but is not a budgetary agency or sub-vented agency;

“other entities in the local government” means an entity which is included in the local government but is not a local council or Chiefdom Administration;

“President” means the President of the Republic;

“PPP Project” has the meaning assigned thereto in section 1 of the Public-Private Partnership Act;

“public enterprise” includes an entity which satisfies the following conditions:

- (a) the entity’s transactions are distinct from those of its owner;
- (b) more than 50 percent of the entity’s production costs are covered by sales in the market; and
- (c) the entity is controlled by any entity included in the general government: Provided that the Bank of Sierra Leone is not a public enterprise;

“public money” means all money in the custody or under the control of the State or of a person acting on behalf of the State and includes—

- (a) money received by or on behalf of the State as State revenues specified in subsection (1) of section 28; and
 - (i) a money held in trust for a person other than the State;

“public office” has the meaning assigned thereto in subsection (1) of section 171 of the Constitution;

“public officer” has the meaning assigned thereto in subsection (1) of section 171 of the Constitution;

“responsible authority” means, -

- (a) in respect of a sub-vented agency, other entity in the central government, or social security fund, -
 - (i) a Minister who has the responsibilities under the entity's Act in relation to the operations of the agency, entity, or fund; or
 - (ii) if subparagraph (i) does not apply, a Minister who is responsible for the administration of the entity's Act; and
- (b) in respect of a public enterprise, -
 - (i) the National Commission for Privatisation, if the public enterprise is mentioned in First Schedule of the National Commission for Privatisation Act, 2002; or
 - (ii) a Minister who has the responsibilities in relation to the operations of the public enterprise, if otherwise;

“social security fund” means any entity which satisfies the following conditions:

- (a) the principal activity of the entity is to provide social benefits; and
- (b) either of the following criteria is fulfilled by the entity -
 - (i) an enactment obligates a certain group of persons to participate in a scheme or to pay contributions; or

- (ii) some other entity included in the general government is responsible for the management of the entity in respect of settlement or approval of the contributions and benefits independently from its role as a supervisory body or employer;

“subsector” means the central government, local government, or social security funds;

“sub-vented agency” means any entity which is included in the central government and wholly or partly financed by the Consolidated Fund but is not a budgetary agency;

“State” means the Sovereign Republic of Sierra Leone and includes all budgetary agencies, sub-vented agencies, and other entities in the central government;

“State budget” has the meaning assigned to it under subsection (1) of section 27;

“State budget documents” mean the State budget and its information annexes mentioned in section 34;

“transformational development projects” includes any capital projects or other projects for achieving objectives related to inequality, infrastructure, education, health care, or such other area as may be specified by the Government from time to time;

“Treasury Single Account” means an integrated system of bank accounts which enables public money to be managed in a consolidated manner.

(2) For the purpose of this Act, “local council”, “Chiefdom Administration”, “district”, “town”, “city”, and “locality” have the same meanings as defined in the Local Government Act, 2004.

(3) For the purpose of this Act, an entity is controlled by a person, if-

- (a) the person owns directly or indirectly more than half the voting shares in, or controls more than half the shareholders’ voting power over, the entity; or
- (b) the person is empowered by an enactment to appoint the members of the entity’s board or governing body.

Register of the general governmental and public enterprises.

2. (1) The Accountant-General shall maintain and update a register of the general government and public enterprises which prescribes names of entities and respective vote controllers included in-

- (a) central government;
- (b) local government;
- (c) social security funds; and
- (d) public enterprises.

(2) The updated register of the general government and public enterprises referred to in subsection (1) shall be publicly disclosed in the website of the Ministry. \

(3) The Accountant-General may require any budgetary agency, subvented agency, other entity in the central government, local council, Chiefdom Administration, other entity in the local council, social security fund, and public enterprise to submit to him any information necessary for maintenance of the register mentioned in subsection (1). ‘

PART II—INSTITUTIONAL RESPONSIBILITIES IN BUDGET SYSTEMS

3. Parliament shall, subject to the Constitution,- Responsibilities of Parliament

- (a) approve the State budget, including the Supplementary Estimates;
- (b) review the annual statements of the Consolidated Fund, the annual financial statements of the central government, and the audit reports of the Auditor-General;
- (c) review an annual report of the Transformational Development Stabilization Fund and the Intergenerational Savings Fund;
- (d) approve guarantees given by the Minister and loans provided from the Consolidated Fund;
- (e) ratify external loans contracted by Government of Sierra Leone; and
- (f) ratify external grants received from development partners.

4. The Cabinet shall, subject to the Constitution,— Responsibilities of Cabinet.

- (a) approve the Fiscal Strategy Statements and the State budget to be laid before Parliament;
- (b) monitor and review the execution of the State budget and the financial management of the general government through review of the quarterly statement of the central government, the annual financial statements of the Consolidated Fund, the annual financial statements of the central government, and the audit reports of the Auditor-General;

- (c) approve a Bill to establish a new subvented agency some other entity in the central government, a social security fund, or a public enterprise;
- (d) approve a proposal to Parliament of acquisition of shares and ownership interest in a company or other body corporate which causes the company or other body corporate to be a public enterprise; and
- (e) approve proposals for Parliament to ratify external loans and grants.

Responsibilities
of Minister.

5. (1) The Minister shall, in accordance with this Act and any other enactment—

- (a) develop the Government's fiscal policy covering the general government through preparation of the Fiscal Strategy Statement and State budget documents including the medium-term budgetary framework mentioned in section 30;
- (b) prepare the State budget through the control over the budget preparation process;
- (c) produce macroeconomic and fiscal forecasts underlying the Fiscal Strategy Statement and State budget documents;
- (d) evaluate projects proposed by budgetary agencies;
- (e) monitor and exercise control over the execution of the State budget;
- (f) manage and control public money through the management of the Treasury Single Account and the planning and forecasting of cash flows;

- (g) coordinate the management of external grants and loans made to the State;
- (h) monitor and manage fiscal risks and prepare fiscal risk statements;
- (i) monitor and exercise control over the financial management of entities included in the general government and public enterprises;
- (j) ensure transparency in the execution of the State budgets, the management of public money, and the financial management of entities included in the general government and public enterprises;
- (k) formulate policies on, and exercise control over, the acquisition, management, and disposal of financial and other assets held by entities included in the general government;
- (l) monitor and exercise control over the management of extractive industries revenues in accordance with this Act;
- (m) perform any other responsibilities conferred on him by any other law, or related to the responsibilities under previous paragraphs.

(2) For the purposes of discharging his responsibilities under subsection (1) the Minister may—

- (a) establish or continue in existence, within the Ministry, as the case may be, such departments, divisions or units as he may consider necessary or expedient; and
- (b) require any information from any budgetary agencies, other entities included in the general government, public enterprises and any other persons receiving from the State grants, guarantees, or loans;

- (c) establish treasury offices in budgetary agencies for the receipt, custody and disbursement of public money as may be required in the execution of the State budget; and
- (d) issue such instructions and directions as he may find necessary or expedient for discharging his responsibilities, unless the contrary is provided by any other enactment.

6. (1) The Minister may delegate in writing any of his responsibilities under section 5 to the Financial Secretary or to any other public office- in the Ministry.

(2) Any function delegated under subsection (1) does not divest the Minister of the responsibility for the function or the exercise of any power thereunder.

Responsibilities
of Financial
Secretary.

7. The Financial Secretary shall, subject to this Act, have the principal responsibility to ensure the effective application of this Act, to advise the Minister, and to supervise the staff of the Ministry in the performance of their duties under the general direction and control of the Minister.

Office of
Accountant-
General

8. (1) There shall be an Accountant-General whose office shall be a public office.

(2) The Accountant-General shall, in the performance of his duties under this Act or any other enactment, act in accordance with the general or specific directions of the Minister.

(3) There shall be an accounting class within the public service to which all accounting staff in that service shall belong and of which the Accountant-General shall be the head in addition to being head of department within the Ministry.

(4) The Accountant-General may station in any department any person employed in his office to enable the Accountant-General more effectively to carry out his functions under this Act or any other enactment and such department shall provide the necessary office accommodation for any person so stationed.

(5) Notwithstanding the other provisions of this Act or any other enactment, the Accountant-General shall have free access at all reasonable times to all files, documents and other records relating to the accounts of every budgetary agency and other entity included in the general government and shall be entitled to require and receive from members of a budgetary agency and other entity included in the general government such information, reports and explanations as he may deem necessary for the proper performance of his functions.

(6) For the purpose of discharging his responsibilities, the Accountant-General may issue instructions, unless the contrary is provided by any other enactment.

9. (1) For the purpose of this Act and any other enactment, the Accountant-General shall be responsible for—

Responsibilities
of Account-
tant
General.

- (a) receiving all public moneys to be paid into the Consolidated Fund;
- (b) providing secure custody for such public moneys;
- (c) making disbursements from the Consolidated Fund;
- (d) preparing cash flow forecasts of public money after consultation with budgetary agencies and other entities included in the central government;

- (e) monitoring the operations of the Treasury Single Account;
- (f) maintaining a register of the general government and public enterprises; and
- (g) discharging the responsibilities mentioned in subsection (2).

(2) The Accountant-General shall be the chief accounting officer of the Government and shall be responsible for—

- (a) keeping and rendering the accounts of the Consolidated fund and preparing and publishing the annual financial statements of the Consolidated Fund;
- (b) preparing and publishing the annual financial statements of the central government;
- (c) compiling annually consolidated financial statistics covering the general government in accordance with internationally accepted standards;
- (d) being the principal adviser to the Minister and the Government on accounting matters;
- (e) specifying internationally accepted accounting standards applicable to any entities included in the general government;
- (f) determining the chart of accounts of the central government and, as he considers appropriate, the charts of accounts of the local government and social security funds;

- (g) issuing, as he considers appropriate, instructions applicable to accounting practices and financial reporting of budgetary agencies and other, entities included in the general government;
- (h) ensuring the development of efficient and effective information technology platforms for the accounting and management of public finances within all budgetary agencies and other entities included in the general government; and
- (i) performing any other functions delegate by the Minister.

(3) When it comes to his notice, the Accountant-General shall report to the Minister and Auditor-General in writing any apparent defect in control by an entity included in the general government of revenue, expenditure, cash, stamps, stores and other property or any breach or non-observance by any person of this Act, any other enactment, or directions or instructions made thereunder.

(4) The Accountant-General may inspect premises or places of budgetary agencies for the purpose of preventing the occurrence of loss or deficiency in public money caused by fraud, embezzlement, or carelessness.

10. (1) There shall be an Internal Audit Department within the Ministry which shall be responsible for—

Internal Audit
Department
of Ministry.

- (a) performing the internal audit function of the Ministry;
- (b) ensuring that an internal audit department, division, or unit or an Audit Committee mentioned in subsection (1) of section 75 or subsection (1) of section 76 performs its responsibilities in accordance with internationally accepted standards; and

- (c) performing any other functions delegated by the Minister.

(2) The Director of the Internal Audit Department referred to in subsection (1) may issue guidelines and instructions to prescribe the composition, appointment, functions, powers, and any other matters relating to an internal audit department, division, or unit or an Audit Committee mentioned in subsection (1) of section 75 or subsection (1) of section 76.

Responsibilities of head of a budgetary agency* 11. The head of a budgetary agency shall, in accordance with this Act and any other enactment—

- (a) participate in the preparation of the Fiscal Strategy Statement and State budget documents;
- (b) participate in the preparation of the State budget through submission of a budget proposal;
- (c) make proposals for and ensure appropriate implementation of public investment projects and PPP projects under his responsibility;
- (d) allocate and manage resources of the budgetary agency through his decisions on, among others, appropriation, allotment and virement of a provision under the Estimates;
- (e) oversee and provide instructions and directions on, the performance of responsibilities by the vote controller of the budgetary agency; and

- (f) monitor and exercise controls over operations and performance of entities included in the general government and public enterprises under his responsibilities.

12. (1) Every budgetary agency shall have a vote controller. Vote controllers agencies
- (2) The vote controller of a budgetary agency shall be—
- (a) the Permanent Secretary, if the budgetary agency is a Government Ministry; and
 - (b) the head, if the budgetary agency is a constitutional institution:

Provided that the Minister may by directions designate a person other than the person mentioned in this subsection to be the vote controller of a budgetary agency.

(3) Every vote controller shall perform his responsibilities in accordance with this Act, regulations made thereunder, any other enactment, any instructions or directions given by the Minister Accountant-General or the head of the budgetary agency.

13. (1) The vote controller of a budgetary agency shall be responsible for the effective, efficient, and transparent use of the resources of the budgetary agency. Responsibilities of controllers of agencies.

- (2) For discharging his general responsibilities under subsection (1), the vote controller of a budgetary agency shall—
- (a) advise the head of the budgetary agency on its objectives, strategies, and policies, budget proposals and preparation and management of the resources;
 - (b) maintain efficient and effective systems of financial management and internal controls;

- (c) maintain an effective internal audit function under oversight of an audit committee;
- (d) operate and make commitments under, an open, competitive and transparent procurement process;
- (e) ensure proper evaluation of projects and monitor their implementation;
- (f) certify payments of expenditures within the prescribed or agreed period;
- (g) safeguard and manage assets and public money under the responsibility of the budgetary agency;
- (h) collect revenues of the budgetary agency promptly, efficiently and effectively;
- (i) report promptly to the head of the budgetary agency, the Minister, the Auditor-General and other authority specified by any other enactment the discovery of any illegal payment or loss or deficiency of public money;
- (j) initiate disciplinary process against any official or employee of the budgetary agency who contravenes this Act or causes or permits an illegal payment or loss or deficiency of public money or commits an act to undermine the financial management and internal controls of the budgetary agency;
- (k) keep full and proper records of the financial affairs of the budgetary agency;

- (1) submit in a timely manner financial reports, accounts, and statements of the budgetary agency; and
- (m) implement recommendations of internal and external auditors.

(3) A vote controller may in writing delegate the functions conferred on him to any public officer under his control and he shall give such instructions and directions as may be necessary for the proper exercise or performance of such delegated functions.

(4) In making delegation under subsection (3), a vote controller shall define the extent to which the functions conferred on him are being delegated.

(5) The delegation of any functions under subsection (3) shall not relieve the vote controller of any personal accountability or responsibility.

14. (1) The Minister shall establish in every district, a District Budget Oversight Committee. District budget Oversight Committees.
- (2) The Minister may make regulations to prescribe the responsibilities, composition, appointment, and procedures of a District Budget Oversight Committee.

15. (1) Every sub-vented agency, other entity in the central government, social security fund and public enterprise shall have a vote controller. Responsibilities of vote controllers of subvented agencies, other entities in the central government, social security funds, and public enterprises.

(2) The vote controller of an entity referred to in subsection (1) shall be—

- (a) the Permanent Secretary of a Government Ministry,
- (b) Chief Administrator of a local council,

- (c) Managing Director or a General Manager, Executive Director or other head of a State owned enterprise, or
- (d) head of a Government department, agency or commission;

(3) The vote controller of an entity referred to in subsection (1) shall be responsible for effective, efficient, and transparent use of the resources of the entity in accordance with this Act, regulations made thereunder, any other enactment and any applicable directions and instructions.

(4) For discharging his general responsibilities under subsection (3), unless the contrary is provided by any other enactment, the vote controller of an entity referred to in subsection (1) shall-

- (a) safeguard and manage the resources of the entity in the best interests of the entity with the due care and diligence;
- (b) set objectives, strategies, and policies of the entity;
- (c) approve and submit in a timely manner the budget of the entity;
- (d) maintain efficient and effective systems of financial management and internal controls;
- (e) maintain an effective internal audit function under oversight of an audit committee;
- (f) operate an open, competitive and transparent procurement process;
- (g) ensure proper evaluation of projects and monitor their implementation;

- (h) prevent irregular expenditures and ensure timely settlement of commitments;
- (i) ensure efficient, prompt and effective collection of revenues;
- (j) take disciplinary actions against an employee of the entity who commits an act to undermine the financial management and internal controls of the entity;
- (k) keep full and proper records of the financial affairs of the entity; and
- (l) submit in a timely manner to the relevant authorities in-year and end-year financial reports, accounts, and statements of the entity.

16. (1) The Auditor-General, in accordance with the Constitution and the Audit Services Act, 2014 – Responsibilities of Auditor-General.

- (a) shall audit the accounts and financial statements of the Consolidated Fund, central government, budgetary agencies, subvented agencies, other entities in the central government, local councils, social security funds and public enterprises;
- (b) shall prepare, submit to Parliament, and publish his audit report prepared under subsection (4) of section 119 of the Constitution;
- (c) shall monitor compliance with this Act of any entity subject to his audit and include results of monitoring in the audit report referred to in paragraph (b); and

- (d) may at any time review or examine any aspect of the operations of the entities referred to in paragraph (a).

Responsibilities of Bank of Sierra Leone.

17. For the purpose of this Act and the Bank of Sierra Leone Act, 2011, the Bank of Sierra Leone shall be responsible for-

- (a) opening the main bank account of the Treasury Single Account and performing other functions relating to the management of the Treasury Single Account in accordance with an agreement with the Minister concluded under subsection (3) of section 47; and
- (b) investing and managing the Transformational Development Stabilization Fund and the Intergenerational Savings Fund in accordance with the investment policies determined by the Minister under Schedule I of this Act.

Responsibilities of National Revenue Authority

18. National Revenue Authority shall, in accordance with the National Revenue Authority Act 2002, be responsible for the assessment and collection of national revenue.

Responsibilities of Public National Procurement Authority

19. The National Public Procurement Authority shall, in accordance with the Public Procurement Act, 2004, be responsible for-

- (a) regulating and harmonizing of public procurement processes in the public service;
- (b) ensuring value for money in public expenditures; and
- (c) ensuring the participation in public procurement by qualified suppliers, contractors,

consultants and other qualified providers of goods works and service.

PART III-MACROECONOMIC AND FISCAL POLICIES

20. (1) Any person, institution or agency responsible for or engaged in the financial management of public funds shall be guided by the principles of responsible financial management in order to ensure a prudent, efficient, effective and transparent use of public funds.

Principles of responsible financial management.

(2) Notwithstanding the generality of subsection (1), any person, institution or agency referred to under subsection (1), shall be guided by the following principles of responsible financial management -

- (a) achieve and maintain prudent levels of outstanding debt of the general government so as not to impose an inequitable burden on future generations;
- (b) achieve and maintain an appropriate balance between revenues and expenditures of the general government;
- (c) provide timely, reliable, and adequate information to the public on fiscal objectives, policies, data, and risks to ensure transparency in the budgetary and financial management of the general government and public enterprises;
- (d) manage prudently the fiscal risks faced by Sierra Leone;
- (e) formulate and implement fiscal policies to achieve macroeconomic stability; and
- (f) manage extractive industries revenues in accordance with Part VI in order to contribute to transformational development and the fiscal responsibility principles specified in this section.

Fiscal objectives set by a newly elected Government.

21. (1) When an election to the office of President of the Republic of Sierra Leone has taken place, the new Cabinet shall, based on the principles of responsible financial management, specify in its first Fiscal Strategy Statements, the fiscal objectives to be applied in the next five years,

(2) Where the fiscal objectives have been specified under subsection (1), the Fiscal Strategy Statements of the subsequent five years shall include -

- (a) an assessment of progress in the achievement of the fiscal objectives; and
- (b) a description of adjustments to be made towards the achievement of the fiscal objectives,

(3) The fiscal objectives specified under subsection (1) may not be changed during the term of the President of the Republic, unless such change is made through the Fiscal Strategy Statement which includes an explanation of the reasons for the change.

Macroeconomic and fiscal forecasts.

22. (1) The Minister shall prepare macroeconomic and fiscal forecasts underlying the Fiscal Strategy Statement and State budget documents at a date sufficiently early to meet the deadline of their submission to Parliament.

(2) The macroeconomic and fiscal forecasts underlying the Fiscal Strategy Statement and State budget documents prepared by the Minister under subsection (1), shall be based on assumptions that take full account of domestic and international economic conditions and developments, including conditions of international commodity markets.

(3) The fiscal forecasts shall maintain a comprehensive coverage of the general government.

23. (1) Not later than the end of the fifth month of every financial year, the Minister shall, with approval of the Cabinet, prepare and lay before Parliament for its information a Fiscal Strategy Statement which contains -

- (a) an overview of recent macroeconomic and fiscal developments;
- (b) macroeconomic forecasts for the next three years or more;
- (c) fiscal forecasts, including revenues, expenditures, deficit and debt, of the State budget for the next three years or more;
- (d) a description of main policy measures which the Government plans to introduce during the next three years and projections of their fiscal impacts;
- (e) fiscal forecasts of the general government and subsectors for the next three years or more;
- (f) an explanation of methodologies and assumptions used for the macroeconomic and fiscal forecasts;
- (g) a comparison of the macroeconomic and fiscal forecasts with those of international organizations and independent bodies and an explanation of the reasons for significant differences between them, if any;
- (h) a comparison of the forecasts of the macroeconomic and fiscal indicators included in the previous Fiscal Strategy Statement with the actual outcomes of those indicators and an explanation of the reasons for significant differences between them, if any;

- (i) a fiscal risk statement;
- (j) ceilings on total expenditures of the central government and on expenditures broken down at such level of detail as deemed appropriate by the Minister for the next three years or more; and
- (k) any other information as may be deemed appropriate by the Minister.

(2) A Fiscal Strategy Statement laid before Parliament under subsection (1), shall immediately after its submission to Parliament, be published in the *Gazette* and website of the Ministry.

(3) For the purpose of preparing the Fiscal Strategy Statement, the Minister may require any government entity to submit any information in such manner as determined by the Minister.

Policy costing.

24. (1) The Minister may require a budgetary agency to submit to him a policy costing in respect of a new policy or significant change in an existing policy or otherwise involving expenditures from the Estimates or other funds, proposed by the budgetary agency prior to approval of such policy.

(2) The Minister may prescribe methodologies, procedures and any other matters necessary for implementation of subsection (1).

Fiscal risk statement.

25. (1) The Minister shall identify and analyze risks which may have a material effect on the fiscal outlook (hereinafter called “fiscal risks”) through preparation of a fiscal risk statement to be submitted as part of the Fiscal Strategy Statement under section 23.

(2) A fiscal risk statement shall include -

- (a) results of sensitivity analysis based on different assumptions in respect of main macroeconomic and fiscal indicators;
- (b) information and analysis of existing exposures of entities included in the central government to contingent liabilities, including those arising from guarantees, losses on pending court cases, and any other sources, and to loans and advances;
- (c) any other information as may be deemed appropriate by the Minister.

(3) For the purpose of this section, the Minister may require any necessary information from any government entity, public enterprise, the Bank of Sierra Leone and any other persons receiving guarantees, loans, or advances from the State.

PART IV - PREPARATION AND APPROVAL OF BUDGET *Appropriations and budgetary principles*

26. (1) Public money may not be spent, except as expressly authorized by the Constitution or an Act of Parliament or an appropriation under an Appropriation Act. Authority to spend public money.

(2) The authority to spend public money provided by an appropriation under an Appropriation Act -

- (a) shall be limited to the amount specified for the appropriation under the Appropriation Act and may not be exceeded;
- (b) shall be limited to the purpose of the appropriation specified under the Appropriation Act and may not be used for any other purpose; and

- (c) shall lapse at the end of the financial year to which the Appropriation Act relates unless carryover of the appropriation is allowed under this Act,

Structure of
State budget.

27. (1) The State budget shall be composed of-

- (a) an Appropriation Act by which Parliament gives statutory authority for the issue of money from the Consolidated Fund to meet the amounts of expenditures voted by Parliament; and
- (b) the Estimates which provide Parliament with additional information on voted amounts included in the Appropriation Act and are to be approved by Parliament as such after voting on the Appropriation Act.

(2) In accordance with paragraph (a) of subsection (2) of section 112 of the Constitution, an Appropriation Act shall be divided into the heads of the expenditures which-

- (a) specify the amount appropriated per budgetary agency, except where this Act or regulations mentioned in subsection (5) provide otherwise; and
- (b) are voted by Parliament.

(3) The Estimates shall be divided into the subheads of the expenditures which -

- (a) provide a breakdown of expenditures within the heads of the expenditures; and
- (b) further divide the expenditures into major economic categories.

(4) Without prejudice to subsection (3), the Estimates may classify the expenditures into programs which group the expenditures into activities to be carried out with a view to achieving one or more specific objectives.

(5) The Minister may make regulations for the implementation of subsections (3) and (4) or any other issue relating to the classification of expenditures and revenues.

(6) In accordance with paragraph (b) of subsection (2) of section 112 of the Constitution, the heads of the expenditures in the Estimates and Appropriation Bill shall specify for the information of Parliament, the amount to be charged on the Consolidated Fund under paragraph (a) of subsection (3) of section 111 of the Constitution.

28. (1) For the purpose of this Act, State revenues include, without limitation -

State revenues
to be present-
ed in the
Estimates.

- (a) taxes of any kind;
- (b) current revenues, such as those from goods and services rendered, holding of financial and other assets, fines and other revenues compelled by the law, transfers, and other miscellaneous sources;
- (c) domestic and external grants;
- (d) proceeds of sale of financial and other assets and repayment of loans granted; and
- (e) domestic and external borrowing.

(2) All State revenues to which an Appropriation Act relates shall be presented in the relevant Estimates on a gross basis without being netted with any State expenditure.

(3) An amount received as refund for an expenditure shall be credited to the appropriation against which the expenditure was charged.

State expenditures to be authorized by the Estimates.

29. (1) For the purpose of this Act, State expenditures include, without limitation, –

- (a) personnel expenditures;
- (b) operating expenditures, including expenditures for acquisition of inventory;
- (c) capital expenditures, including expenditures for acquisition or development of tangible, intangible or financial assets or ownership interest;
- (d) transfers;
- (e) expenditures for granting loans; and
- (f) expenditures for interest payments and other debt service charges and repayment of domestic and external borrowing.

(2) State revenues may not be earmarked for a specific State expenditure or retained by a budgetary agency for its expenditure, unless such earmarking or retention is authorized by an Act of Parliament.

(3) All State expenditures for which appropriations are to be made under an Appropriation Act shall be presented in the relevant Estimates without being offset by State revenues.

(4) The Estimates shall separately present the amount of revenue expected to be raised by each budgetary agency and the external grants that it is likely to receive from donors.

Budget preparation and approval

30. (1) For the purpose of this Act, the Ministry of Finance shall establish a medium-term budgetary framework which includes– Medium-term budgetary framework.

- (a) the fiscal objectives to be established by a newly elected Government under section 21;
- (b) reliable macroeconomic and fiscal forecasts for at least three years underpinning the fiscal planning and the State budget;
- (c) multiannual ceilings on expenditures for at least three years prescribed in the Fiscal Strategy Statement and budget call circular as a basis for the preparation of the State budget for the following years;
- (d) guidance to budgetary agencies on estimates of the fiscal impact of existing and new policy measures and on policy prioritization with a multiannual perspective; and
- (e) reconciliation of the macroeconomic forecasts and expenditure ceilings with the outcomes achieved for the relevant indicators.

(2) The Minister may by statutory instrument, prescribe rules and procedures for implementation of subsection (1).

31. (1) As soon as practicable after the Fiscal Strategy Statement is approved under subsection (1) of section 23, the Minister shall issue a budget call circular in accordance with the Fiscal Strategy Statement, for the purpose of guiding budgetary agencies in preparing budget proposals. Budget call circular.

(2) A budget call circular issued by the Minister under subsection (1), shall –

- (a) prescribe ceilings on expenditures from the State budget for the next three years or more broken down at the level of detail as determined by the Minister;
- (b) prescribe a budget calendar which sets out the time frame in respect of preparation and approval of the State budget;
- (c) include instructions to be complied with budget agencies in the course of preparation of budget proposals; and
- (d) any other matters as may be deemed necessary by the Minister.

Budget
proposal and
public
consultation.

32. (1) By such date as specified by a budget call circular, the head of every budgetary agency shall submit to the Minister a budget proposal which includes—

- (a) estimates of revenues expected to be received under his responsibilities for the next three years at a level of detail as specified by the budget call circular;
- (b) estimates of expenditures for the next three years at a level of detail as specified by the budget call circular and;
- (c) any other matter required under this Act.

(2) A budget proposal referred to in subsection (1) shall be prepared in accordance with the instruction of the Minister.

(3) For the purpose of supporting the preparation of the State budget, the Minister may by the statutory instrument prescribe procedures for giving stakeholders, including the public, an opportunity to express their views on the budget proposal, including proposal of transformational development projects and the Government's performance in delivery of public service.

33. (1) The State budget shall be laid before Parliament by the Minister not later than two months before the beginning of the financial year to which it relates. Submission of State budget.

(2) The Minister shall obtain approval of Cabinet before laying the State budget before Parliament.

(3) On their submission to Parliament under subsection (1) and section 32, the Minister shall publish the State budget documents in the *Gazette* and the website of the Ministry.

34. The State budget laid before Parliament shall be accompanied by information annexes which include, — State budget documents.

- (a) overview of recent macroeconomic and fiscal development;
- (b) updated macroeconomic forecasts for the next three years or more;
- (c) update fiscal forecasts, including revenues, expenditures, deficit, and debt, of the State budget for the next three years or more;
- (d) update fiscal forecasts of general government and subsectors for the next three years or more;
- (e) a reconciliation of the macroeconomic and fiscal forecasts under paragraphs (b); (c) and (d) with those under the Fiscal Strategy Statement;
- (f) an explanation of methodologies and assumptions used for the macroeconomic and fiscal forecasts;

- (g) a comparison of the revenues and expenditures indicated in the main Estimates with the actual revenues and expenditures of the preceding two years and the forecasts of the revenues and expenditures for the next two years;
- (h) the consolidated budget of the central government, which aggregates budgets of all entities included in the central government at such detail as determined by the Minister;
- (i) a description of the main policy objectives and strategies to be achieved and implemented under the State budget, including the policies contained in the budget speech;
- (j) a statement of transformational development projects referred to in subsection (6) of section 77;
- (k) estimated amount of waiver of tax to be given during a financial year to which the State budget relates;
- (l) a Public Investment Programme referred to in subsection (1) of section 35;
- (m) a list of outstanding guarantees given by the Minister and loans granted from the Consolidated Fund; and
- (o) any other information as required by this Act or deemed appropriate by the Minister.

Public Investment Programme

35. (1) The Minister shall annually prepare and submit as part of the State budget documents a Public Investment Programme which includes.

- (a) lists of-
 - (i) all ongoing projects which have been included in the State budgets of the present or preceding financial years and the implementation of which are ongoing;
 - (ii) all new projects which are newly included in the State budget of the next financial year;
 - (iii) all ongoing PPP projects, the implementation of which are ongoing; and
 - (iv) all new PPP projects, multiannual commitments which has been approved by the Minister under subsection (2) of section 60;
- (b) a list of transformational development projects and their assessments mentioned in paragraphs (a) and (b) of subsection (8) of section 77; and
- (c) the following information related to all projects and PPP projects included in the lists mentioned in paragraph (a):
 - (i) names, start and completion dates, and summaries of the projects and PPP projects;
 - (ii) financing sources of the projects and PPP projects;

- (iii) updated projections of annual expenditures for the projects and PPP projects to be spent under the State budget over the entire period of the project implementation;
- (iv) amount of outstanding commitments to payments to the projects and PPP projects; and
- (v) any other information as may be deemed appropriate by the Minister,

(2) The Minister may issue regulations and guidelines to prescribe—

- (a) the procedures, criteria, methodologies, and specific information required to qualify a project for inclusion in the State budget; and
- (b) any other procedures, criteria, methodologies and requirements in respect of screening, evaluation, and implementation of projects.

(3) The screening, evaluation, selection and implementation of PPP projects shall be made in accordance with the Public-Private Partnership Act, 2014.

Contingencies Fund. 36. (1) Pursuant to section 116 of the Constitution, the Minister shall establish a Contingencies Fund, the amount of which shall not exceed at any time two per cent of the non-EIR presented in the main Estimates of the present financial year.

(2) An Appropriation Bill of a financial year shall include an appropriation for replenishment of the Contingencies Fund, the amount of which shall not exceed two per cent of the non-EIR presented in the main Estimates of the financial year.

37. (1) The Contingencies Fund may be withdrawn from at stipulated under this section.

Withdrawal from Contingencies Fund.

(2) The aggregate amount of withdrawal from the Contingencies Fund during a financial year shall not exceed two per cent of the non-EIR presented in the main Estimates of the financial year.

(3) In accordance with subsection (1) of section 116 of the Constitution, the Minister may, on the request of the head of a budgetary agency, withdraw from the Contingencies Fund to meet an expenditure of the budgetary agency, only when—

- (a) the Minister is satisfied that there has arisen in the budgetary agency an urgent and unforeseen need for the expenditure for which no other provision exists under the estimates;
- (b) the expenditure may not be met by reallocation under section 43;
- (c) the expenditure cannot, without serious injury to the public interest, be postponed until provision can be made by a Supplementary Estimate; and
- (d) the withdrawal does not cause the limit mentioned in subsection (2) to be exceeded.

(4) A request under subsection (3) shall be made in such form and manner as may be specified by the Minister.

(5) When withdrawal is made under subsection (3), -

- (a) the amount withdrawn from the Contingencies Fund shall be paid into the Consolidated Fund;

- (b) as soon as practicable, the Contingencies Fund shall be replenished by the Minister by charging against an appropriation for replenishment mentioned in subsection (2) of section 36;
- (c) as soon as practicable, in accordance with subsection (2) of 116 of the Constitution, a Supplementary Estimate shall be laid by the Minister before Parliament for its approval to classify the expenditure of the budgetary agency, for which the withdrawn amount is used, into a relevant provision under the Estimates.

(6) Every quarter, the Minister shall submit to Parliament a report which includes information about withdrawal from the Contingencies Fund under subsection (3),

Special warrants of the President

38. (1) The President may issue a warrant under paragraph (c) of subsection (2) of section 114 of the Constitution only when the aggregate amount of the expenditures authorized by warrants issued under the said Article of the Constitution during a financial year does not exceed one per cent of the non-EIR presented in the main Estimates of the financial year.

(2) An Appropriation Bill of a financial year shall include an appropriation for issuance of a warrant by the President under paragraph (c) of subsection (2) of section 114 of the Constitution, the amount of which shall not exceed one per cent of the non-EIR presented in the main Estimates of the financial year.

(3) As soon as practicable after the President has issued a warrant under paragraph (c) of subsection (2) of section 114 of the Constitution, the Minister shall lay before Parliament for its approval a Supplementary Estimate to classify the expenditure made under the warrant into a relevant provision under the Estimates.

39. (1) The State budget may include an unallocated head of expenditures to set aside the Consolidated Fund to meet an unspecified need or purpose: Unallocated head of expenditures.

Provided that the amount of the unallocated head of expenditures may not exceed one per cent of the non-EIR presented in the main Estimates of the financial year.

(2) The Minister may, on his initiative or the request of the head of a budgetary agency, issue a warrant authorizing expenditures to be charged against the unallocated head of expenditures mentioned in subsection (1), when the expenditures are necessary for public interest.

(3) A request under subsection (2) shall be made in such form and manner as may be specified by the Minister.

(4) Every quarter, the Minister shall submit to Parliament a report which includes information about expenditures which have been charged against the unallocated head of expenditures under subsection (2).

(5) As soon as practicable after the Minister issues a warrant to charge an expenditure against the unallocated head of expenditures under subsection (2), a Supplementary Estimate shall be laid by the Minister before Parliament for its approval to classify the expenditure into a relevant provision under the Estimates.

40. (1) Parliament may not alter the State budget laid by the Minister in a way to increase the total expenditures from the Consolidated Fund proposed under the State budget. Parliamentary procedure.

(2) The Speaker may, by resolution of Parliament, hire temporally, or permanently a small core of technical staff to assist in gathering information, making research and analysis on issues pertinent to its deliberations and resolutions on the budget submitted to Parliament by the Minister.

Temporary budget.

41. (1) When an Appropriation Act of a financial year does not come into force by the beginning of the financial year, pursuant to section 113 of the¹ Constitution, the Minister may, with the approval of Parliament, authorise expenditure from the Consolidated Fund for a period not exceeding four months from the coming into operation of the Appropriation Act or the beginning of the financial year to which that Act relates, whichever is earlier.

(2) The expenditures spent under subsection (1) shall be regarded as forming part of the appropriation for the financial year to which the Appropriation Act relates.

In-year adjustment

Supplementary Estimates and Supplementary Appropriation Bill.

42. (1) In accordance with subsection (3) of section 112 of the Constitution, the Minister shall lay before Parliament for its approval a Supplementary Estimate when it intends to—

- (a) increase or decrease an appropriation under the Appropriation Act;
- (b) create a new appropriation under the Appropriation Act;
- (c) change the purpose of an appropriation under the Appropriation Act;
- (d) increase or decrease the amount of a provision for an item of expenditures under the Estimates, if it cannot be increased or decreased through reallocation under section 43; or
- (e) change the purpose of a provision under the Estimates.

(2) A Supplementary Estimate shall not be laid by the Minister before Parliament—

(a) before the start of the seventh month of the financial year; and

(b) more than twice within a financial year.

(3) Subsection (2) shall not apply, if the submission of the Supplementary Estimate is required under paragraph (c) of subsection (5) of section 37, subsection (3) of section 38, or subsection (5) of section 39.

(4) A Supplementary Estimate shall classify the expenditures in the same manner as the main Estimates.

(5) A Supplementary Estimate laid by the Minister before Parliament shall be accompanied by information annexes which include—

- (a) updated forecasts of revenues of, and expenditures from, the State budget;
- (b) an assessment of the fiscal impact of the Supplementary Estimate; and
- (c) any other information as may be deemed appropriate by the Minister.

43. (1) An amount of a provision under the Estimates may not be reallocated between different heads of expenditures, without approval by Parliament through a Supplementary Estimate. ^{Virement.}

(2) The Minister may, on the request of the head of a budgetary agency, reallocate an amount of a provision for an item of expenditures under the Estimates between different subheads of expenditures but within the same head of expenditures:

Provided that the aggregate amount of reallocation between different subheads within the same head may not exceed ten per cent of the total expenditures provided for the head.

(3) The head of a budgetary agency may reallocate an amount of a provision for an item of expenditures under the Estimates within the same subheads of expenditures:

Provided that the aggregate amount of reallocation within the same subhead may not exceed ten per cent of the total expenditures provided for the subhead.

(4) When a head of a budgetary agency reallocates a provision under subsection (3), he shall notify the Minister of the reallocation in such form and manner as prescribed by the Minister.

(5) An amount of a provision for an item of expenditures under the Estimates may not be reallocated –

(a) from capital expenditures to current expenditures; or

(b) to increase wages, salaries, emoluments, allowances, or other personnel expenditures.

(6) The Minister shall by statutory instrument prescribe prohibitions and other rules necessary for implementation of this section.

Complementary period. 44. (1) Payments of expenditures of a budgetary agency on account of a financial year shall be made before December 31 st of the following financial year:

Provided that the expenditures on account of a financial year shall be committed by the end of the financial year.

(2) Revenues of a budgetary agency on account of a financial year shall be collected before December 31st of the following financial year.

(3) Expenditures and revenues of a budgetary agency which are paid or collected after the date specified in subsections (1) and (2) shall be treated as revenues and expenditures on account of the following financial year and met by the following financial year's appropriations.

(4) The Minister shall make regulations necessary for the implementation of this section,

45. (1) Carryover of a provision under the State budget shall not be made, except when regulations mentioned in subsection (2) so authorize. Regulations on carry over.

(2) The Minister may by statutory instrument prescribe procedures, conditions, limitations and other requirements in relation to carryover of a provision under the State budget.

PART V – BUDGET EXECUTION AND TREASURY MANAGEMENT

Public money

46. Pursuant to section III of the Constitution the Consolidated Fund shall consist of– Composition of Consolidated Fund.

- (a) all revenues or other moneys raised or received for the purpose of, or on behalf of, the Government;
- (b) any other moneys raised or received in trust for or on behalf of the Government; and
- (c) all revenues and moneys payable by or under any bilateral or multilateral agreement;

except revenues or other moneys–

- (i) that are payable by or under an Act of Parliament into some other fund established for a specific purpose; or

- (ii) that may, by or under an Act of Parliament, be retained by the department of Government that received them for the purpose of defraying the expenses of that department.

Treasury Single Account and bank accounts of entities included in the central government.

47. (1) The Minister shall by statutory instrument establish a Treasury Single Account comprising such bank accounts as specified in subsection (2).

(2) The main bank account of the Treasury Single Account shall be opened with the Bank of Sierra Leone, and other bank accounts included in the Treasury Single Account may be opened with the Bank of Sierra Leone and such other financial institutions as may be specified by the Minister.

(3) The Minister shall enter into agreement with the Bank of Sierra Leone in respect of receipt, custody, payment, transmission, and reporting of public money, whether within or outside Sierra Leone, for the purpose of maintenance and management of the Treasury Single Account.

(4) Any bank accounts of budgetary agencies, sub-vented agencies, or other entities in the central government, whether in Sierra Leone or elsewhere, shall not be opened or closed without the prior-approval of the Minister.

(5) The Minister shall by statutory instrument prescribe—

- (a) the scope of bank accounts to be included in the Treasury Single Account;
- (b) arrangements, requirements and any other matters necessary for development and management of the Treasury Single Account;
- (c) transitional arrangements for development of the Treasury Single Account;

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- (d) his powers in respect of opening, closure, transfer, and suspension of bank accounts of budgetary agencies, sub-vented agencies, and other entities in the central government; and

- (e) any other matters necessary for implementation of this section.

(6) The Minister may require any budgetary agencies, sub-vented agencies, and other entities in the central government to submit to him any information related to their bank accounts.

48. (1) The Minister shall appoint a Cash Management Committee on such terms as he considers appropriate. Cash Management Committee.

(2) A Cash Management Committee appointed by the Minister under subsection (1), shall be responsible to—

- (a) coordinate and make recommendations to the Minister on—
 - (i) management of bank accounts by budgetary agencies, sub-vented agencies, and other entities in the central government;
 - (ii) development and management of the Treasury Single Account; and
 - (iii) cash flow forecasts and cash management by entities, bank accounts of which are included in the Treasury Single Account; and
- (b) perform any other functions assigned to it by the Minister.

(3) The Minister shall prescribe the composition, appointment, responsibilities, powers and procedures of the Cash Management Committee—

Cash flow forecasts and reports.

49. (1) The Minister may require any budgetary agencies, sub-vented agencies, and other entities in the central government to prepare and submit to him forecasts and reports related to cash flow of the agencies and entities in such form and by such date as determined by the Minister.

(2) The Minister may prescribe procedures, methodologies, forms, and any other matter in respect of cash flow forecasts and reports mentioned in subsection (1).

Investment of public money.

50. (1) The Bank of Sierra Leone may, in accordance with the guidance of the Minister, invest, whether in Sierra Leone or elsewhere, public money which is held in the Treasury Single Account and not immediately required to be paid to meet any obligation of the Government.

(2) When the amount of public money accounted in the Consolidated Fund is invested under subsection (1), the interest earned from the investment and the principal sum of the investment shall also be accounted in the Consolidated Fund.

(3) Under subsection (1), public money may be invested only-

- (a) on deposit with a financial institution in Sierra Leone or a bank elsewhere, approved by the Minister for the purpose;
- (b) in securities representing public debt of Sierra Leone; or
- (c) such readily-marketable securities as may be approved by the Minister.

(4) In consultation with the Bank of Sierra Leone, the Minister shall prescribe investment guidelines to specify policies and rules on the investment of public money under subsection (1).

51. (1) Every person who collects, receives, or has a custody of any public money shall promptly deposit it into a bank account in such manner and within such period as prescribed by the Accountant-General, and a person who is not authorised by a head of a budgetary agency to do so may not collect, receive, or have a custody of, any public money. Receipt and deposit of public money

(2) When a budgetary agency, sub-vented agency, or other entity in the central government receives money from a person without a just cause, the money shall be returned or repaid or otherwise dealt with in such manner as may be prescribed by the Accountant-General.

(3) Every person who collects, receives, or has custody of any public moneys shall keep a record of receipts and deposits thereof in such form and manner as the Accountant-General may determine.

52. (1) The Minister shall by statutory instrument prescribe procedures and requirements in respect of issuance of cheques by budgetary agencies, sub-vented agencies, and other entities in the central government. Government cheques.

(2) No financial institution shall make a charge for cashing a cheque or other instrument drawn on the account of the State in the Bank of Sierra Leone or any other financial institution or for cashing any other payment instrument issued as authority for the payment of public money by debiting from the Consolidated Fund or any other public fund, or in respect of any cheque or other payment instrument drawn in favour of the State or any public officer in his official capacity and tendered for deposit to the credit of the Government.

Debt write-off.

53. (1) Any debt or obligation due to the State may be written off from accounts of budgetary agencies only with the approval of the Minister.

(2) The Minister may not approve the writing off of a debt or obligation due to the State under subsection (1), unless he is satisfied that—

(a) all reasonable collection action has been taken and all possible means of collection have been exhausted; and

(b) there is no possibility now or in the future of collection through any way.

(3) Any debt or obligation written off under subsection (1) from the accounts does not constitute a remission of such obligation or debt, and does not debar subsequent proceedings for recovery by the State.

(4) The Minister may, by regulations, prescribe the criteria, procedures, reporting, and any other requirements in relation to the writing off of debt or obligation due to the State.

Deduction and set-off

Deduction and set-off

54. (1) Where any person is indebted to the State, the Minister may authorise the retention by way of deduction, set off of the amount of any such indebtedness out of any sum of money that may be due or payable by the Government to any such person.

(2) Notwithstanding subsection (1), the Accountant-General, or any other head of department shall recover any overpayment made by debiting from the Consolidated Fund on account of salary, wages and allowances out of any sum of money that may be due or payable by the Government to the person to whom such overpayment was made.

Budget execution process

55. (1) No payment shall be made pursuant to an appropriation under an Appropriation Act, unless a warrant authorizing expenditures to be charged against the appropriation has been issued by the Minister to a head of a budgetary agency. Warrant of the Minister

(2) A warrant of the Minister issued under subsection (1) has no effect to the extent to which it purports to authorise the payment for which there is no available appropriation under an Appropriation Act.

56. (1) At the beginning of a financial year, the Minister may require a head of a budgetary agency to submit to him for his approval monthly forecasts under the Estimates for such period of time as specified by the Minister. Appropriation allotments.

(2) An appropriation allotment shall be prepared and submitted in such form and manner and by such date as may be prescribed by the Minister.

(3) Notwithstanding subsections (1) and (2), the Minister may by himself determine and vary an appropriation allotment of a budgetary agency.

(4) When an appropriation allotment of a budgetary agency is determined, approved, or varied by the Minister under subsections (1) or (3), it may not be varied by the budgetary agency without the approval of the Minister.

(5) An appropriation under an Appropriation Act or a provision under the Estimates may not be committed in excess of an allotment under an approved appropriation allotment.

(6) An amount of an allotment for a period of time which has not been committed is carried over to the next period, unless otherwise directed, by the Minister.

(7) Notwithstanding subsection (6), an amount of an allotment for a period of time which has not been committed may not be carried over to the next financial year.

Procurement and Government contract.

57. (1) The bidding process for, and conclusion and administration of, contracts for procurement of goods, works, and services shall be conducted in accordance with this Act and any other enactment regulating public financial management including public procurement and public-private partnership.

(2) Subject to this or any other enactment, the Minister may by statutory instrument make regulations or orders with respect to all or any of the following matters:

- (a) the conditions under which contracts may be entered into; and
- (b) the security to be given in the name of the Government to secure the due performance of contracts.

(3) Where any payment under a contract is withheld to ensure the due performance of the contract, such payment may, subject to this Act or any other enactment, be charged to the appropriation for the contract, and the amount so charged may be placed to the credit of a special account to be paid out in accordance with such contract and in such manner as the Minister may prescribe.

Government stores regulations.

58. The Minister shall by statutory instrument prescribe regulations governing the acquisition, receipt, issue, custody and control of government stores.

Annual commitments.

59. A commitment, settlement of which requires expenditures from the Estimates only in the present financial year (hereinafter called “annual commitment”), may be assumed by a budgetary agency, if—

- (a) the amount to be paid under the commitment is equal to or less than the available provision;
- (b) the legality of expenditures to be made from the Estimates under the commitment has been verified in accordance with any enactment; and

- (c) the amount to be paid under the commitment is equal to or less than the available allotment, if any.

60. (1) Assumption of a commitment, settlement of which requires expenditures from the Estimates for multiple financial years or in a future financial year (hereinafter called “multiannual commitment”), by a budgetary agency shall be subject to the prior approval of the Minister. Multiannual commitments.

(2) The Minister may approve a multiannual commitment under subsection (1), if—

- (a) the amount to be paid under the commitment within the present financial year is equal to or less than the available appropriation and the available allotment, if any;
- (b) the legality of expenditures to be made from the Estimates under the commitment has been verified in accordance with any enactment;
- (c) the amount to be paid under the commitment does not cause any ceiling on total and other expenditures under the Fiscal Strategy Statement to be exceeded.

61. (1) There shall be a commitment control system which maintains records of annual and multiannual commitments assumed or approved under sections 59 and 60. Commitment control system.

(2) The Minister shall by statutory instrument to prescribe the functions and operations of a commitment control system referred to in subsection (1).

Inclusion of outstanding commitments in provisions under the Estimates.

62. (1) The main Estimates for a financial year to be laid before Parliament shall include the amount of a provision for an item of expenditures sufficient to cover the aggregate of portions of the outstanding approved multiannual commitments for the expenditures to be paid within the financial year, in order to prevent occurrence of expenditure arrears.

(2) A Supplementary Estimate to be laid before Parliament during a financial year may reduce the amount of a provision for an item of expenditures from the existing provision under the Estimates, only to the extent that the amount of the available provision after the reduction is still sufficient to cover the aggregate of the outstanding approved commitments for the expenditures to be paid within the financial year, in order to prevent occurrence of expenditure arrears.

Verification of works, goods, and services.

63. No payment shall be made for work done, goods supplied or services rendered, whether under a contract or not, in connection with any part of the public service, unless in addition to any other voucher or certificate that is required, the vote controller of the budgetary agency concerned, or any other officer authorised by the vote controller certifies-

- (a) that the work has been performed, the goods supplied or the service rendered, as the case may be, and that the price charged by the contract, is reasonable; or
- (b) where payment is to be made before the completion of the work, delivery of the goods or rendering of the service, as the case may be, that the payment is in accordance with the contract.

Certification of Payment vouchers.

64. (1) A payment voucher for making payments to expenditures of a budgetary agency shall be certified by the vote controller of the budgetary agency or other public officer authorised by him.

(2) The vote controller or other authorised public officer shall not Certify a payment voucher under subsection (1), unless-

- (a) the underlying commitments of the payment voucher meet the requirements under section 59 or section 60;
- (b) if applicable, the certification in respect of the relevant work done, goods supplied, or services rendered has been provided under section 63
- (c) information stated in the payment voucher is correct in light of the evidence of the relevant claim; and
- (d) the legality of a proposed payment has been verified in accordance with any enactment.

65. (1) Every payment out of the Consolidated Fund shall be made under the direction and control of the Accountant-General by electronic funds transfer or other electronic payment systems, cash, cheque or other payment instrument in such form and authenticated in such manner as the Minister may by statutory instrument prescribe. Payments.

(2) The Accountant-General may not make payments in relation to any payment voucher which-

- (a) has not been certified by a vote controller or public officer authorised by him under subsection (1) of section 64;
- (b) is not in a proper form;
- (c) is not computed correctly on the facts certified; or
- (d) contravenes this Act or any other enactment or instructions made thereunder.

(3) When a payment out of the Consolidated Fund is made in respect of a claim for settlement, the Accountant-General shall make a reconciliation of the claim with the evidence of the claim and cheques or other payment instruments issued.

(4) The Minister may, after consultation with the Auditor-General, by statutory instrument, make regulations relating to the destruction of cheques or other instruments.

In-year reporting

Monthly and quarterly statements of the Consolidated Fund and central government

66. (1) Every month, the Accountant-General shall prepare and publish in the *Gazette* and the website of the Ministry a monthly statement of the Consolidated Fund which includes the actual revenues and expenditures of the Consolidated Fund and any other information as may be deemed appropriate by the Accountant-General.

(2) Every quarter, the Accountant-General shall prepare and publish in the *Gazette* and the website of the Ministry a quarterly statement of the central government which includes-

- (a) the actual revenues and expenditures of the central government;
- (b) an overview of progress in budget execution within the central government; and
- (c) any other information as may be deemed appropriate by the Accountant-General.

(3) The Minister shall submit to Parliament for its information a quarterly statement of the central government prepared under subsection (2).

Borrowing, guarantees, advances, loans, and donor funds and grants

67. (1) Pursuant to subsection (3) of section 118 of the Constitution, no borrowing may be made on behalf of the State otherwise than by or under the authority of an Act of Parliament. Borrowing on behalf of the State.

(2) Pursuant to subsection (1) of section 2 of the Public Debt Management Act, 2011, the Minister shall have the sole authority to borrow money to be paid into the Consolidated Fund.

68. In accordance with subsection (1) of section 13 of the Public Debt Management Act, 2011, the Minister may give a guarantee on behalf of the State on such terms and conditions as may be approved by Parliament. Guarantees.

69. (1) Any money paid by the State under a guarantee given by the Minister under section 68 shall be charged upon the Consolidated Fund in accordance with paragraph (a) of subsection (3) of section 111 of the Constitution. Money paid under guarantees.

(2) Any money paid by the State under a guarantee given by the Minister under section 68 constitutes a debt due to the State from the person for whom the guarantee was given.

(3) A debt referred to in subsection (2)-

- (a) is recoverable in any court of competent jurisdiction;
- (b) may be paid over any period of time and on any terms and conditions that the Minister deems appropriate; and
- (c) may be written off or set off by the Minister in accordance with sections 53 and 54.

(4) Subsection (2) or (3) does not limit or affect any other rights that the State may have as a guarantor.

70. (1) No public money shall be advanced from the Consolidated Fund unless it is authorized under this section. Advances from Consolidated Fund.

(2) Prior-approval of the Minister shall be obtained to make an advance payment from the Consolidated Fund.

(3) The Minister may approve an advance payment under subsection (2) on such terms and conditions as he deems appropriate, only when in his opinion, the advance payment can be repaid or regularized within the same financial year through delivery of goods, services, or works or deduction from a subsequent payment to the person receiving the advance payment or otherwise.

(4) The Minister may charge on an advance made under subsection (3) such interest as he deems appropriate.

Loans from Consolidated Fund..

71. (1) Pursuant to subsection (1) of section 118 of the Constitution, no loan shall be granted on behalf of the State, unless it is explicitly authorized by an Act or resolution of Parliament.

(2) Pursuant to subsection (1) of section 118 of the Constitution, only the Minister may enter into an agreement for the granting of a loan from the Consolidated Fund.

(3) In accordance with subsection (2) of section 118 of the Constitution and section 15 of the Public Debt Management Act, 2011, an agreement entered into pursuant to subsection (2) shall be laid before Parliament and shall not come into operation until it has been approved by Parliament and the agreement shall contain a clause to that effect.

(4) For the purpose of subsection (3), the Minister may request Parliament to approve particular classes of loans subject to such limitations as may be required by Parliament.

Management of guarantees and loans.

72. (1) The Minister shall maintain, and keep up-to-date, a register of guarantees given by him under section 68 and loans granted from the Consolidated Fund under subsection (1) of section 71.

(2) A register mentioned in subsection (1) shall include information on—

(a) the contractual terms and conditions on the guarantees and loans;

b) the performance of obligations under contracts, in respect of the loans;

(c) the performance of underlying loans and obligations in respect of the guarantees; and

(d) any other matters as may be specified by the Minister.

(3) Every year or more frequently if the Minister so requires, the vote controller of every subvented agency, other entity in the central government, local council, social security fund and public enterprise shall submit to the Minister a report on outstanding guarantees and loans, by such date and in such form and manner as may be specified by the Minister.

(4) For implementation of this section, the Minister may require any information from any person to whom the Minister has given a guarantee or loan.

(5) The Minister may issue guidelines to specify information to be regularly submitted to the Minister under subsection (4).

73. (1) Any current or capital expenditure of a budgetary agency to be financed by loans or grants from a foreign government, international organization, or other donors may be committed and paid only when it is authorized by an appropriation under an Appropriation Act.

Expenditure financed by donors' loans and grants.

(2) The head of a budgetary agency shall include in a budget proposal mentioned in subsection (1) of section 32 the results of costing and appraisal of all projects, expenditures for which are to be—

- (a) financed by loans or grants from a foreign government, international organization, or other donors; and
- (b) wholly or partly paid from the State budget to which the budget proposal relates.

(3) The Minister shall prescribe any requirements and controls for the management of bank accounts of budgetary agencies, subvented agencies, and other entities in the central government, into which public money received through loans or grants from a foreign government, international organization, or other donors is deposited.

Authority to receive grants.

74. (1) All grants from a foreign government, international organization, or other donors to current or capital expenditure of any budgetary agency shall form part of the Consolidated Fund in accordance with section 46.

(2) The Minister shall have the sole authority to receive grants mentioned in subsection (1), except when the Minister authorises the vote controller of a budgetary agency, in writing, to receive such grants.

(3) The Minister shall by statutory instrument prescribe any requirements and procedures for receipt by a budgetary agency, sub-vented agency, or other entity in the central government of grants from a foreign government, international organization, or other donors,

Internal audit

Internal audit

75. (1) The Director of the Internal Audit Department of the Ministry may require the vote controller of a budgetary agency, sub-vented agency, other entity in the central government, local council, social security fund, or public enterprise to establish or maintain an internal audit department, division, or unit in the budgetary agency or entity.

(2) An internal audit department, division, or unit of a budgetary agency or other entity established under subsection (1) shall—

- (a) ensure strict adherence to all control procedures introduced to safeguard the assets and records of the agency or entity;
- (b) monitor the execution of the budget by the agency or entity and report promptly on any irregularity;
- (c) make periodic reports on audits completed;
- (d) review the implementation of the Auditor-General's or other external auditor's recommendations;
- (e) in case of an internal audit department division, or unit of a budgetary agency, review external audit reports and management letters on entities included in the general government or public enterprises in respect of which the head of the budgetary agency is the responsible authority;
- (f) review all contracts of the agency or entity for ensuring effective performance and value for money;
- (g) continuously review the effectiveness and efficiency of internal control systems and procedures of the agency or entity;
- (h) offer advice on internal controls of the agency or entity;
- (i) review the operations of the agency or entity to ascertain whether results are consistent with the objectives and goals of the agency or entity; and

- (j) perform any other functions assigned to it by the head of the agency or entity.

(3) An internal audit department, division or unit of a budgetary agency or other entity referred to in subsection (1) shall report to the vote controller and the Audit Committee, if any, of the agency or entity:

Provided that the internal audit department, division, or unit shall report to the head of the agency or entity any matters directly related to the performance of the vote controller of the agency or entity.

(4) An internal audit department, division, or unit of a budgetary agency or other entity mentioned in subsection (1) shall perform its responsibilities in accordance with internationally accepted standards.

Audit Committee.

76. (1) The Director of the Internal Audit Department of the Ministry may require the vote controller of a budgetary agency, sub-vented agency, other entity in the central government, local council, social security fund, or public enterprise to establish an Audit Committee of the entity, after consultation with the vote controller of the entity.

(2) An Audit Committee of an entity appointed under subsection (1) shall—

- (a) report to the Minister of the entity; and
- (b) be constituted and perform its responsibilities in accordance with internationally accepted standards.

PART VI—MANAGEMENT OF EXTRACTIVE INDUSTRIES REVENUES

Management of extractive industries revenues.

77. (1) The Minister shall open with the Bank of Sierra Leone a bank account to be known as the Transformational Development Fund Account.

(2) Public money deposited in the Transformational Development Fund Account shall be accounted for in the Consolidated Fund.

(3) All public money received as extractive industries revenues shall be deposited in the Transformational Development Fund Account.

(4) Any public money deposited in the Transformational Development Fund Account shall not be withdrawn, except for making transfer to—

- (a) the main bank account of the Treasury Single Account for meeting expenditures for transformational development projects under the State budget; or
- (b) the Transformational Development Stabilization Fund.

(5) The annual amount of transfer of public money from the Transformational Development Fund Account to the main bank account of the Treasury Single Account for meeting expenditures for transformational development projects under the State budget shall be made in accordance with the fiscal rule under section 78 and shall be included in the State budget as revenues.

(6) Information annexes of the State budget mentioned in section 34 shall include a statement of transformational development projects which contain—

- (a) a description of policy objectives, measures, and evaluation relating to transformational development projects;
- (b) a list of expenditures for transformational development projects for the next three years;
- (c) forecasts of extractive industries revenues to be deposited in the Transformational Development Fund Account for the next three years; and
- (d) forecasts of transfer from the Transformational Development Stabilization Fund to the Transformational Development Fund Account for the next three years.

(7) The State budget shall underscore expenditures for transformational development projects by daggering the relevant provisions.

(8) The Public Investment Programme mentioned in subsection (1) of section 35 shall include—

- (a) a list of all transformational development projects which are ongoing or newly included in the State budget; and
- (b) an assessment of the economic and social impacts of the transformational development projects included in the list, mentioned in paragraph (a).

Fiscal rule for management of extractive industries revenues.

78. (1) The amount of transfer during a financial year from the Transformational Development Fund Account to the main bank account of the Treasury Single Account for meeting expenditures for transformational development projects under the State budget shall not exceed the amount which is calculated by multiplying non-Extractive Industries Revenues indicated in the most recent audited financial statements of the Consolidated Fund by a reference value prescribed by regulations.

(2) A reference value referred to in subsection (1) shall be at the level to maintain a balance between—

- (a) estimated total annual expenditures of the Consolidated Fund for the next twenty years or more; and
- (b) estimated total annual revenues of the Consolidated Fund, excluding revenues from domestic and external borrowing, for the next twenty years or more.

(3) The estimated total annual expenditures of the Consolidated Fund for the next twenty years or more referred to in paragraph (a) of subsection (2) shall be at the level to maintain the compliance with the principles of responsible financial management.

(4) When statutory instruments to prescribe or amend a reference value referred to in subsection (1) are laid by the Minister before Parliament, the Minister shall also submit to Parliament and publish in the website of the Ministry a report which includes -

- (a) estimates of annual expenditures and revenues of the Consolidated Fund for the next twenty years or more, which were used as a basis of calibration of the reference value;
- (b) an explanation of methodologies and assumptions used for the estimates;
- (c) an explanation of how the reference value accords with the maintenance of the balance referred to in subsection (2);
- (d) an explanation of how the estimated total annual expenditures of the Consolidated Fund used as a basis of calibration of the reference value accord with the requirements under subsection (3); and

- (e) any other matters as deemed appropriate by the Minister.

Establishment of Transformational Development Stabilization Fund,

79. (1) There is hereby established a fund to be known as the Transformational Development Stabilization Fund.

(2) The Transformational Development Stabilization Fund shall be a pool of assets and shall not have a legal personality or budget.

(3) The Transformational Development Stabilization Fund shall consist of –

- (a) public money transferred from the Transformational Development Fund Account under subsection (1) of section 80;
- (b) investments of public money referred to in paragraph (a); and
- (c) public money accruing as interest, dividends, returns, and profits arising from the investments referred to in paragraph (b).

(4) The State shall be the legal and beneficial owner of the Transformational Development Stabilization Fund.

(5) The assets of the Transformational Development Stabilization Fund shall not be invested in–

- (a) securities issued by a Sierra Leonean issuer, real estate located in Sierra Leone, or funds or companies or similar arrangements, the primary purpose of which are to invest in Sierra Leone; or
- (b) covered bonds secured with assets mentioned in paragraph (a).

(6) A financial year of the Transformational Development Stabilization Fund shall be the same as the financial year of the Government of Sierra Leone.

(7) Schedule 1 shall apply in relation to the governance and investment of the Transformational Development Stabilization Fund.

80. (1) When the amount of extractive industries revenues to be deposited in the Transformational Development Fund Account during a financial year exceeds the amount to be withdrawn from the Transformational Development Fund Account for meeting expenditures for transformational development projects under the State budget of the financial year, the amount of money equal to the difference shall be transferred from the Transformational Development Fund Account to bank accounts opened for the Transformational Development Stabilization Fund.

Deposits to, and withdrawal from, Transformational Development Stabilization Fund.

(2) When the amount of extractive industries revenues to be deposited in the Transformational Development Fund Account during a financial year is below the amount to be withdrawn from the Transformational Development Fund Account for meeting expenditures for transformational development projects under the State budget of the financial year, the amount of money equal to the difference shall be transferred from bank accounts opened for the Transformational Development Stabilization Fund to the Transformational Development Fund Account, until the total assets of the Transformational Development Stabilization Fund are exhausted.

81. (1) There is hereby established a fund to be known as the Intergenerational Savings Fund.

Establishment of the Intergenerational Savings Fund.

(2) The Intergenerational Savings Fund shall be a pool of assets and does not have a legal personality or budget.

(3) The Intergenerational Savings Fund shall consist of–

- (a) public money transferred from the Transformational Development Stabilization Fund under subsection (1) of section 82;
- (b) investments of public money mentioned in paragraph (a); and
- (c) public money accruing as interest, dividends, returns, and profits arising from the investments mentioned in paragraph (b).

(4) The State shall be the legal and beneficial owner of the Intergenerational Savings Fund.

(5) The assets of the Intergenerational Savings Fund shall not be invested in -

- (a) securities issued by a Sierra Leonean issuer, real estate located in Sierra Leone, or funds or companies or similar arrangements, the primary purpose of which are to invest in Sierra Leone; or
- (b) covered bonds secured with assets mentioned in paragraph (a).

(6) A financial year of the Intergenerational Savings Fund shall be the same as the financial year defined in section (1).

(7) Schedule shall apply in relation to the governance and investment of the Intergenerational Savings Fund.

Deposits to, and withdrawal from Intergenerational Savings fund .

82. (1) When the amount of the total assets of the Transformational Development Stabilization Fund exceeds such amount as the Minister may, by statutory instrument, specify, the exceeding amount shall be transferred to the Intergenerational Savings Fund.

(2) The Intergenerational Savings Fund may not be withdrawn for any purpose, except by amendments to this Act.

PART VII—ACCOUNTING, FINANCIAL REPORTING, AND AUDITING

83. The following financial statements shall be prepared in accordance with such internationally accepted accounting standards as specified by the Accountant-General in consultation with the Auditor-General—

Accounting standards of the general government.

- (a) the annual financial statements of budgetary agencies, sub-vented agencies, other entities in the central government, local councils, Chiefdom Administration, other entities in the local government, and social security funds;
- (b) the annual financial statements of the Consolidated Fund; and
- (c) the annual financial statements of the central government.

84. (1) The Accountant-General shall, in consultation with the Auditor-General, determine and publish in the *Gazette* or website of the Ministry the chart of accounts of the central government.

Chart of accounts of the central governments.

(2) The classification of revenues, expenditures, and other financial transactions under the chart of accounts of the central government shall be the same as the State budget.

(3) The Minister may, by statutory instrument, prescribe exceptions to subsection (2).

(4) Any accounts of a budgetary agency, sub-vented agency, and any other entity in the central government shall be structured in accordance with the chart of accounts of the central government determined under subsection (1).

Charts of accounts of local government and social security funds.

85. (1) The Accountant-General may, in consultation with the Auditor-General, determine and publish in the *Gazette* and the website of the Ministry the charts of accounts of the local government and of social security funds.

(2) When the charts of accounts of the local government and of social security funds are determined under subsection (1), any accounts of local councils, Chiefdom Administration, other entities in local government, and social security funds shall be structured in accordance with the relevant chart of accounts.

Submission of annual financial statements by entities in the general government.

86. (1) Within three months after the accounts of a financial year are closed at the end of a complementary period mentioned in section 44, the vote controller of every entity in subsection (3) of section 86 shall submit to the Auditor-General annual financial statements of the entity for the financial year.

(2) Within nine months after the end of a financial year, the vote controller of entities referred to in subsection (3) of section 86 shall submit to the Accountant-General the audited financial statements of the entity for the financial year together with the audit report of the Auditor-General.

(3) Within nine months after the end of a financial year, the vote controllers of the following entities shall submit to the Minister and the Accountant-General their audited annual financial statements for the financial year, together with the audit reports of the Auditor-General—

- (a) every sub-vented agency;
- (b) every other entity in the central government;
- (c) every local council;
- (d) every Chiefdom Administration;
- (e) every other entity in local government; and
- (f) every social security fund.

87. (1) No later than three months after the end of a financial year, the Accountant-General shall draw up and sign the annual financial statements of the Consolidated Fund which he shall submit, together with his explanatory report, to the Auditor-General through the Minister.

Financial statements of Consolidated Fund.

(2) The explanatory report referred to in subsection (1) shall include an overview of the annual financial statements of the Consolidated Fund and other information as may be required by any other enactment, or as may be requested by Parliament.

(3) The annual financial statements of the Consolidated Fund shall –

- (a) be prepared in accordance with International Public Sector Accounting Standards; and
- (b) contain such other information as may be prescribed by the Minister.

(4) Immediately after the annual financial statements of the Consolidated Fund and the explanatory report are submitted to the Auditor-General, the Accountant-General shall cause them to be published in the *Gazette* and the website of the Ministry of Finance.

88. (1) The annual financial statements of the Consolidated Fund published under subsection (4) of section 87 shall contain a note that such annual financial statements are presented before audit examination has been completed and are issued subject to any observations contained in the report of the Auditor-General for that financial year.

Audit of financial statements of Consolidated Fund.

(2) Within twelve months after the end of a financial year, the Auditor-General shall submit to the Minister and Parliament and publish in the *Gazette* and on the Auditor-General's website the audit report on the annual financial statements of the Consolidated Fund of the financial year.

Annual financial statements of the central government.

89. (1) Not later than ten months after the end of a financial year, the Accountant-General shall prepare and submit to the Auditor-General the annual financial statements of the central government, which covers all entities included in the central government.

(2) Not later than twelve months after the end of a financial year, the Accountant-General shall submit to the Minister the annual financial statements of the central government for the financial year and the audit report of the Auditor-General on it.

(3) On their submission under subsection (2), the Minister shall lay the audited annual financial statements of the central government and the audit report before Parliament and publish them in the *Gazette* and the website of the Ministry.

Information-gathering powers of Auditor-General.

90. (1) For the purpose of conducting audits required under section 119 of the Constitution, this Act, or any other enactment, the Auditor-General may—

- (a) require any person to provide him or any auditor appointed by him, with any information, evidences, books, records, returns, and documents;
- (b) require any person to answer questions to be given by him or any auditor appointed by him, either orally or in writing; and
- (c) enter and remain on any premises of a person subject to his audit with full and free access to any documents and property of the person and examine any bank accounts of the person.

(2) The Auditor-General shall require every employee of his office who is to conduct audits under this Act or any other enactment to comply with any security arrangements applicable and to take any oath of secrecy required to be taken by the person to be audited and every such employee shall comply with the requirement, except that, no such requirement shall prevent that employee from carrying out his statutory functions.

91. (1) An entity subject to the audit of the Auditor-General or any auditor appointed by him, except for budgetary agencies, local councils, and Chiefdom Councils, is liable to pay to the Auditor-General such fees as determined by him for the audit by him or any auditor appointed by him. Audit fees.

(2) Fees mentioned in subsection (1) shall be paid by such date and in such manner as specified by the Auditor-General.

(3) The Auditor-General, on behalf of the State, may recover unpaid fees charged under subsection (1) as a debt in a court of competent jurisdiction.

92. The Auditor-General shall conduct his audits required under this Act or any other enactment in accordance with internationally accepted auditing standards. Auditing standards.

93. (1) The Auditor-General shall draw the attention of the appropriate authority to any irregularity disclosed during the examination of the accounts of the Consolidated Fund as soon as the facts of such irregularity have been established and confirmed. Disallowance and surcharge by the Auditor-General.

(2) The Auditor-General shall as a result of the audit of the annual financial statements of the Consolidated Fund, make such queries and observations addressed to the Accountant-General or any other person and call for such accounts, vouchers, statements, documents and explanations as he may think necessary.

(3) Every query or observation under subsection (2) received by the Accountant-General or any other person shall, within thirty days after its receipt by that person, be returned by him, with the necessary reply to the Auditor-General.

(4) In the performance of his functions under this Act or any other enactment, the Auditor-General may disallow any item of expenditure accounted for in the Consolidated Fund which is contrary to law and may surcharge—

- (a) the amount of an illegal payment upon any person by whose negligence or willful misconduct the illegal payment has been made; or
- (b) the amount of any loss or deficiency of public money upon any person by whose negligence or willful misconduct the loss or deficiency has been caused.

(5) The Auditor-General shall specify the appropriate vote controller, the amount due from any person on whom he has made a surcharge and the reasons for the surcharge and shall report the circumstances of the case to the Minister.

(6) Every sum specified under subsection (5) by the Auditor-General to be due from any person shall be paid by that person to the department, or institution, as the case may be, within thirty days after it has been so specified.

(7) Any person aggrieved by a disallowance or surcharge made by the Auditor-General may appeal to the High Court,

(8) Any sum which is lawfully due under this section shall, on civil proceedings taken by or in the name of the Accountant-General in a court of competent jurisdiction, be recoverable as a civil debt:

Provided that where the person surcharged is in receipt of any remuneration from the Government or any institution, such remuneration shall be attached to the extent of the sum lawfully due,

(9) In any proceedings for the recovery of any sum due under this section, a certificate signed by the Auditor-General shall be *prima facie* evidence of the facts certified.

(10) The Auditor-General may, on his initiative or on the request of a person on whom surcharge is imposed or relevant vote controller, re-examine his imposition of surcharge under subsection (4) and shall revoke the surcharge when he finds that there is no ground of the surcharge.

(11) The re-examination under subsection (10) shall be initiated no later than five years after the imposition of the relevant surcharge.

(12) The Auditor-General may examine any person on oath on any matter appertaining to any account subject to audit by him.

94. Without prejudice to any other provisions of this Act, any person who fails or refuses to reply to an audit query or observation within the appropriate period specified in section 93(3) shall, if the Auditor-General so directs, have his emoluments and allowances withheld for so long as the officer fails to reply. Failure to answer audit query.

95. (1) In accordance with subsection (4) of section 119 of the Constitution the Auditor-General shall, within twelve months of the end of the immediate preceding financial year submit his annual report to Parliament and shall, in that report, draw attention to irregularities in the accounts audited and to any other matter which in his opinion ought to be brought to the notice of Parliament. Auditor-General to submit annual report to Parliament.

(2) On its submission to Parliament under subsection (1), the annual report of the Auditor-General shall be published in the *Gazette* and the website of the Auditor-General.

(3) Without prejudice to the generality of subsection (1), the Auditor-General shall call attention to every case in a report thereunder in which he has observed that-

- ,
- (a) any officer or employee has willfully or negligently omitted to collect or receive any public money;
 - (b) any public moneys were not duly accounted for and paid to the credit of the Consolidated Fund or other public funds;
 - (c) any appropriation of public money was exceeded or was applied to a purpose or in a manner not authorized by law;
 - (d) an expenditure made from public money was not so authorized or was not properly vouched or certified; or
 - (e) there has been a loss or deficiency of public money through the fraud, default or mistake of any person,

(4) Parliament shall consider the report of the Auditor-General and either refer it to the Public Accounts Committee or any other committee in the public interest, to deal with any matters arising therefrom and such committee shall review the Auditor-General's report and publish its own report.

(5) For the purpose of reviewing the Auditor-General's report under subsection (4), the Public Accounts Committee may put questions to the vote controller of any entity subject to the audit of the Auditor-General or his appointed auditor in accordance with the Standing Orders of Parliament.

(6) Nothing in this section shall prevent the Auditor-General from submitting a special report for tabling in Parliament on matters that should not await disclosure in the annual report.

Requests by the Parliament for Auditor-General to conduct audits.

96. The Auditor-General may, whenever the Minister or Parliament so requires or on his own motion, inquire into and report on any matter relating to-

- (a) the financial affairs of any budgetary agency, sub-vented agency, other entity in the central government, local council, Chiefdom Administration, other entity in the local government, social security fund, public enterprise;
- (b) any person or organization in receipt of financial aid from the State or in respect of which financial aid from the State is sought; and
- (c) any other matters as may be deemed appropriate by the Auditor-General.

Part VIII - OVERSIGHT OF SUB-SECTORS AND EXTRA BUDGETARY ENTITIES
Local government

97. (1) Subject to this Act and the Local Government Act, 2004, a local council shall manage its revenues, expenditures, assets, and liabilities in a manner to achieve and maintain an appropriate balance between revenues and expenditures.

General principles and rules.

(2) The Minister, in consultation with the Minister responsible for local government, may by statutory instrument establish the ceilings and other rules that every local council shall comply with in respect of fiscal deficit or stock of outstanding debt or both.

(3) For the purpose of monitoring the compliance with ceilings and rules established under subsection (2), the Minister, in consultation with the Minister responsible for the local government, may require any local council to submit any information to the Minister and the Minister responsible for local government.

98. A local council shall not raise loans or obtain overdraft or borrow, without prior approval of the Minister, in consultation with the Minister responsible for local government.

Approval of borrowing by local government.

Budget preparation.

99. (1) A budget of a local council shall classify revenues and expenditures in such manner and be prepared in such form as may be specified in regulations or instructions referred to in section 102.

(2) A budget of a local council shall be accompanied by such information and documents as may be specified in regulations or instructions referred to in section 102.

(3) By such date as specified by the Minister, a local council shall submit its draft budget to the Minister and the Minister responsible for local government who may make comments on the draft budget to be taken into account by the local council.

Budget approval and submission.

100. (1) In accordance with subsection (1) of section 67 of the Local Government Act, a local council shall approve its budget of a financial year not later than one month before the beginning of the financial year.

(2) In accordance with paragraph (d) of subsections (2) and subsection (3) of section 67 and subsection (2) of section 85 of the Local Government Act, 2004 -

- (a) a budget of a local council approved under subsection (1);
- (b) a development plan mentioned in subsection (1) of section 101; and
- (c) information and documents accompanying the budget referred to in subsection (2) section 99,

shall be submitted to the Local Government Finance Committee and published.

(3) When a local council revises its approved budget, the revision shall be immediately submitted to the Local Government Finance Committee.

101. (1) A local council shall annually prepare and submit, together with its approved budget, to the Local Government Finance Committee a development plan referred to in subsection (1) of section 85 of the Local Government Act, 2004. Development plan.

(2) A development plan referred to subsection (1) shall include—

- (a) a list of all projects, including transformational development projects, if any,-
 - (i) which are included in the approved budget of the local council; or
 - (ii) which have been included in the preceding years' budgets of the local council and are ongoing.
- (b) estimates of the year-by-year expenditures, both capital and recurrent, that are expected to be incurred in implementing each project included in the list under paragraph (a) over the entire period of implementation; and
- (c) any other matters as may be specified under subsection (3).

(3) The Minister shall, in consultation with the Minister responsible for the local government, specify any matters in respect of preparation of a development plan under subsection (1).

102. The Minister may, after consultation with the Minister responsible for local government, by statutory instrument prescribe requirements in respect of budget preparation and execution by a local council. Regulation of budget preparation and execution.

103. (1) Every local council shall, each quarter, submit to the Minister and Minister responsible for local government a budget execution report which includes the amount of actual revenues and expenditures and any other information as may be specified under subsection (2). In-year reporting.

(2) The Minister may, after consultation with the Minister responsible for the local government, specify the timeline of submission, forms, and any other matters in respect of the budget execution report mentioned in subsection (1).

(3) In addition to budget execution reports mentioned in subsection (1), the Minister may require at any time a local council to submit to him any reports and information in such form and by such date as may be determined by the Minister.

(4) When the Minister receives reports or information under subsection (3), he shall send the reports or information to the Minister responsible for local government.

Financial
corrective
actions.

104. (1) Where a local council -

- (a) contravenes ceilings and rules established under subsection (2) of section 97 or any other provision of this Act;
- (b) fails to implement an action plan which has been submitted under paragraph (i) of this subsection; or
- (c) fails to submit, or submits with significant delay, financial planning documents, budgets, budget execution reports, financial statements, or any other reports or information according to the timelines or other requirements of this Act or any other enactment,

the Minister may, in consultation with the Minister responsible for local government, -

- (i) require the local council to submit or resubmit an action plan to resolve underlying problems within a specific period of time;

(ii) require prior approval of the Minister for such key financial decisions of the local council as specified by the Minister;

(iii) reduce or suspend grants or transfers from the State budget to the local council; and

(iv) appoint for a specific period of time a financial administrator who would advise the local council on corrective actions monitor the implementation of such actions, and who may issue legally binding directions to the local council in respect of such key financial decisions as specified by the Minister.

(2) A financial administrator appointed under paragraph (iv) of subsection (1) -

- (a) shall act as an agent of the Minister and be subject to the supervision and directions of the Minister;
- (b) shall have full and free access to any books, documents, records, information, and premises of the local government; and
- (b) may be stationed in the local council if the Minister so decides.

105. (1) In accordance with paragraph of subsection (2) of section 20 of the Local Government Act, 2004 and any other enactment, a local council for a locality is responsible to -

- (a) approve budgets of Chiefdom Administration within the locality; and

Oversight of
financial
management
of Chiefdom
Councils.

- (b) oversee execution of budgets by Chiefdom Administration.

(2) By such date and in such form as may be specified by the Minister, every Chiefdom Administration shall submit to the Minister and the Minister responsible for local government -

- (a) its budget approved by the relevant local council; and
- (b) in-year budget execution reports in addition to budget execution reports and financial statements of local councils referred to in paragraph (c) of subsection (3) of section 86 and subsection (1) of section 103.

(3) The Minister may require at any time a Chiefdom Administration to submit to him any reports and information in such form and by such date as may be determined by the Minister.

(4) When the Minister receives reports or information under subsection (3), he shall send the reports or information to the Minister responsible for local government and the relevant local council.

(5) The Minister may, in consultation with the Minister responsible for local government, by statutory instrument prescribe—

- (a) any ceilings and rules that any Chiefdom Administration shall comply with in respect of fiscal deficit or stock of outstanding debt or both;
- (b) timeline of submission, forms, and any other matters in respect of the in-year budget execution reports and the annual financial statement of Chiefdom Administration mentioned in subsection (1); and

- (c) any requirements in respect of budget preparation and execution by Chiefdom Administration.

106. The Minister may, in consultation with the Minister responsible for local government, by statutory instrument prescribe

Oversight of financial management of other entities in the local government.

- (a) ceilings and rules that other entities in the local government shall comply with in respect of fiscal deficit or stock of outstanding debt or both;
- (b) requirements relating to submission and approval of budgets of other entities in the local government;
- (c) requirements in respect of budget preparation and execution by other entities in the local government; and
- (d) requirements of submission of financial reports and information.

Sub-vented agencies, other entities in the central government, and social security funds

107. (1) A sub-vented agency, other entity in the central government, or social security fund may not be established or incorporated except by an Act of Parliament specifically providing for the establishment of the agency, entity, or fund:

Establishment of a new sub-vented agency, other entity in the central government, and social security fund.

Provided that this subsection does not apply to a sub-vented agency, other entity in the central government, or social security fund which exists at the time of the coming into operation of this Act.

(2) When a Bill to establish a new sub-vented agency, other entity in the central government, or social security fund is introduced to Parliament, the Bill shall be accompanied by an opinion of the Minister on stating whether -

- (a) benefits from the establishment outweigh costs of the establishment;
- (b) the establishment does not cause any fiscal rule or ceiling under this Act or the Fiscal Strategy Statement to be breached or exceeded; and
- (c) the establishment is in accordance with the principles of responsible financial management.

(3) The Minister may, by statutory instrument, specify the methodologies, forms, and any other matters necessary for implementation of this section.

(4) The Minister may require from any budgetary agency any information necessary for implementation of this section.

Minister's approval of borrowing.

108. Where the Act establishing the entity empowers a Sub-vented agency, other entity in the central government or social security fund to raise loans, obtain overdraft, or borrow, the agency, entity, or fund may not raise loans, obtain overdraft, or borrow without obtaining prior approval of the Minister.

Budget Preparation and submission.

109. A budget of a sub-vented agency, other entity in the central government, or social security fund shall classify revenues and expenditures in such manner and be prepared in such form as may be specified in regulations or instructions referred to in section 111(1).

(2) A budget of a sub-vented agency, other entity in the central government, or social security fund shall be accompanied by such information and documents as may be specified in regulations or instructions mentioned in subsection (1) of section 111.

(3) By such date as specified by the Minister, a vote controller of a sub-vented agency, other entity in the central government, or social security fund shall submit its draft budget to the Minister and the responsible authority who may make comments on the draft budget to be taken into account by the agency, entity, or fund.

110. (1) In addition to any other requirements to submit the budget under the Act establishing a new entity, the vote controller of a sub-vented agency, other entity in the central government, or social security fund shall submit to the Minister and the responsible authority for their information its budget for a financial year approved by the vote controller, together with accompanying documents referred to in subsection (2) of section 109, no later than one month before the beginning of the financial year.

Budget approval and submission.

(2) When a budget of a sub-vented agency, other entity in the central government, or social security fund is revised during a financial year, the vote controller of the agency, entity, or fund shall immediately submit the revision to the Minister and the responsible authority for their information.

111. (1) The Minister may, in consultation with the relevant responsible authorities, by statutory instrument prescribe requirements in respect of budget preparation and execution by a sub-vented agency, other entity in the central government, and social security fund.

Regulations and instructions on budget preparation and execution.

(2) The Minister may by statutory instrument prescribe different requirements for different categories of sub-vented agencies, other entities in the central government, and social security funds.

112. (1) In addition to any other requirements for financial reporting under the Act establishing a new entity, each quarter, the vote controller of a sub-vented agency, other entity in the central government, or social security fund shall submit to the Minister and the responsible authority a budget execution report which includes the amount of actual revenues and expenditures and any other information as may be specified under subsection (2).

In-year reporting.

(2) The Minister may, in consultation with the relevant responsible authorities, specify the timeline of submission, forms, and any other matters in respect of the budget execution report referred to in subsection (1).

(3) In addition to budget execution reports mentioned in subsection (1), the Minister may require at any time the vote controller of a sub-vented agency, other entity in the central government, or a social security fund to submit to him any reports and information in such form and by such date as may be determined by the Minister.

(4) When the Minister receives reports or information under subsection (3), he shall send the reports or information to the relevant responsible authority.

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corrective
actions.

113. (1) Where-

- (a) a sub-vented agency, other entity in the central government, or social security fund contravenes any provision of this Act or regulations made thereunder;
- (b) sub-vented agency, other entity in the central government, or social security fund fails to implement an action plan which has been submitted under clause (i) of this subsection; or
- (c) the vote controller of a sub-vented agency, other entity in the central government, or social security fund fails to submit, or submits with significant delay, financial planning documents, budgets, budget execution reports, financial statements, or any other reports or information according to the timelines or other requirements of this Act or any other enactment,

the Minister may, in consultation with the relevant responsible authority -

- (i) require the vote controller of the agency, entity, or fund to submit or resubmit an action plan to resolve underlying problems within a specific period of time;
- (ii) require prior approval of the Minister for such key financial decisions of the agency, entity, or fund as specified by the Minister;
- (iii) reduce or suspend grants or transfers from the State budget to the agency, entity, or fund; and
- (iv) appoint for a specific period of time a financial administrator who would advise the vote controller of the agency, entity, or fund on corrective actions, monitor the implementation of such actions, and who may issue legally binding directions to the agency, entity, or fund in respect of such key financial decisions as specified by the Minister.

(2) A financial administrator appointed under paragraph (iv) of subsection (1) -

- (a) shall act as an agent of the Minister and be subject to the supervision and directions of the Minister;
- (b) shall have full and free access to any books, documents, records, information, and premises of the sub-vented agency, other entity in the central government, or social security fund; and

- (c) may be stationed in the sub-vented agency, other entity in the central government, or social security fund when the Minister so decides.

Public enterprises

Acquisition of shares or ownership interests by the general government.

114. (1) Any acquisition of a share or ownership interest in a company or other body corporate which causes the company or body corporate to be a public enterprise shall be made in accordance with this section,

(2) The Minister shall, when the main Estimates for a financial year are being submitted for approval by Parliament, include for approval a schedule which shows detailed information about -

- (a) any acquisition of a share or ownership interest in a company or other body corporate during the financial year to be accounted for in the Consolidated Fund; and
- (b) any sale or disposal of a share or ownership interest in a company or other body corporate during the financial year which is accounted for in the Consolidated Fund.

(3) A sub-vented agency, other entity in the central government, local council, Chiefdom Administration, other entity in the local government, or social security fund may not acquire a share or ownership interest in a company or other body corporate which causes the company or body corporate to be a public enterprise, unless it has been approved by Parliament on a proposal of the Minister.

(4) The Minister shall not propose to Parliament under subsection (3) any acquisition of a share or ownership interest in a company or other body corporate, unless, in the Minister's opinion—

- (a) benefits from the acquisition outweigh costs of the acquisition;
- (b) such acquisition does not cause any fiscal rule or ceiling under this Act or the Fiscal Strategy Statement to be breached or exceeded; and
- (c) such acquisition is in accordance with the principles of responsible financial management.

(5) The Minister may by statutory instrument specify methodologies, forms, and any other matters necessary for implementation of this section.

(6) The Minister may collect from any entity included in the general government any information necessary for preparing his opinion under subsection (4).

115. (1) Where a Bill to establish a new public enterprise is introduced to Parliament, the Bill shall be accompanied by an opinion of the Minister on whether—

Establishment of a new public enterprise by the law.

- (a) benefits from the establishment outweigh costs of the establishment;
- (b) the establishment does not cause any fiscal rule or ceiling under this Act or the Fiscal Strategy Statement to be breached or exceeded; and
- (c) the establishment is in accordance with the principles of responsible financial management.

(2) The Minister may by statutory instrument specify methodologies, forms, and any other matters necessary for implementation of this section.

(3) The Minister may require from any budgetary agency any information necessary for implementation of this section.

Budgets and financial planning documents.

116. (1) By such date as may be specified by the responsible authority or in any other enactment, but in any case no later than one month before the beginning of its financial year, the vote controller of a public enterprise shall submit to the responsible authority and the Minister for their information -

- (a) a budget of the public enterprise for the financial year; and
- (b) financial planning documents of the public enterprise which include—
 - (i) financial targets for the financial year; and
 - (ii) any other matters as may be specified by regulations or instructions.

(2) The Minister may by statutory instrument –

- (a) specify financial targets to be included in financial planning documents of public enterprises;
- (b) prescribe structures, forms, and any other matters in respect of budgets and financial planning documents of public enterprises; and
- (c) prescribe any requirements in respect of budget execution by public enterprises.

In-year reporting.

117. (1) By such date as specified by the Minister, every quarter, the vote controller of a public enterprise shall submit to the responsible authority and the Minister a quarterly financial report which includes

- (a) summary financial statements for the quarter;
- (b) comparison of the actual financial outcomes with the budget and the financial targets specified in the financial planning documents; and
- (c) any other matters as may be specified by the Minister.

(2) The Minister may, in consultation with the relevant responsible authorities, prescribe by regulations and instructions the timeline of submission, forms, and any other matters in respect of reporting under this section.

(3) In addition to budget execution reports mentioned in subsection (1), the Minister may require at any time the vote controller of a public enterprise to submit to him any reports and information in such form and by such date as may be determined by the Minister.

(4) When the Minister receives reports or information under subsection (3), he shall send the reports or information to the relevant responsible authority.

118. (1) The annual financial statements of a public enterprise shall be— Annual report and financial statements.

- (a) prepared in accordance with such internationally accepted accounting standards as specified by its vote controller or any enactment; and
- (b) audited by the Auditor-General or other auditor appointed by him.

(2) By such date as may be specified by the responsible authority or any other enactment, but in any case within six months after the end of its financial year, the vote controller of a public enterprise shall submit to the responsible authority and the Minister an annual report which includes -

- (a) the audited annual financial statements for the financial year;
- (b) the audit report on the annual financial statements;
- (c) comparison of the actual financial outcomes of the financial year with the budget and the financial targets specified in the financial planning documents;
- (d) information on grants, transfers, guarantees, loans, and other financial assistance received from the State; and
- (e) any other matters as may be specified by the Minister or any other enactment.

(3) All annual reports of public enterprises submitted under subsection (2) shall be published by the Minister in the Gazette and the website of the Ministry.

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corrective
actions.

119. Where-

- (a) in the opinion of the Minister, there is a risk that the actual financial outcomes of a public enterprise deviate significantly from the financial targets specified in the financial planning documents of the public enterprise;
- (b) a public enterprise or its vote controller contravenes any provision under this Act or regulations made thereunder;

- (c) a public enterprise fails to implement an action plan which has been submitted under paragraph (i) of this section;
- (d) a public enterprise has caused, or is likely to cause, a material deterioration in the financial condition; or
- (e) the vote controller of a public enterprise fails to submit, or submits with significant delay, its budget, financial planning documents, quarterly financial report, annual report, or any other information according to the timelines or other requirements of this Act,

the Minister may, in consultation with the responsible authority, -

- (i) require the vote controller of the public enterprise to submit or resubmit an action plan to resolve underlying problems within a specific period of time;
- (ii) recommend the responsible authority to do whatever necessary to correct underlying problems, including removal of members of the vote controller, through shareholder resolution or exercise of powers available under any enactment;
- (iii) if the public enterprise is a body corporate established by a specific enactment, require prior approval of the Minister for any borrowing of the public enterprise and such other key financial decisions of the public enterprise as specified by the Minister; and

- (iv) reduce or suspend grants or transfers from the State budget to the public enterprise.

PART IX—LIABILITY AND OFFENCES

Financial
corrective
actions
against
budgetary
agencies.

120. (1) When, in the opinion of the Minister, any of the following grounds is met, the Minister may take any of the actions specified in subsection (2)–

- (a) a budgetary agency or its vote controller or other public officer or employee contravenes any provision under this Act, regulations made thereunder, or instructions or directives of the Minister or Accountant-General;
- (b) a budgetary agency fails to implement an action plan which has been submitted under subsection (2);
- (c) a budgetary agency has made, or is likely to make, expenditures significantly in excess of a provision for an item of the expenditures under the Estimates; or
- (d) the head or vote controller of a budgetary agency fails to submit, or submits with significant delay, its budget proposal, financial statements, or any other information according to the timelines or other requirements of this Act.

(2) The actions referred to in subsection (1) include that the Minister may –

- (a) lay before Parliament and publicly disclose in the website of the Ministry information about the occurrence of the grounds mentioned in subsection (1) or the actions taken by the Minister under this subsection or both:

- (b) require the head of the budgetary agency to submit or resubmit for approval of the Minister an action plan to resolve underlying problems within a specific period of time;
- (c) require prior-approval of the Minister for execution by the budgetary agency of such provisions for items of expenditures under the Estimates as specified by the Minister;
- (d) suspend, in whole or in part, for a specific period of time, –
 - (i) the execution by the budgetary agency of the provisions for items of the expenditures under the Estimates; and
 - (ii) the power of the head of the budgetary agency to reallocate a provision of the Estimates under section 43; and
- (e) require the head of the budgetary agency to dispose of any financial and other assets under the responsibilities of the budgetary agency.

121. (1) Where the Accountant-General has reason to believe that any person – Restitution of public money

- (a) has received money for the State and has not duly paid it over;
- (b) has received money for which he is accountable to the State and has not duly accounted for it; or
- (c) has in his hands any public money applicable to any purpose and has not duly applied it,

he may cause a notice to be served on such person or on his personal representative in case he dies, requiring that person or his personal representative, within such time from the serving of the notice as may be specified therein, duly to pay over, account for, or apply such moneys, as the case may be, and to transmit to the Accountant-General satisfactory evidence that he has done so.

(2) Where a person fails to comply with a notice served on him under subsection (1) within the time stated therein, the Accountant-General shall cause to be stated an account between such person and the State, showing the amount of money not duly paid over, accounted for or applied, as the case may be, and charging interest at the prevailing bank rate from the date the amount became due,

(3) In any proceedings for the recovery of any moneys due under this section, a copy of the account so stated by a person authorised in that behalf by the Accountant-General shall be *prima facie* evidence that the amount stated therein, together with interest, is due and payable to the State.

(4) Where it appears-

- (a) by the books of account kept by or in the office of any person employed in the collection or management of public moneys; or
- (b) in any accounting by a person under paragraph (a); or
- (c) by his written acknowledgement or confession, that any person has, by virtue of his office or employment, received moneys belonging to the State and has refused or neglected to pay over such moneys to the proper persons at the proper times,

an affidavit deposing to such facts, made by any person having knowledge thereof, and in an appropriate position to make such deposition, shall in any proceedings for the recovery of such moneys be received in evidence and shall be *prima facie* evidence of the facts stated therein.

122. (1) A vote controller of a budgetary agency who willfully or in a grossly negligent way fails to discharge his responsibilities under subsection (1) of section 13, commits an offence and shall be liable on a summary conviction to a fine not exceeding an amount equal to two times his annual remuneration.

Offences
and penal-
ties.

(2) A person who willfully or in a grossly negligent way causes the vote controller of a sub-vented agency, other entity in the central government, social security fund, or public enterprise to fail to discharge its responsibilities under section 15, commits an offence and shall be liable on a summary conviction to a fine not exceeding an amount equal to two times his annual remuneration.

(3) Any person who -

- (a) refuses or fails to produce or submit any information that is required to be produced or submitted under this Act and in the person's possession or under the person's control;
- (b) causes willfully or in a grossly negligent way an illegal payment of public money or loss or deficiency of public money; or
- (c) resists or obstructs any other person acting in the discharge of responsibilities under this Act, Commits an offence and shall be liable on a summary conviction to a fine not exceeding an amount equal to two times annual remuneration of the person.

PART X–MISCELLANEOUS

Regulations. 123. The Minister may make regulations generally for carrying out the purposes of this Act.

Repeal of Act No. 17 of 2005 and savings. 124. (1) The Government Budgeting and Accountability Act, 2005 is hereby repealed.

(2) All regulations, orders, rules and instructions relating to the administration of public finance and government stores in force immediately before the commencement of this Act and not inconsistent therewith, shall continue to be in force until such regulations, orders, rules or instructions are expressly amended, revoked or replaced under this Act.

(3) Any enactment in force immediately before the commencement of this Act to the extent that its provisions are not in conflict with this Act shall have effect and continue in force subject to such modifications as may be necessary to give effect to this Act.

PART XI–TRANSITIONAL PROVISIONS

Temporary management of extractive industries revenues. 125. Sections 78, 79, 80, 81, and 82 shall come into force on the date when a ratio of a three year moving average of extractive industries revenues for the previous, current and forthcoming year to the three-year moving average of non-Extractive Industries Revenues of the said years first exceeds 35 percent.

Temporary implementation of sections 126. (1) Section 43 shall come into force when statutory instruments referred to in subsection (6) of the said section are prescribed.

(2) Section 44 shall come into operation when statutory instruments referred to in subsection (4) of the said section are prescribed.

(3) Subsections (1), (2) and (3) of section 47 shall come into operation–

(a) on the date specified by statutory instruments referred to in subsection (5) of section 47; or

(b) twenty-four months after the publication of this Act.

whichever is the earlier.

(4) Subsection (3) of section 22, paragraph (e) of subsection (1) of section 23, paragraph (d) of section 34, sections 59, 60, 61, subsection (2) of section 66, subsections (1), (2) and (3) of section 72, Sections 83, 84, 89, subsection (1) of section 103, paragraph (b) of subsection (2) of section 105, subsection (1) of section 112, subsection (1) of section 117, and section 118 shall come into operation–

(a) on the date to be determined by the Minister; or

(b) twenty-four months after the publication of this Act,

whichever is the earlier.

FIRST SCHEDULE (Sections 77 and 79)

TRANSFORMATIONAL DEVELOPMENT STABILIZATION FUND AND INTERGENERATIONAL SAVINGS FUND

Interpretation

1. In this schedule –

“Bank” means the Bank of Sierra Leone;

“Funds” include the Transformational Development Stabilization Fund and the Intergenerational Savings Fund.

Objectives

2. (1) The objective of the Transformational Development Stabilization Fund is to insulate expenditures for transformational development projects under the State budget from large fluctuations in extractive industries revenues.

(2) The objective of the Intergenerational Savings Fund is to provide a heritage for future generations from savings and investment income derived from extractive industries revenues.

Responsibilities of the Minister

(3) For the purpose of the investment and management of the Funds, the Minister shall—

- (a) determine the Investment Policies of the Funds after consultation with the Bank and, if established, the Investment Advisory Committee;
- (b) oversee implementation of the investment policies and compliance with this Act and regulations made thereunder by the Bank;
- (c) review the investment, management, and performance of the Funds through an annual report of the Funds submitted under paragraph (1) of subsection 15 and other reports and information submitted under paragraph 16;
- (d) submit to Parliament and publish the annual report of the Funds together with his opinion; and
- (e) appoint the Investment Advisory Committee, if so required under paragraph (1) of section 20.

Responsibilities of the Bank

(4) For the purpose of the investment and management of the Funds, the Bank shall—

- (a) manage and invest the Funds in accordance with the investment policies and this Act and regulations made thereunder;
- (b) advise the Minister on determining the investment policies;
- (c) appoint, oversee, and evaluate external investment managers and custodians for the Funds in accordance with the investment policies;
- (d) approve detailed policies necessary for the investment and management of the Funds, including, with out limitation, policies on risk management, compliance, internal controls and audits, and accountabilities in accordance with the investment policies;
- (e) maintain records and accounts of the Funds;
- (f) prepare and submit to the Minister an annual report of the Funds and such other reports and information required under paragraph 16; and
- (g) perform any other functions assigned to the Bank by an agreement with the Minister mentioned in paragraph 17

(2) When managing and investing the Funds, the Bank shall not be subject to any instruction or direction of any person, except for the investment policies.

Investment of the Funds

5. The Funds shall be invested in a diversified manner—

- (a) with a view to maximizing risk-adjusted financial returns;

- b) in a manner consistent with the portfolio management by a prudent institutional investor; and
- (c) without undue risk to the Funds as a whole.

6. (1) The Funds may not hold, directly or indirectly, more than three percent of the voting rights in a single company or entity.

(2) When a contravention of subparagraph (1) arises, the Bank shall take all reasonable steps to remedy the contravention as soon as possible.

7. (1) The Bank may use leverage and derivatives for investment and management of the Funds in accordance with the investment policies.

(2) The Funds may not borrow except to the extent permitted under subparagraph

8. (1) The Funds may not make advances or loans or provide any other form of credits to any budgetary agency, any other entity included in the general government, any public enterprise, or any legal and natural person domiciling in Sierra Leone.

(2) The Funds may not be used as collateral for any borrowing of the State or any other person domiciling in Sierra Leone, except as collateral in connection with leverage used for investment of the Funds.

Investment policies

9. (1) The Minister shall determine, review at least annually, and revise as he deems appropriate, the investment policies which shall be consistent with any provision of this Act.

(2) The investment policies mentioned in subparagraph (1) shall specify -

- (a) the balance between risk and return in the overall investment portfolio of the Funds;

- b) the classes of investment assets in which the Funds are to be invested and the selection criteria for investment assets within those classes;
- (c) the determination of benchmarks or standards against which the performance of the Funds will be assessed;
- (d) the constraints on investment of the Funds;
- (e) the policies for the appointment, oversight, and evaluation of the external investment managers and custodians;
- (f) the policies for the use of derivatives and leverage;
- (g) the policies for risk management;
- (h) the policies for internal controls and audits; and
- (i) any other matters as may be deemed necessary by the Minister.

(3) The investment policies may not require directly or indirectly the Bank to invest the Funds in a particular asset or derivative.

(4) The investment policies shall be published by the Minister in the website of the Ministry.

10. (1) Before the Minister determines or revises the investment policies under paragraph 9(1), he shall consult with the Bank and, if established, the Investment Advisory Committee.

(2) The Bank may, on its initiative, provide the Minister with recommendations on revision of the investment policies at any time.

External investment managers and custodians

11. (1) The Bank may appoint, on such terms and conditions as the Bank determines, one or more persons as external investment managers who undertake the investment of any part of the Funds, in accordance with the investment policies.

(2) In determining the terms and conditions under subparagraph (1), the Bank shall ensure that the external investment manager -

- (a) undertakes the investment of the Funds in accordance with the investment policies, any other relevant policies of the Bank, this Act, and regulations made thereunder; and
- (b) reports to the Bank on the state of the investment of the Funds which the external investment manager undertakes at such time and in such manner as the Bank determines.

12. (1) The Bank may appoint, on such terms and conditions as the Bank determines, one or more persons as custodians of the Funds who hold all or part of assets of the Funds for the State, whether on trust or by contract, in accordance with the investment policies.

(2) In determining the terms and conditions under subparagraph (1), the Bank shall ensure that the custodian -

- (a) holds any assets of the Funds for which they have been appointed in accordance with the investment policies, any other relevant policies of the Bank, this Act, and regulations made thereunder; and
- (b) provides the Bank with information about any assets of the Funds for which they have been appointed at such time and in such manner as the Bank determines.

Accounting, reporting, and auditing

13. (1) The Bank shall prepare the annual financial statements of the Funds in accordance with such internationally accepted accounting standards as specified by the Accountant-General.

(2) Within three months after the end of a financial year, the Bank shall submit to the Auditor General for his audit the annual financial statements of the Funds.

14. The Auditor-General or his appointed auditor shall be the auditor of the Funds.

15. (1) Within six months after the end of a financial year, the Bank shall submit to the Minister an annual report of the Funds which includes -

- (a) the audited financial statements of the Funds for the financial year;
- (b) the audit reports on the financial statements of the Funds for the financial year;
- (c) an explanation of the performance of the Funds for the financial year;
- (d) the investment policies;
- (e) an explanation of how the investment policies were complied with during the financial year;
- (f) a list of external investment managers used by the Bank in respect of the investment and management of the Funds; and
- (g) any other matters as may be deemed appropriate by the Bank.

(2) On submission under paragraph (1), the Minister shall lay the annual report of the Funds before Parliament for their information and publish it in the website of the Ministry.

16. (1) The Minister may require the Bank to provide him

with any report and information on such matters, at such time, and in such form as determined by the Minister, in respect of the investment and management of the Funds.

(2) The Minister may make regulations to prescribe—

- (a) any reports and information to be regularly submitted by the Bank to the Minister in respect of the performance, investment, and management of the Funds; and
- (b) whether reports and information mentioned in paragraph (a) are to be published by the Minister.

Agreement, compensation, and liabilities

17. (1) Without prejudice to this Act, the Minister shall enter into an agreement with the Bank to prescribe details relating to the responsibilities of the Minister and Bank, records and accounts to be maintained by the Bank, bank accounts of the Funds, compensation for operational expenses of the Bank, and any other matters in respect of the investment and management of the Funds by the Bank.

18. (1) Notwithstanding subsection (2) of section 80 and subsection (2) of section 82 of this Act, operational expenses incurred by the Bank for the investment and management of the Funds shall be charged to the respective Funds.

(2) The scope and amount of, and the manner of payment for, operational expenses to be charged to the Funds under subparagraph (1) shall be prescribed by an agreement between the Minister and Bank under paragraph 17.

19. The Bank shall not be liable for any loss incurred in connection with the investment and management of the Funds, unless such loss results from gross negligence or willful misconduct in the performance of the responsibilities by the Bank.

Investment Advisory Committee

20. (1) As soon as practicable after the Intergenerational Savings Fund first receives transfer from the Transformational Development Stabilization Fund under subsection (1) of section 80 of this Act, the Minister shall appoint an Investment Advisory Committee which is responsible to advise the Minister on—

- (a) determination and revision of the investment policies;
- (b) the performance of the Funds, including the performance of external investment managers appointed by the Bank; and
- (c) any other matters as may be requested by the Minister in respect of the investment and management of the Funds.

(2) The members of the Investment Advisory Committee shall have substantial experience and expertise and professional credibility in the field of management of financial investments.

(3) The expenses for the Investment Advisory Committee shall be met from the State budget.

(4) Without prejudice to this Schedule, the Minister may make regulations to prescribe the composition, appointment, remuneration, procedures, and any other matters in respect of the Investment Advisory Committee.

MEMORANDUM AND OBJECTS OF REASONS

This Bill seeks to secure the prudent, efficient, effect and transparent use of public financial resources throughout the public sector. The scope of application extends not only to budgetary agencies but also to the entire general government sector and public enterprises. The Bill is divided into eleven parts.

Part I defines terms used throughout the Act.

Part II deals with institutional responsibilities in budget systems.

This part defines the role and responsibilities of the legislative and executive branch of the state in the areas of microeconomic, fiscal policy making, budget and financial management. Clause 5 provides for the responsibilities of the Minister. It clarifies the boundary of his responsibilities for the budgetary and financial management of the public sector. Under this clause, the Minister's responsibilities are made more extensive than under the current Government Budgeting and Accountability Act, 2005 and cover not only the budgetary agencies but also the entire general government sector and public enterprises.

Clause 6 provides for the delegation of the Minister's responsibilities.

Clause 7 provides for the responsibilities of the Financial Secretary which are similar to those in the current Government Budgeting and Accountability Act, 2005.

Clause 8 provides for the establishment of the office of the Accountant-General in a way similar to the Government Budgeting and Accountability Act, 2005.

Clause 9 provides for the responsibilities of the Accountant-General. In addition to the provisions of the current Government Budgeting and Accountability Act, 2005, this clause adds some new responsibilities, including those for preparation of the annual statements of the central government; compilation of consolidated financial statistics covering the general government; and specification and determination of accounting standards and charts of accounts, in order to meet the fiscal transparency requirements newly established under this Bill.

Part III deals with Macroeconomic Policies.

Clause 20 provides for the principles, of responsible financial management in order to articulate guidelines on the formulation of fiscal policies. The first and second principles require the Government to achieve and maintain prudent levels of outstanding debt and an appropriate balance between revenues and expenditures, in order to ensure sustainability in the Government's finances and avoid imposing an inequitable burden on future generations. The third principle

describes the fiscal transparency requirement which is intended to help the Government improve its fiscal policy formulation and give the public adequate information to hold the Government accountable for its fiscal policy decisions. The fourth principle on the management of fiscal risks aims to reduce the level of uncertainty associated with the future fiscal outlook, and to improve fiscal sustainability. The fifth principle refers to macroeconomic stability as the broader objective to be achieved by a sound and prudent fiscal policy. The sixth principle reflects the importance of stable and proper management of extractive industries revenues for the achievement of other principles prescribed in the clause.

Part IV deals with preparation and approval of budget.

This part provides for the budgetary principles to be applied to the State budget and specifies the budget preparation and approval process in accordance with the medium-term budgetary framework. Specific provisions are established for the controls over the Contingencies Fund and other similar arrangements. This Part also clarifies the powers and processes for in-year adjustments in the State budget.

Clause 26 deals with Authority to spend public money. It sets out the basic principles relating to the use of appropriations under an Appropriation Act.

Part V deals with budget execution and treasury management.

This part provides for requirements and arrangements for the management of public money, including the establishment of the Treasury Single Account. It also establishes controls over the budget execution process, including requirements relating to the recording of commitments, and provides for the Minister's powers in respect of the internal audit of entities included in the general government and public enterprises. In addition, there are clauses on borrowing, guarantees, advances, and loans made by the Government.

Clause 30 deals with medium-term budgetary framework. It specifies key preconditions and elements of the medium-term budgetary framework. These elements include the arrangements, procedures, rules, and institutions for fiscal policies and budgeting from a medium-term perspective. Such a framework is designed to enhance fiscal discipline and promote more effective and efficient use of public financial resources.

Clause 31 provides for a budget call circular to be issued by the Minister. A budget call circular is an important instrument that provides instructions and guidance for budgetary agencies in preparing their proposals to incorporate in the State budget and the medium-term budgetary framework. The clause defines the

contents of the call circular, including the multiannual expenditure ceilings, and the timeline for the preparation and approval of the State budget.

Part VI deals with Management of Extractive Industries Revenues.

This part establishes the framework for the management of extractive industries revenues, which will finance transformational development projects through the State budget. As part of such a framework, this Part specifies the fiscal rule relating to extractive industries revenues and establishes the Transformational Development Account, the Transformational Development Stabilization Fund, and the Intergenerational Savings Fund.

Clause 77 establishes the framework for the management of extractive industries revenues, which encompass royalties, taxes, fees, charges, profits, and other revenues arising from mineral or petroleum operations as defined in Bill.

Clause 78 provides for the fiscal rule to define a ceiling on the amount of extractive industries revenues to be used for transformational development projects in any financial year. The fiscal rule is intended to smooth out total expenditures of the State budgets of different financial years, and ensure a steady and predictable flow of resources to finance transformational development projects.

Part VII deals with Accounting, Financial Reporting, and Auditing.

This part sets out provisions relating to accounting standards and the charts of accounts, establishes a unified accounting calendar throughout the general government, and defines the functions and powers of the Auditor-General.

Clause 86 provides for an accounting calendar to be followed by entities included in the general government, in order to harmonize the deadlines of submission and auditing of the end-year financial statements.

Clause 91 provides for the Auditor-General's power to charge audit fees against entities subject to his audit, except for budgetary agencies, local councils, and Chiefdom Councils, in order to ensure that he can obtain.

Clause 93 provides for the Auditor-General's power to impose surcharges against illegal payments or loss of public money, as one of the enforcement measures to address financial non-compliance.

Part VIII deals with Oversight of Subsectors and Extra-budgetary Entities.

This part provides for requirements, powers, and procedures relating to the

oversight and coordination of the budgetary and financial management of local government, sub-vented agencies, other entities in the central government, social security funds, and public enterprises.

Clause 104 provides for the Minister's power to impose financial corrective actions on local councils in cases of financial non-compliance or breaches of fiscal rules. Such a power is important to ensure enforcement of financial regulations made under this Act and will be exercised in consultation with the Minister responsible for local government.

Clause 105 provides for the framework to oversee the budgetary and financial management of Chiefdom Administration.

Part IX deals with Liability and Offences.

This part establishes the sanctions regime that would be applied in cases of financial non-compliance and breach of this Bill.

Clause 120 provides for the Minister's power to impose financial corrective actions on a budgetary agency in cases of financial non-compliance or significant overspending against the agency's budget.

Clause 121 provides for claims of the State for restitution in certain cases where public money has not been duly paid over, accounted for, or applied, as provided in the current Government Budgeting and Accountability Act, 2005.

Part X deals with Miscellaneous provisions.

This part provides for regulations under this Act and repeals the Government Budgeting and Accountability Act, 2005.

Part XI deals with Transitional Provisions.

This part suspends the adoption of some provisions until certain conditions are met.

Made the 21st day of July, 2015.

KAIFALAMARAH (DR.),
Minister of Finance and Economic Development.

FREETOWN,
SIERRA LEONE,
JULY, 2015.