

(b) staff loans.

(2) The annual financial statements of donor and special funds and sub-vented agencies shall present opening and closing balances of advance payments.

Part XII – Donor and Special Funds

Coming into force of external loans and grants.

133. (1) For the purpose of paragraphs (e) and (f) of section 3 of the Act, all agreements on external loans and grants to finance expenditure of budgetary and sub-vented agencies shall be signed by the Minister and ratified by Parliament.

(2) An agreement on an external loan or grant to finance expenditure of a budgetary or sub-vented agency shall come into force under the laws of Sierra Leone, only when it has been signed by the Minister and ratified by Parliament.

(3) If disbursement from a donor has been made under an agreement on an external loan or grant that has not yet come into force under the laws of Sierra Leone under sub-regulation (2) –

- (a) the amount received shall be repaid to the donor within one month after the disbursement; and
- (b) the Minister shall report the violation to the Cabinet and Parliament, together with the names of the vote controller and Chief Accountant responsible for the violation.

Negotiation of external loans and grants.

134. (1) For the purpose of sub-section (3) of section 73 and sub-section (3) of section 74 of the Act, a budgetary and sub-vented agency that wishes to find a donor who finances the agency's expenditure shall submit to the Development Secretary for his approval a request to initiate negotiation with a donor.

(2) The Development Secretary may approve an initiation of negotiation with a donor under sub-regulation (1), only when –

- (a) in case of financing of a project, a preliminary appraisal of the affordability, the economic viability, and the best option has been made by the Financial Secretary under regulation 19;
- (b) in case of financing of a project, the project is aligned with the government priorities specified in the development plan of the Government; and
- (c) the size of the requested external financing is not disproportionate to the transaction cost.

(3) The Development Secretary and, in case of external loans the Financial Secretary shall make a material representation to donors during negotiation of all agreements on external loans and grants to finance expenditure of budgetary or sub-vented agencies.

(4) The Minister shall not sign an agreement on external loan, grant, or negotiation which has been –

- (a) initiated without obtaining the advice of the Development Secretary, with respect to grants; or
- (b) made without a material representation of the Development Secretary and the Financial Secretary with respect to external loans.

Conclusion and ratification of agreement on external loans and grants.

135. (1) On the conclusion of negotiation under regulation 134, any external loan and grant to finance expenditure of a budgetary or sub-vented agency shall have a written agreement to be signed by the Minister as well as any other relevant ministers

(2) The Minister may sign an agreement on an external loan and grant under sub-regulation (1), only when –

- (a) the donor has agreed that the proceeds of the external loan and grant are to be part of the Treasury Single Account, where appropriate;
- (b) the donor has agreed to provide updated disbursement schedules in the preparation of the State budget for every financial year and data on actual disbursements at least every quarter;
- (c) in case of financing of a project, it has been included in the Public Investment Programme under sub-section (1) of section 35 of the Act;
- (d) in case of financing of a project a final appraisal of the affordability, the economic viability, and whether the best option has been made by the Financial Secretary under regulation 19; and
- (e) in case of financing of a project to be implemented by a non-governmental organization, the non-governmental organization meets the requirements under regulation 141.

(3) After an agreement on an external loan or grant is signed under sub-regulation (1), the Minister shall submit the following documents to Parliament in order to seek ratification-

- (a) a copy of the signed agreement;
- (b) explanation of terms and conditions on the external loan or grant;
- (c) in case of financing of a project, an excerpt from the latest Public Investment Programme; and
- (d) in case of financing of a project, a summary of the final appraisal mentioned in paragraph (d) of sub-regulation (2).

136. Where a government project receives from a donor an advance or a reimbursement of earlier expenditure, whether by way of grant or loan, the actual amount received shall be classified and brought to account in accordance with the government Chart of Accounts and where the amount is in foreign currency, it shall be brought to account at the equivalent in Leones at the official rate of exchange on the date of receipt. Donor Funds.

137. (1) For the purpose of sub-section (3) of section 73 and sub-section (3) of section 74 of the Act, all expenditures of budgetary and sub-vented agencies to be financed by external loans and grants shall be fully integrated into the budget execution process of other expenditures of the State budget and shall be – Budget Execution Process for Externally Financed Expenditure.

- (a) subject to the commitment control through the computerized financial management system under Part VII of these Regulations, where appropriate;

- (b) paid by the Accountant-General through the payment process specified under Part VIII of these Regulations where appropriate; and
- (c) accounted by the Accountant-General through the computerized financial management system by keeping cash receipt and disbursement journals, general journals, general and subsidiary ledgers, and a loan register as required under Part XVII of these Regulations.

(2) The Minister shall –

- (a) specify in the State budget for every financial year externally financed projects of budgetary or sub-vented agencies that are to be brought into the computerized financial management system and subject to the requirements under sub-regulation (1); and
- (b) increase a number of externally financed projects brought into the computerized financial management system so that the deadline under sub-regulation (1) can be met.

(3) From the 1st day of January 2018 and subject to Part XVII of these Regulations, the Chief Accountant of each budgetary or sub-vented agency shall make journal entries and produce monthly and end-year financial statements of externally financed projects that are not brought into the computerized financial management system under sub-regulation(2), in full compliance with the chart of account codes and classifications, including the economic classification.

138. (1) For the purpose of sub-section (3) of section 73 and sub-section (3) of section 74 of the Act, the Ministry shall expand the consolidated aid database to include the following information- Consolidated aid database and reporting framework.

- (a) in respect of each external loan and grant to finance expenditure of a budgetary or sub-vented agency, –
 - (i) a copy of the loan or grant agreement;
 - (ii) a copy of the parliamentary ratification;
 - (iii) an updated disbursement schedule from the donor for the subsequent three years;
 - (iv) amount of actual disbursements from the donor for every quarter;
 - (v) in case of financing of a project, the monthly actual expenditure broken down by the economic classification included in the chart of accounts; and
 - (iv) in case of financing of a project implemented by a non-governmental organization, the updated constitutional document and the audited financial statements for every financial year of the non-governmental organization; and
- (b) in respect of each external loan or grant to finance expenditure of a local government or public enterprise–

- (i) a copy of the loan or grant agreement;
- (ii) an updated disbursement schedule from the donor for the next year or more;
- (iii) amount of actual disbursements from the donor for at least every year; and
- (iv) in case of financing of a project, the actual expenditure for at least every year.

(2) The Development Secretary shall collect from each donor of external loans and grants to finance expenditure of budgetary and sub-vented agencies and record into the consolidated aid database updated disbursement schedules and actual disbursements to the extent possible under the loan and grant agreements.

(3) The Accountant-General shall, every month, provide the Development Secretary with bank statements and monthly financial statements in respect of each externally financed project of a budgetary or sub-vented agency that has been brought into the computerized financial management system.

(4) The Chief Accountant of each budgetary and sub-vented agency shall, every month, provide the Development Secretary with bank statements and monthly financial statements in respect of each externally financed project of the agency that is not brought into the computerized financial management system.

(5) Each local government and public enterprise shall, every year, provide the Development Secretary with updated disbursement schedules, actual disbursements, and in case of a project, actual expenditure, in respect of each external loan and grant that the local government and public enterprise receives, in such form and manner as prescribed by the Development Secretary.

(6) When a budgetary or sub-vented agency fails to comply with the reporting requirements under this regulation, the Minister shall suspend an appropriation for the externally finance project in the State budget, until the reporting is made.

(7) The Financial Secretary or the Director with delegated responsibility for Public Debt Management shall be given access to the consolidated aid database for the purpose of discharging its functions under the Public Debt Management Act, 2011.

139. (1) For the purpose of sub-section (3) of section 73 of the Act, donor bank account for an externally financed project of a budgetary and sub-vented agency shall, where appropriate, be part of the Treasury Single Account opened with the Bank of Sierra Leone, except where the Minister specifically permits otherwise.

(2) Only one bank account may be opened for each externally financed project of a budgetary and sub-vented agency under sub-regulation (1).

140. Subject to sub-section (1) of section 74 of the Act, the grant or donation to a budgetary or sub-vented agency receivable in kind shall be approved, valued, recorded, and managed in accordance with Part XIV of these regulations.

141. (1) A non-governmental organization (hereinafter referred to as "NGO") that implements a project of a budgetary or sub-vented agency shall be **a project** registered by the responsible authority in the jurisdiction where it is established.

(2) An NGO referred to in sub-regulation (1) shall annually submit to the vote controller of the relevant budgetary or sub-vented agency and the Development Secretary the updated constitutional document, the audited financial statements and such other information in such manner as specified by the Development Secretary.

Prohibition of
Special Fund.

142. (1) For the purpose of this regulation a “Special Fund” shall be a fund managed by a budgetary or sub-vented agency, revenue or expenditure of which is not included or appropriated in the State budget or the sub-vented agency’s budget.

(2) No budgetary or sub-vented agency may establish a Special Fund.

(3) By the end of 2017, the Financial Secretary shall, in coordination with the Accountant-General, stock-take all existing Special Funds of budgetary and sub-vented agencies.

(4) By the end of 2018, all budgetary and sub-vented agencies shall dissolve all existing Special Funds identified under sub-regulation (3).

(5) When a budgetary or sub-vented agency violates sub-regulation (2) or fails to dissolve an existing Special Fund by the deadline referred to in sub-regulation (4), the Accountant-General shall immediately, by exercising its power under sub-regulation (2) and (3) of regulation 34, close a bank account opened for the Special Fund.

Part XIII – Internal Audit

Internal Audit
Function.

143. (1) Internal audit unit within a budgetary agency, subvented agency, other entities of government, local councils, social security fund, or public enterprise shall examine the accounting systems, internal controls, risk management and governance processes of the entity.

(2) The internal audit unit established within a budgetary agency, sub-vented agency, other entities of government, local councils, social security fund, or public enterprise shall operate in accordance with the operational procedures outlined within the Internal Audit Manual and other guidance provided by the Internal Audit Department of the Ministry.

(3) The vote controller shall be responsible under these Regulations for ensuring that the status and powers of the internal audit function in each budgetary agency or other entity referred to in sub-regulation (1) conforms to the procedures established by the Internal Audit Department of the Ministry.

(4) The role of the internal audit function in each budgetary agency, sub-vented agency, other entities of government, local council, social security fund, or public enterprise shall be to provide an independent and objective assurance and consulting service designed to add value and improve the operations.

(5) The internal audit function shall provide independent assurance on-

- (a) compliance with all policies, plans, procedures, laws and regulations;
- (b) safe guarding and use of public funds as intended;
- (c) effectiveness and efficiency of operations and employment of resources;
- (d) reliability and integrity of management and financial information processes, including the means to identify, measure, classify, and report such information;
- (e) consistency of operations or programs with established objectives and goals and effective performance;
- (f) identification, assessment and management of risks; and

(g) safeguarding of assets.

(6) The responsibility of the internal auditor for checking and reporting short comings in connection with the accounts, finances and related operations of the entity, shall not absolve any public officer from responsibility for complying, or securing compliance with instructions within the scope of his or her own authority.

(7) The prevention, detection and investigation of fraud shall be the responsibility of management, although in conducting audit assignments the internal auditor shall be alert to opportunities, such as control weaknesses that could allow fraud; and where fraud is suspected, the appropriate authorities within the department shall be informed.

(8) The internal audit function may assist vote controllers by providing advice on internal controls, risks and governance matters.

(9) The internal audit function shall assist the vote controllers in achieving the objectives of the institution by evaluating and developing recommendations for the enhancement or improvement of the processes through which –

- (a) objectives and values are established and communicated;
- (b) the accomplishment of objectives is monitored;
- (c) accountability is ensured; and
- (d) corporate values are preserved.

144. The Internal Audit Department in the Ministry shall be responsible for the improvement and development of the standards, framework and guidelines of internal audit in the Public Sector.

Ministry responsible for finance to improve and develop internal audit standards.

145. The vote controller shall ensure that there is an effective risk management process that determines the material risks to which the entity may be exposed.

Risk Management and Internal Control

146. The vote controller shall establish entity wide risk management which-

Vote controller to establish Risk Management Strategy.

- (a) contributes to the development of an internal audit strategy and plans relevant to the risks facing the entity; and
- (b) assists in determining the resources and skills necessary to effectively deliver the internal audit plans.

147. For the purpose of sub-section (1) of section 13 of the Act, the vote controller shall ensure that there is an effective system of internal control over the financial and operational processes in the entity, including-

Vote Controller to Ensure Effective System Internal Control.

- (a) management policies and requirements made by the Act and these Regulations;
- (b) sound practices for the efficient, effective and economical management of each function within the entity;
- (c) a system of authorization and recording of transactions to provide accounting and

related controls in relation to assets, liabilities, receipts and payments of the entity;

- (d) proper segregation of functional responsibilities; and
- (e) procedures to review the adequacies of and compliance with the entity's internal control system.

Management of the internal audit function.

148. The Head of the Internal Audit shall prepare in consultation with, and for approval by, the vote controller and the Audit Committee

- (a) a rolling three-year strategic internal audit plan based on its assessment of key risk areas for the department, including those identified in the department's strategic plan and risk management strategy;
- (b) an annual internal audit plan for the first year of the rolling three year strategic internal audit plan;
- (c) plans indicating the scope of each audit in the annual internal audit plan;
- (d) operating procedures to guide the audit and stakeholders' relationships;
- (e) a quality assurance and improvement programme which allows for evaluation of the unit's performance and implementation of strategies towards the progressive improvement in scope, quality and value of internal audit services provided; and

- (f) a financial budget which supports the programmes and activities of the internal audit function.

149. (1) For the purpose of carrying out any function under this regulation, internal audit shall be afforded full, free and unrestricted access to all the entities records, physical properties, and personnel to carry out audit assignments.

Access to Documents and Information.

(2) All employees are to assist internal audit activity in fulfilling its role and responsibilities.

150. (1) Internal Audit shall not be subject to any direct or indirect influence or control by an auditee, but the Minister, Financial Secretary or Vote Controller of a budgetary agency, sub-vented agency, other government entity, local council, social security fund, or public enterprise may request the Director of the Internal Audit Department to carry out such specific investigations as may be considered reasonable by the Director.

Independence of internal audit.

(2) Internal Audit shall not perform or direct any operational duties for an auditee.

151. (1) An auditee shall respond within ten working days after an internal auditor has issued a draft audit report in writing.

Reporting.

(2) The final report should be sent to the Director of the Internal Audit Department in the Ministry.

(3) Vote Controller of a budgetary agency, sub-vented agency, other entity in the central government, local council, social security fund, or public enterprise has the ultimate responsibility to implement audit recommendations.

(4) An internal audit department, division or unit of a budgetary agency, sub-vented agency, other government entity, local council, social security fund, or public enterprise shall follow up with the auditee, within the quarter in which the audit was finalized, any unresolved issues and to formally report in a follow up report to the Director of the Internal Audit Department in the Ministry and the Audit Committee.

(5) The Internal Audit Department shall conduct annual follow up reviews on the annual report of the Auditor-General and report to the Financial Secretary.

Audit
Committees.

152. (1) There shall be established in every budgetary and subvented agency, a committee to be known as Audit Committee which shall report to the head of the budgetary or sub-vented agency.

(2) An Audit Committee shall not less than three and not more than five members, appointed by the head of the budgetary or sub-vented agency comprising the following members–

- (a) at least one representative of the budgetary agency not below the rank of Deputy Secretary or the sub-vented agency not below the rank of Assistant Director as appropriate;
- (b) at least one external member with extensive knowledge of financial management as chair; and
- (c) at least one external member with extensive knowledge of accounting, auditing or administration issues.

(3) The Internal Audit in the budgetary or sub-vented agency shall serve as the Secretariat for the Audit Committee.

(4) The Audit Committee shall perform the following functions –

- (a) advise on-
 - (i) the planned activities and results of both internal and external audit;
 - (ii) the performance of the internal audit function against its annual internal audit plans and strategic plans;
 - (iii) the adequacy of management response to issues Identified by internal audit activity;
 - (iv) adequacy of management response to issues raised by the auditor general's and public accounts committee's recommendations; and
 - (v) the accounting policies, the accounts, and the annual report of the budgetary or sub-vented agency, including the process for review of the accounts prior to submission for audit, levels of error identified, and management's letter from the Auditor-General.
- (b) prepare an annual statement showing the status of implementation of recommendations made in all audit reports, including internal and external audit reports;

- (c) review the activities, resources and organizational structure of the internal audit and ensure that no unjustified restrictions or limitations are placed on the internal auditors;
- (d) consider the strategic processes for risk, control and governance within the budgetary or sub-vented agency;
- (e) review anti-fraud policies, whistle-blowing processes, and arrangements for special investigations;
- (f) meet separately with the head of internal audit to discuss any matters that the audit committee or internal auditors believe should be discussed privately; and
- (g) review periodically its own effectiveness and report the results of that review to the agency.

(5) The Audit Committee members shall be paid sitting fees and allowances as the budgetary or sub-vented agency may determine.

(6) There shall be established in the Ministry, a committee to be known as the Government Audit Committee which shall report to the Minister.

(7) The Government Audit Committee shall comprise of not more than five members who are neither politicians nor civil servants and shall be appointed by the Minister.

(8) Internal Audit Department in the Ministry shall serve as the Secretariat for the Government Audit Committee.

(9) The functions of the Government Audit Committee shall be to -

- (a) ensure the implementation of the recommendations that could not be handled by Audit Committees at budgetary or sub-vented agency level;
- (b) follow-up on the Auditor-General's and Public Accounts Committee's recommendations as well as internal audit recommendations that are still outstanding after review by the audit committees in the various budgetary or sub-vented agencies;
- (c) follow-up on outstanding issues resulting from reviews done by Audit Committees on all audit reports and financial matters raised in the internal audit reports in the various budgetary or sub-vented agencies-
- (d) ensure that the Audit Committees are adequately resourced;
- (e) prepare on an annual basis a report showing the status of implementation of outstanding recommendations made in the Auditor-General's reports and all audit reports that have gone through Parliament and any other related directives of Parliament;
- (f) oversee the role of the Audit Committees at budgetary or sub-vented agency level of

implementing regulatory compliance of financial reporting standards, ethics & whistle blowing activism; and

- (g) review and make recommendations on the strategic and Annual Work Plan of the Internal Audit in the Ministry.

(10) The Government Audit Committee shall be paid sitting fees and allowances as the Ministry may determine.

PART XIV - ASSET MANAGEMENT

Subpart I. General Provision

Definition

153. (1) For the purpose of paragraph (k) of sub-section (1) of section 5 of the Act, assets means-

- (a) non-financial assets, include fixed assets, inventories, valuables, and non-produced assets such as state land; and
- (b) financial assets.

(2) The asset shall be classified as the national assets when-

- (a) it directly or indirectly belongs to the general government;
- (b) it is entitled to the general government or the State by any act or regulation;
- (c) it is freely occupied or used by the general government; or

(d) it is not subject to any private ownership.

154. (1) Subject to the Act, this Part aims to set out rules for managing the buildings and structures, transport equipment, land, and some specific types of the financial assets held by any budgetary agency. Scope of Application.

(2) Notwithstanding this Part, these Regulations shall apply when they refer to any specific asset management regime.

(3) The Minister may, after consulting with the National Asset and Government Property Commission, issue other policies and procedures to cover the national asset management for sub-vented agencies in accordance with the Act.

Subpart II. Holding Entity

155. (1) The Minister shall ensure that all national assets are registered as national property having a budgetary agency as the holding entity. Identification of holding entity

(2) The holding entity may be identified by-

- (a) any act or regulation; or
- (b) the free usage or occupation of the assets for its operations, public interest, or national interest.

(3) The holding entity shall have the right to use, and obligation to maintain, its holding asset only for its operations to serve the public or the national interest in accordance with applicable laws or regulations.

(4) The holding entity shall have the right to represent the State, through the Attorney-General, in any lawsuit for defending the State's ownership of the asset.

Temporary holding entity.

156. (1) When sub-regulation (2) of regulation 155 above does not apply, the National Asset and Government Property Commission shall identify any national asset and act as the temporary holding entity of the identified asset.

(2) The confiscated assets shall be classified and registered as national assets having the National Asset and Government Property Commission as the temporary holding entity.

(3) Within 6 months after acquiring the asset, the National Asset and Government Property Commission with the Cabinet's approval shall allocate its holding asset to any Budgetary Agency, which-

- (a) is entitled to the asset by any act or regulation;
- (b) needs the assets to serve their operation; or
- (c) has authority or capacity to use the asset to serve the public or national interest.

Subpart III - Registration of the National Assets

Registration Obligation.

157. (1) Within 10 working days after acquiring the asset, the Vote Controller shall submit the relevant information to the National Asset and Government Property Commission for registration as a national asset.

(2) The National Asset and Government Property Commission shall register the national asset with-

(a) the competent registrar for ownership identification including but not limited to the Register of Lands and Buildings, the Corporate Affairs Commission, the Road Transport Authority, and other competent registrar authorities; and

(b) the Accountant-General for recording purposes.

158. (1) The competent registrar shall create a register of documents for the respective national assets, including, but not limited to, the application form, the registrar book, and the legal identification document. Competent Registrar.

(2) The registrar book shall cover at least the specification, the quality, the owner, the holder, the status, and the conveyance of the assets.

(3) The registrar book shall be computerized and made public.

159. (1) The Accountant-General shall create a manual for national asset valuation and reporting in accordance with the internationally accepted standards. Accountant-General's Record.

(2) The national assets shall be recorded as prescribed by the Accountant-General.

(3) If applicable, the value of the national assets shall be recorded in accordance with the following-

(a) capital assets shall be recorded at its historical costs including freight and installation; and

- (b) donated assets shall be recorded at fair market value.

(4) The National Asset and Government Property Commission shall report to the Accountant-General in accordance with the manual of asset valuation and reporting.

(5) In the event that sub-regulation (3) above does not apply, the value of the national assets may be recorded at tax value or acquisition value as suitable.

National Asset Register. 160. (1) The National Asset and Government Property Commission shall create and maintain a National Asset Register in accordance with internationally accepted standards, and shall include it in the financial management system.

(2) The National Asset Register shall contain significant information on the national assets, including, but not limited to -

- (a) specification, value and quality;
- (b) the status of usage;
- (c) the acquisition date; and
- (d) the maintenance records.

(3) The National Asset Register shall be updated to reflect any changes to the asset.

(4) The National Asset and Government Property Commission shall annually provide a summary of the National Asset Register to the Minister by the end of each financial year.

Subpart IV - Maintenance of the National Assets

161. (1) All budgetary or sub-vented agencies shall ensure that the national assets are properly maintained and used with due care and diligence for the best interest of the public or the State. ^{General Provision.}

(2) The National Asset and Government Property Commission shall set out guidelines on the maintenance and the use of the national assets.

(3) The guidelines on the maintenance and use of the national assets shall at least address-

- (a) the benchmark of the maintenance requirements;
- (b) the reporting requirement of any damage; and
- (c) the quality check and control.

(4) The Vote Controller shall ensure that the national assets held are used and maintained in accordance with the guideline and with prudence, care, effective, and efficient principles.

162. (1) Every year, prior to submitting the budget proposal, the Vote Controller shall survey, and check the quality of all assets held in order to produce the maintenance plan for the next financial year. ^{Maintenance Plan.}

(2) The Vote Controller shall incorporate the maintenance expenditure within the budget proposal.

(3) In the event that maintenance cost is not covered by any budget allocation, the Vote Controller shall include in the maintenance plan-

- (a) the justification for the need to include the maintenance cost in the Supplementary Estimate if the maintenance cannot wait until the next financial year; or
- (b) the justification for the need to withdraw from the Contingencies Fund when the damage must be repaired immediately and cannot wait for Supplementary Estimate.

Inspection.

163. (1) With or without notification, the National Asset and Government Property Commission may inspect the national assets held by any budgetary agency at the office of the budgetary agency.

(2) If the National Asset and Government Property Commission identifies any breach of the maintenance guidelines, it shall promptly notify the budgetary agency.

(3) Within 10 working days upon receipt of the notification of a breach, the budgetary agency shall rectify the breach.

(4) The National Asset and Government Property Commission may with the approval of the Cabinet confiscate the asset in case of-

- (a) serious violation of the maintenance guidelines; or
- (b) the budgetary agency does not comply with sub-regulation (3) above.

(5) If the asset is confiscated under sub-regulation (4) the replacement cost of the asset shall be recorded as loss to

the budgetary agency and a gain to the National Asset and Government Property Commission.

Subpart V - Management of the National Assets

164. (1) For the purpose of paragraph (k) of sub-section (1) of section 5 of the Act the Minister shall be responsible for managing the national assets through acquiring, leasing, pledging, transferring, disposing or writing off the assets.

General
Provision.

(2) Any agreement or document to manage the national assets shall be enforceable when it is co-signed by the Minister and the vote controller of the holding entity.

(3) The agreement or document to manage the national assets shall be notified to the Parliament.

(4) The ownership transfer, lease, or pledge is enforceable only when it is properly registered at the competent registry.

(5) The Minister shall consult with the National Asset and Government Property Commission before making any decision on acquisition, lease, pledge, transfer or disposal of the national assets.

(6) The consultation between the Minister and the National Asset and Government Property Commission shall be recorded.

(7) If there is any disagreement between the Minister and the National Asset and Government Property Commission, the Minister shall further make explanation on the final decision.

(8) The request for managing the national asset shall be endorsed by the Minister for the Cabinet's approval.

(9) The Minister and the Cabinet shall not endorse or approve any acquisition, leasing, pledging, transferring, disposing, or writing-off of the assets if-

- (a) the transaction is not made in accordance with these Regulations;
- (b) the lease or the disposal price are lower than the market value;
- (c) the required information or request is not fulfilled; or
- (d) it does not comply with the Fiscal Strategy Statement.

(10) The holding entity shall conduct public or formal bidding or auction for acquisition, lease, or disposal of any national assets in accordance with the Public Procurement Act.

(11) Any agreement to manage a national asset, which does not comply with these Regulations, shall be null, void and of no effect.

(12) The competent registrar, the Accountant-General, and the National Asset and Government Property Commission shall record acquisition, lease, pledge, transfer, or disposal of the national assets only if the transaction is made in accordance with these Regulations.

(13) In the event that the asset has been already managed without compliance to these Regulations, the Minister, the Cabinet,

or the Parliament may require the budgetary agency, the Minister, or the government to revoke the contract at any cost to the institution.

(14) Subject to sub-regulation (13) the institution may represent the state to hold any person, who has caused the non-compliance with intent or gross negligence, to be liable for the cost.

(15) For the purpose of paragraph (a) of sub-section (1) of section 9 of the Act, all proceeds derived from leasing, disposing, or pledging the national assets, shall be deposited in the Consolidated Fund.

165. (1) Unless stated otherwise in other provisions, and for the purpose of section 32 of the Act, the vote controller shall submit the plan and the request to acquire the new asset, which shall not constitute a project, to the Minister through the annual budget proposal. Acquisition.

(2) The acquisition request shall at least specify-

- (a) the cost and benefit in acquiring the new asset;
- (b) specification of the proposed asset to acquire;
- (c) the proposed plan to acquire the asset;
- (d) the price of the asset; and
- (e) payment terms.

(3) Only the Minister may be a lessee of a financial lease of an asset to be used by a budgetary or sub-vented agency.

(4) Any financial lease transaction concluded by a budgetary or sub-vented agency without signature of the Minister shall be null and void and of no effect.

(5) The Minister may delegate his competencies under sub-regulations (3) and (4).

(6) In the event that the budgetary agency wants to use an asset through financial lease, the budgetary agency shall send the Minister a request specifying-

- (a) amount of lease liabilities;
- (b) the financial lease terms and conditions;
- (c) interest rate;
- (d) term of the lease;
- (e) the draft agreement; and
- (f) the budgetary agency's plan in paying the leasing fee.

(7) If the financial lease is approved, the amount of lease liabilities and payments of interest and principles shall be recorded and processed by the director responsible for Public Debt in the same manner as borrowing.

(8) Within the financial lease term, the asset shall be recorded at the National Asset and Government Property as leased asset.

(9) When the financial lease term ends without any default on payment, the budgetary agency shall ensure the proper and legal ownership transfer and register as required by the lease contract in accordance with these Regulations.

(10) If the budgetary agency urgently wants to acquire the asset within the financial year, the vote controller may make an urgent request to the Minister.

(11) The request to acquire the asset within the financial year shall be allowed only when there is adequate allocation in the budget.

(12) In addition to sub-regulation (10), the urgent acquisition request shall specify the case of urgency and the proposed available budget in acquiring the asset.

166. (1) The national assets may be leased out only when- Lease.

- (a) the asset or a part thereof is not used by the budgetary agency for its operation, any public interest, or national interest;
- (b) the proposed lease term does not exceed 10 years and it is not subject to automatic renewal;
- (c) the lease contributes to the State and the public interest in terms of direct financial contribution and economic development; and
- (d) the lease does not cause major negative impact on the society, environment, and economy.

(2) In the event that the holding entity wants to lease its holding asset, the holding entity shall send a request to the Minister specifying at least-

- (a) the analysis of the cost and benefit of the proposed lease;
- (b) the current use of the asset and the revenue generated by the asset in the past years;
- (c) the current value of the asset, the proposed rental fee, and the market rental fee of the similar asset;
- (d) the identity of the potential lessee, the purpose of the lease, and the analysis of social and environmental impact of the lease;
- (e) the proposed term of the lease; and
- (f) the draft of the lease agreement.

(3) In general, the lease shall not be made in concessional terms except for-

- (a) local government; or
- (b) serving the public interest without charge.

(4) In addition to sub-regulation (3) above, the request to lease with concessional terms shall include further justification on its necessity and information on foregone revenues.

167. (1) Pursuant to section 117 of the Constitution, a national asset may be pledged for debt taken by the Minister on behalf of the State in accordance with section 68 of the Act. ^{Pledge.}

(2) The Minister, in consultation with the National Asset and Government Property Commission, may identify any national asset to secure any potential loan.

(3) A national asset that is by its nature classified by any Act or Regulation, as a conservation, natural, historical, or heritage asset, shall not be pledged.

(4) The Minister shall send the request to pledge the asset to the Parliament through the Cabinet by specifying-

- (a) the cost and benefit of the pledge;
- (b) the proposed terms and conditions of the pledge;
- (c) the consequence when the pledge is enforced; and
- (d) the analysis on the social, economic, security and revenue impact of the pledge.

(3) The pledge shall come into force upon the ratification of the Parliament.

168. (1) A national asset may be transferred from one holding entity to another when- ^{Transfer.}

- (a) the holding of the asset does not comply with any existing act or regulation;

- (b) the asset has not been allocated to the suitable entity for effective and efficient use in serving the public and the national interest;
- (c) the asset is an excess to the holding entity and a necessary need to another entity;
- (d) the holding entity has misused the asset; or
- (e) the holding entity cannot, or has failed to, maintain or to preserve the asset.

(2) Subject to sub-regulation (3), the transfer of the asset may be made on a voluntary basis between the Budgetary Agencies, or by the decision of the National Asset and Government Property Commission with the approval of the Minister.

(3) In order to transfer the asset, the Budgetary Agency or the National Asset and Government Property Commission shall make a request to the Minister who shall decide in accordance with sub-regulation (1).

(4) Except for the consequence of the sale or the enforcement of the pledge security, the national asset shall not be transferred to the other person besides the budgetary agency.

Disposal.

169. (1) A national asset can be disposed only when-

- (a) the asset or a part thereof is not or will not be used by any budgetary agency for its operation, any public interest, or national interest;
- (b) the asset is not classified by any act or regulation or its nature as a conservation, natural, historical, or heritage asset; and

- (c) the benefit from selling the asset outweighs the benefit of keeping the asset, taking into account the future economic benefit and the appreciation value of the asset.

(2) In the event that the holding entity wants to dispose the asset, the holding entity may send a request to the Minister by specifying-

- (a) the cost and benefit of the proposed disposal;
- (b) the proposed sale value in kind or cash;
- (c) the current and future value of the asset taken into account depreciation and appreciation factors; and
- (d) the draft of the sale agreement.

(3) At all times, the asset shall be disposed through a competitive process and at a price no lower than its market value.

(4) A list of all assets disposed and the disposal value shall be published monthly.

170. (1) The holding entity shall report to the National Asset and Government Property Commission about any loss or grave damage to its respective national assets by specifying-

- (a) the market value of the assets prior to the event of loss or damage;
- (b) the status and the value of the assets after the event of loss or damage;

Write off.

- (c) the impairment cost;
- (d) the causes of the loss or damages; and
- (e) the actions taken by the entity to prevent or to cure the loss or damages.

(2) The holding entity shall be held liable if it fails to notify the National Asset and Government Property Commission about the loss or grave damage of its respective assets.

(3) In the event that the National Asset and Government Property Commission determines that the loss or damage is caused by any event beyond the entity's control including the natural wear out and force majeure, the National Asset and Government Property Commission shall write off the asset from the National Register.

(4) The National Asset and Government Property Commission may charge the entity liable for the loss or damage if such loss or damage is caused by gross negligence of the entity.

(5) Subject to sub-regulation (4), the cost of loss or damage shall be paid by the entity to the Consolidated Fund or deducted from the budget allocation to the entity.

(6) Subject to sub-regulation(5), the National Asset and Government Property Commission or the vote controller may represent the State to hold any person, who has caused the non-compliance with intent or gross negligence, liable for the cost.

Subpart VI - Report and Documentation

Reporting of assets.

171. (1) The vote controller shall keep records of all documents related to its holding of national assets at the office of the budgetary agency in order to make them available to the Auditor-General, the National Asset and Government Property Commission, and the Board of Survey.

(2) The Internal Audit of the budgetary agency shall annually audit the national assets held by the budgetary agency within 3 months after the end of each financial year.

(3) The internal audit report shall be sent to the Auditor-General and the National Asset and Government Property Commission.

(4) The building, structures and land shall be appraised by an independent reputable valuator at least once every 2 years.

(5) The valuation report shall be sent to the Accountant-General and the National Asset and Government Property Commission.

(6) In addition to regular valuation, the asset shall be valued immediately when-

- (a) there is a specific event that would affect the value of the asset; or
- (b) the budgetary agency wants to make request to the Minister to lease, transfer, dispose, or write off the asset.

(7) Within two months after the financial year ends, the vote controller shall report to the Accountant-General and the National Asset and Government Property Commission about the status and the value of the assets taken into account depreciation and appreciation factors.

(8) In addition to the annual report, the vote controller shall notify the National Asset and Government Property Commission or the Accountant-General within 5 working days after there is any change to the asset including but not limited to any damage, loss, lease, transfer, dispose, pledge, or write off.

(9) The Auditor-General shall make the audit report on the national assets available to the National Asset and Government Property Commission.

(10) In the event that the budgetary agency breaches its reporting obligations within this chapter, the National Asset and Government Property with the Cabinet's approval may confiscate the asset from the budgetary agency.

Subpart VII - Board of Survey

Board of Survey.

172. (1) The Accountant-General shall appoint a Board of Survey consisting of at least 3 members one of whom shall be the chairman.

(2) The members of the Board of Survey shall be persons, having knowledge and expertise in accounting and finance, elected from any budgetary agency.

(3) The members of the Board of Survey shall be persons who are not involved with the national asset management work of the budgetary agency.

(4) The Board of Survey shall conduct a survey within three months after the accounts of a financial year are closed through reviewing the registry books, records, reports, and statements to verify with the actual physical assets.

(5) The Accountant-General shall prepare a survey guideline to describe the function of the Board of Survey and the procedure to conduct the survey.

(6) When carrying out its function, the Board of Survey shall work in accordance with transparency and accountability.

(7) The Board of Survey shall treat all information obtained pursuant to its function, confidential.

(8) The Board of Survey, with its discretion, may conduct the survey with or without prior notification.

(9) After completing the survey, the Board of Survey shall send the survey report highlighting any discrepancy and recommendation to the Accountant-General and the Auditor-General.

(10) The Accountant-General shall be responsible for the expense of the Board of Survey.

Subpart VIII- Financial Assets

173. (1) When a budgetary agency collects public monies under or by authority of an Act of Parliament, the vote controller of the budgetary agency shall assign in writing, a public officer to collect, receive, or have a custody of the public money with specific delegated authorities.

Safeguarding of cash and valuables.

(2) The collection, receipt, and custody of cash shall be made in accordance with Part VI of these Regulations.

(3) The vote controller shall ensure that the office of the budgetary agency has at least one safe box to keep the valuables and cash.

(4) For the purpose of section 58 of the Act, the Minister shall prescribe the standard conditions of the safe box.

(5) In the event that the loss or damage to the public money and valuables is caused by any event beyond reasonable control of the cashier, the vote controller shall send the Accountant-General a request to write off the asset in accordance with these regulations.

(6) Where the Accountant-General has reasons to believe that the loss or damage to the public money and valuables is caused by any act of negligence or fault intent, the budgetary agency shall be liable for such loss or damage through paying the replacement cost to the Consolidated Fund.

(7) Subject to sub-regulation (6), the Accountant-General or the vote controller may represent the state to hold any person, who has caused the non-compliance with intent or gross negligence, liable for the cost.

(8) Presumably, the cashier or the vote controller shall be held liable for any loss or damage if it fails to swiftly notify the vote controller or the Accountant-General about such loss.

Management of disposal of shares.

174. (1) For the purpose of paragraph (e), of sub-section (1) of section 9 of the Act, the Accountant-General shall maintain the register of the public enterprises specifying the shareholdings belonging to the State.

(2) The Accountant-General shall include detailed information on shareholding belonging to the State in the financial statements including but not limited to-

- (a) the share's value;
- (b) the holding entity of the shares; and
- (c) the total capital of the public enterprises.

(3) The holding entity of the shares may be identified by-

- (a) any act or regulation; or

(b) the record of the Corporate Affairs Commission.

(4) The holding entity shall register the shares with the National Asset and Government Property Commission, and the Accountant-General.

(5) All dividends derived from the shares held by the State in the public enterprises shall be deposited in the Consolidated Fund as the national revenue.

(6) The disposal of the shares held by the National Commission for Privatization shall be made in accordance with section 20 of the National Commission for Privatization Act.

(7) The disposal of the shares held by any budgetary agency shall require first the transfer of the shares to the National Commission for Privatization and shall be subject to the privatization process under the National Commission for Privatization Act.

(8) The proceeds from the disposal of shares shall be deposited in the Consolidated Revenue Fund as national revenue.

175. (1) For the purpose of section 70 of the Act, the budgetary agency shall send a request on the advances from the Consolidated Fund in accordance with Part XI of these regulations. Management of advances and lending.

(2) For the purpose of section 71 of the Act, the Minister may enter into an agreement for granting a loan from the Consolidated Fund.

(3) The loan agreement shall come into force when it is ratified by Parliament in accordance with Part XII of these Regulations.

(4) Prior to signing the loan agreement, the Minister shall obtain sufficient information about the potential borrower including but not limited to-

- (a) the identity and general background;
- (b) the financial statement, cash flow, and repayment capacity; and
- (c) the availability of any asset and its value to be used as security for the loan.

(5) The Minister shall include the loan request and proposal within the budget to the Parliament.

(6) The Minister shall not grant any loan within the financial year except-

- (a) there is adequate allocation to cover the loan;
- (b) the loan is granted in accordance with a commitment that has already made by the government; or
- (c) the loan is necessary to meet an urgent need in the public or national interest.

(7) Prior to signing the loan agreement, the Minister shall consult with the Accountant-General.

(8) No loan from the Consolidated Fund shall be made without proper security.

(9) Upon granting the loan, the Minister, with the assistance from the National Revenue Authority shall ensure the collection of the loan repayments.

(10) The collection of the loan repayments shall be made in accordance with Part VI of these Regulations.

176. (1) For the purpose of section 68 of the Act, the Minister shall send the guarantee proposal to Parliament for its ratification as part of the State budget. Government Guarantee.

(2) For the purpose of section 69 of the Act, any money paid by the State under the guarantee shall be converted to loan.

177. (1) Pursuant to sub-section (2) of section 12 of the National Revenue Authority Act, the National Revenue Authority shall ensure that all budgetary agencies effectively and efficiently assist in the collection of national revenue. Management of Receivables.

(2) When a budgetary agency collects revenue, under or by an Act of Parliament, the vote controller shall submit a daily report on account receivable and bank statement of its budgetary agency to the National Revenue Authority and to the Accountant-General.

(3) The report shall specify the following-

- (a) amount of account receivable;
- (b) type of receivables;
- (c) due date;
- (d) method of payment and collection; and

- (e) justification on default of payment, if there is any.

(4) The National Revenue Authority and the Accountant-General may require the budgetary agency to further submit other documents related to receivables such as the invoice or the evidence of assessment and when applicable, the collection.

(5) With or without notice, the National Revenue Authority may visit the office of the budgetary agency in order to inspect the documentation related with assessment of State revenue.

(6) Unless otherwise provided in other legislations, the vote controller shall ensure that the collected receivables are not used for any expenditure or other purposes besides depositing in the Consolidated Fund in accordance with Part VI of these Regulations.

(7) The Commissioner-General or the vote controller concerned may request the Accountant-General to write off the receivables when-

- (a) the receivable is uncollectable for certain period of time starting from the due date;
- (b) all collection methods and measures have been implemented and exhausted; and
- (c) there is a strong justification showing that the receivable is not collectable and will not be collectible in the future;
- (d) the budgetary agency has taken all available enforcement measures.

(8) The National Revenue Authority or the vote controller concerned with its discretion or as directed by the Minister may act in the name of the Government to collect the receivables and may use any enforcement measures available to it.

(9) Subject to the request made in accordance with sub-regulation (7), the Accountant-General may approve the write off.

(10) The write off shall not have any effect on the legal right of the State to collect the receivables in order to deposit into the Consolidated Revenue Fund.

PART XV - INVENTORY MANAGEMENT

178. (1) The acquisition, receipt, custody, control, issue and disposal of Government stores shall be in accordance with the Act and these Regulations. Management of Government stores.

(2) Subject to sub-regulation (1) the Minister may give general directions in writing to the Procurement Board on matters relating to Government stores under the Act.

179. (1) A vote controller or the head of the budgetary agency shall be the chief authority in relation to the use of government stores. Responsibility for stores.

(2) A vote controller or the head of the budgetary agency shall be accountable for the proper care, control, supervision, custody and use of Government stores from the time of acquisition until they have been used or otherwise disposed of in accordance with these regulations.

Purchase and receipt of inventories.

180. (1) A vote controller or the head of the budgetary agency shall ensure that government stores are acquired and applied to public purposes in the most economical way.

(2) Care must be taken to ensure that the stores received are in good condition and conform to order requirements, and the procedures governing the receipt of stores from suppliers into any store shall aim at ensuring that payment is made only for the quantities actually received in good order and condition and meeting the required specification.

(3) So far as is possible the task of receiving and checking stores shall be carried out by an officer other than the one who places the orders and authorises payment for the supplies, and the documentation should permit the various elements of the transaction, including ordering, receipt and payment, to be identified with and checked against each other.

(4) A vote controller or the head of the budgetary agency shall procure government stores in accordance with the procurement laws and regulations.

Recording of stores.

181. The Accountant-General shall issue instructions on the format to be kept in respect of every delivery received and the procedure for the issuing of stores.

Accounting for inventories.

182. (1) Stores shall be accounted for by value as well as by quantity, and it is necessary to keep records so as to determine the unit cost of each stock item and the reconciliation of the total value of the stocks with the financial records.

(2) All vouchers and ledger entries for stores shall show the value as well as the quantity of the items concerned.

(3) All purchases of inventories shall be charged directly to the relevant expenditure lines immediately on purchase, and the records referred to in sub-regulation (1) of this regulation shall not form part of the general ledger.

183. (1) A vote controller or head of budgetary agency shall arrange for the stores for which they are responsible to be inspected regularly and for written reports to be made to them on the sufficiency of the storage accommodation and on the general condition of the stores and storage facilities.

Inspection of inventories.

(2) The inspecting public officer shall report to the vote controllers or head of budgetary agency promptly and in writing, any case of loss, shortage, leakage, damage, waste, deterioration or irregularity observed in the course of his or her inspection and the vote controllers or head of budgetary agency shall take prompt and appropriate action to correct any defects or deficiencies reported.

(3) In addition to the departmental internal inspections, which are designed to satisfy vote controllers or head of budgetary agencies that they are adequately discharging their own responsibilities for the correctness of stores and stores records, the inventory holdings of all public stores shall be verified at least once a year by stocktaking by a Stock Verifier appointed by the Accountant-General.

184. Vote controllers or heads of budgetary agencies shall ensure that whenever one public officer relinquishes to another the whole or part of his responsibilities for any store, the stores and stores ledgers are properly examined and the hand-over conducted in such a manner that there can be no doubt or ambiguity as to the items handed over and taken over.

Hand-over of duties in respect of stores by public officers.

Losses of Stores.

185. (1) On the discovery of any loss or shortage of stores or other property, vote controllers or heads of budgetary agencies or the Board of Survey, as the case may be, shall start an investigation with the aim of surcharging or otherwise disciplining any public officers found to be responsible.

(2) In the context of stores and other property, losses shall include any damage or deterioration which cannot be attributed to fair wear and tear.

Write-off of stores.

186. (1) Vote controllers or heads of budgetary agencies may, with the authority of the Minister, write-off minor items of stores which have been accidentally lost or broken beyond repair such as glassware and small tools, or perishable items which have become unserviceable, provided that no question of fraud, theft or negligence is involved.

(2) In each case of minor articles lost or broken, the vote controllers or heads of budgetary agencies may order that the cost of the article shall be recovered from the public officer concerned.

(3) All write-offs shall be compiled and reported to the Minister for inclusion in a resolution to be introduced in the Cabinet.

Condemnation of unserviceable stores.

187. Where it is considered that stores, vehicles, plant, equipment, have reached the end of their useful life, are beyond economical repair or are unserviceable for any other reason, or have become redundant through obsolescence, they shall be retained until a sufficient quantity has accumulated to merit the convening of the Board of Survey to inspect them; and it shall be the duty of such Board to recommend the action to take.

188. Where stores or items which, although serviceable, are no longer required and are to be sold, they shall be disposed of by public auction or by tender after public advertisement; except where the specific approval of the Minister has been obtained for them to be sold through other means.

Unwarranted serviceable inventories.

189. (1) Subject to this regulation, when the Minister has given authority for any department to operate a revolving fund for the purpose of acquiring and managing stores or for manufacturing, producing, processing or dealing in stores or materials and has fixed the amount that may be charged to the revolving fund at any time –

Operation of revolving fund.

- (a) payment may be made out of the Consolidated Fund for such purposes, subject to such terms as the Minister may direct; and
- (b) the Chief Accountant shall keep an account to which shall be charged –
 - (i) the cost of such of the stores or materials on hand in the department at the time the revolving fund is established as the Minister may specify; and
 - (ii) the payments made under clause (a) of sub-regulation (1).

(2) There shall be shown as credits in the account kept under paragraph (b) of sub-regulation (1) –