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SCHEDULE



GRENADA

ACT NO. 17 OF 2015

I assent,



CÉCILE E. F. LA GRENADE

*Governor-General.**18th June, 2015.*

AN ACT to regulate the proper financial management and control of the money, property, and other resources of the public sector including the Consolidated Fund and other public funds under the Consolidated Fund; prescribe the responsibilities of persons entrusted with public financial management; and provide for matters connected therewith and incidental thereto.

[19th June, 2015].

BE IT ENACTED by the Queen's Most Excellent Majesty, by and with the advice and consent of the Senate and the House of Representatives of Grenada and by the authority of the same as follows—

Part I

PRELIMINARY

1. This Act may be cited as the—

PUBLIC FINANCE MANAGEMENT ACT, 2015.

Short Title and
Commence-
ment.

Interpretation.

2. In this Act—

“Accountant General” means the Public Officer appointed to the post of Accountant General under the direction of the Permanent Secretary;

“Accountable Officer” means any Public Officer designated as such under section 10;

“Annual estimates” means the annual estimates of revenue and expenditure, both recurrent and capital;

“Appropriation” means an authority from Parliament to pay money out of the Consolidated Fund or other public fund to meet the estimates of expenditure in a financial year by an Appropriation Act or a Supplementary Appropriation Act and, where the context requires, includes expenditures authorized to be made out of the Consolidated Fund under this or other relevant Act without further action by Parliament and the term “appropriate” shall have a corresponding meaning;

“Appropriation Act” means an Act of Parliament the purpose of which is an appropriation of public money out of the Consolidated Fund pursuant to section 77 (2) of the Constitution;

“Central Government” means every branch, ministry, department, agency of Government, and includes all special funds established and maintained by Government under the Consolidated Fund pursuant to this Act;

- “Collector of Revenue” means any person responsible for collecting money, securities or other negotiable instrument for or on behalf of Government;
- “Commitment” means the entering into a legally binding agreement that will result in payments or other liabilities for the Government or a covered entity under this Act;
- “Consolidated Fund” means the Consolidated Fund established pursuant to section 75 of the Constitution;
- “Covered Entity or Entities” means entities covered under section 3 (2);
- “Department” includes a non-ministerial department of Government, a ministerial department of Government and a unit of Government;
- “Director of Audit” means a Public Officer whose office is created and defined in section 87 of the Constitution;
- “Expenditure Vote” means a sum appropriated to a service authorized by an Appropriation Act;
- “Government agency” includes every ministry, department, independent establishment, division, bureau, board, commission, institution, authority, organization of the Government of Grenada including parishes, local authorities or political or governmental sub-divisions of the Government of Grenada;

“Government borrowing” means any short, medium, and long-term borrowing, loans or financial contracts, including financial leasing contracts and securities issues contracted by the Government;

“Government property” means all assets whether movable, immovable, or intangible, or financial assets in any form, owned by the Government of Grenada;

“Line Ministries” means generally, all Ministries other than the Ministry of Finance of Grenada;

“Line Ministers” means generally, the Ministers who are heads of Line Ministries;

“Minister” means the Minister responsible for Finance;

“Ministry” means the Ministry with responsibility for Finance;

“National Budget” means the Budget approved by Parliament for a fiscal year;

“Negotiable instruments” includes a cheque, a draft, a traveler’s cheque, a bill of exchange, a postal note, a money order or any other similar instruments;

“Permanent Secretary” means the Permanent Secretary of the Ministry with responsibility for Finance;

“Prescribed” means prescribed by Regulations, instructions, directives, or orders as the case may be;

“Public Accounts” means the accounts referred to in section 67;

“Public Accounts Committee” means the committee appointed pursuant to the relevant Standing Order of the House of Representatives;

“Public body” means a Statutory Body as defined herein, or a Government owned or controlled company as defined herein;

“Public money” means revenues; money borrowed by the Government of Grenada through any means including through the issue or sale of securities; grants received by Government; money in the custody or under the control of the Government; money held, whether temporary or otherwise by a Public Officer in his or her official capacity, whether alone or jointly with any other person whether or not that person is a Public Officer; money held on trust for, or otherwise for the benefit of, a person other than the Government; money lent by Government to a person pursuant to this Act and other relevant legislation;

“Public Officer” has the meaning assigned to it under the Constitution;

“Public property” means property of any kind in the custody or under the control of the Government;

“Receiver of revenue” means the Accountant General or any Public Officer designated by the Accountant General for the purpose of receiving public money, securities or other financial instruments;

“Revenue” means all taxes, tolls, imposts, levies, rates, duties, fees, penalties, royalties, surcharges, forfeitures, rents and dues, proceeds of sale, repayment of loans, and all other receipts of the Government from whatever sources arising, over which Parliament has the power of appropriation;

“Securities” means bonds, debentures, promissory notes, treasury bills and other claims evidencing debts and includes assets commonly known as securities;

“Special fund” means a special fund provided for under section 45;

“Statutory expenditure” means expenditure charged on the Consolidated Fund by the Constitution or any other enactment that provides that the expenditure is so charged in each year;

“Supplementary Appropriation Act” means an Act providing for the issue from the Consolidated Fund of the sums necessary to meet the supplementary estimates of expenditure in a financial year and for the appropriation of those sums to the purposes specified therein;

“Supplementary estimates” means the supplementary estimates of expenditure, both recurrent and capital.

3.—(1) This Act, together with other relevant legislation, governs all matters related to the management of the public finances of the Government of Grenada. It lays out fundamental procedures for the preparation, adoption, execution and final accounts of the National Budget and related matters including internal control, accounting and auditing of public finances, management of assets as well as the arrangements for public debt and government guarantees. This Act shall be supplemented by enabling regulations promulgated by the Ministry of Finance to further specify the procedures in each of the areas mentioned herein, and which may be amended from time to time.

Scope and Application.

(2) This Act shall apply to ministries, departments, agencies, entities, institutions of executive, legislative and judicial branches of the central and all local governments, all autonomous bodies under government control, state owned enterprises, and any entity or individual who receives or uses public money, and all officers and employees in those entities.

4. The management of public finances of the Government of Grenada including the preparation and execution of the National Budget and its supplements are guided by the following principles—

Principles Guiding Public Financial Management.

- (a) all members of the Executive are accountable to Parliament for the manner in which they carry out their responsibilities with respect to the management of public finances; and

within the Executive, all public officials entrusted with public finance responsibilities are accountable to Cabinet for the proper execution of their duties; and

- (b) the formulation, approval, presentation and implementation of the medium-term budget framework, the budget, the Appropriations Act and supplements thereto shall be based on the principles of sustainability, prudence, stability, consistency and transparency.

Fiscal year.

5. The fiscal year for Grenada shall begin on January 1st and end on December 31st of each year.

Part II

ROLES AND RESPONSIBILITIES FOR MANAGEMENT OF PUBLIC FINANCES

General Responsibilities.

6.—(1) The Minister, the Permanent Secretary, Accountant General, Accountable Officer and any other officer designated by the Minister shall be responsible for the administration of the provisions of this Act and shall discharge their responsibilities and exercise their powers in accordance with this Act, Regulations under this Act, and any other Act relating to matters provided for in this Act.

(2) An Accountable Officer and any delegate of an Accountable Officer shall discharge his or her responsibilities and exercise his or her powers in accordance with this Act and any other Act relating to matters provided for in this Act.

Responsibilities and Powers of Minister of Finance.

7.—(1) In addition to the powers and duties referred to under subsection (2) and other Parts of this Act, the Minis-

ter shall be responsible for all technical matters related to the proper functioning of the public finance management system, subject to the overall policy guidance from Cabinet.

(2) The Minister's specific responsibilities shall include—

- (a) the preparation and execution of the National Budget;
- (b) the preparation of annual and supplementary estimates reports pertaining thereto;
- (c) the management of government property, fixed assets, financial assets, debt and Government guarantees and other contingent financial liabilities, as specified in this Act;
- (d) approval of the budgets of other entities as required by this Act or any other laws for ensuring their compliance with the fiscal rules and policy;
- (e) the efficient and effective management of the funds of the Government, including the management of revenue and expenditures and generally monitoring and assessing the execution of the budget of Government and public bodies for ensuring the achievement of fiscal policy;
- (f) prepare and submit a mid-year review of the progress of the budget and fiscal operations to the Cabinet, and the House of Representatives;

- (g) accounting for finances of the Government through the public accounts and laying the report of the Director of Audit before the House of Representatives annually;
 - (h) co-ordinate international and intergovernmental financial and fiscal relations on behalf of the Government of Grenada;
 - (i) perform any other functions conferred on him or her by any other law or incidental to the previous paragraphs;
 - (j) make Regulations for the implementation of the provisions of this Act, pursuant to section 88.
- (3) For the purpose of performing his functions under this Act, the Minister—
- (a) shall supervise the operations of any entity covered by this Act, and may give such directions and instructions as appear to the Minister to be necessary and expedient for the proper carrying out of the provisions of this Act;
 - (b) may require any information and reports from any entity covered by this Act, and any other person receiving grants, advances or loans, or guarantees or indemnities from the Government;
 - (c) may following approval from Cabinet, and consistent with the laws of Grenada,

establish, structures/units within the Ministry for implementing the requirements under this Act in order to fully discharge the Minister's responsibilities prescribed herein. Details relating to such structures/units will be prescribed in regulations pursuant to this Act.

- (d) may enter into and execute agreements on behalf of the Government in relation to matters of a financial nature.

(4) The Minister may delegate any of the responsibilities or powers given to him or her under this Act to the Permanent Secretary or any other Public Officer provided however that the Minister shall remain responsible under this Act.

8.—(1) In addition to the responsibility in other relevant sections of the Act, the Permanent Secretary shall report to the Minister and be responsible for—

Permanent
Secretary of
Ministry of
Finance.

- (a) the overall administration and supervision of the Ministry;
- (b) overseeing the preparation of the annual and supplementary estimates on behalf of the Minister;
- (c) advising the Minister on matters pertaining to the implementation of this Act;
- (d) assisting the Minister in the discharge of the Minister's responsibilities under this Act, any Regulations, orders, or instructions, including without limitation, in relation to the supervision

of Statutory Bodies and State-owned enterprises;

- (e) overseeing the management of public finances including adherence to this Act, regulations and instructions;
- (f) acting as the government's budget advisor and managing the process of the formulation of the Annual Budget, the supplementary budgets and their implementation;
- (g) monitoring the government's financial interest in the entities to which this Act applies;
- (h) managing and assisting the Minister in midyear and in yearly fiscal and budgetary reviews, and monitoring fiscal risks;
- (i) overall, supervise the functions of the Accountant General.

(2) For the purpose of executing his or her responsibilities under this Act, the Permanent Secretary—

- (a) shall at all times have access to all ministries, departments, agencies, Statutory Bodies, Government-owned or controlled companies, or places where accounting for public services takes place or public accounting records are kept;
- (b) may require a Public Officer to furnish any information and provide access to any documents that the Permanent Secretary considers necessary.

(3) The Permanent Secretary may delegate in writing any of the Permanent Secretary's responsibilities or powers under this Act to any senior official of the Ministry, consistent with requirements prescribed under Regulations made under this Act provided however that the Permanent Secretary shall remain responsible for his responsibility under this section.

9.—(1) The Accountant General shall be accountable for discharging the responsibilities of the Accountant General and exercising the powers of the Accountant General specified under this Act, Regulations made under this Act, and any other Act in relation to financial administration, with diligence and honesty and shall be subject to discipline under the applicable law for failing to do so.

Responsibilities
of the Account-
ant General.

(2) The Accountant General, under the overall supervision of the Permanent Secretary, shall be responsible for—

- (a) maintaining the accounts of the Government so as to show the current state of the Consolidated Fund and the financial position of the Government;
- (b) receiving and banking, and overseeing the receipt and banking of public money and overseeing its disbursement;
- (c) managing and supervising all accounting operations in respect of all moneys and other assets administered by the Government and all obligations undertaken by

the Government or on its behalf and shall receive and make all the disbursements of moneys of the Government;

- (d) ensuring timely, accurate and proper collection of all revenues and inflows of the government, their deposit in the Consolidated Fund, safe custody and accounting;
- (e) ensuring management and control of all expenditure and outflows of the public money in a timely and accurate manner and as required by the Act and regulations made under it and accounting for these;
- (f) establishing, in coordination with the Director of Audit, and implementing, accounting standards for government accounting and publishing it;
- (g) preparing the Public Accounts and any other financial statements or reports required by the Minister or the Permanent Secretary required by this Act, the Regulations, and any other Act;
- (h) maintaining a system for the examination of payments to reasonably ensure that they are made in accordance with this Act;
- (i) ensuring that a proper system of accounts is established in every department and public body, and that all money received and paid by the Government is brought promptly

- and properly to account on the basis of accounting standards as prescribed;
- (j) ensuring the implementation of commitment control system under this Act, Regulations under this Act, and any other relevant law and maintaining and managing the computerized financial management system;
 - (k) reporting to the Permanent Secretary, in writing, any apparent defect that is brought to his or her attention in the control of revenue, expenditure, cash and other property of the Government or any breach by a department of this Act, Regulations under this Act, or financial instructions issued pursuant to this Act;
 - (l) evaluating the accounting and financial management systems throughout the Government;
 - (m) ensuring, that adequate provisions exist for the safe custody of public money, securities, revenue, receipts, accounting documents and other similar documents;
 - (n) refusing payment on any voucher that is incorrect or insufficient in content, or that contravenes this Act or financial instructions issued pursuant to this Act or that in his or her opinion is in any way unacceptable in support of the payment of public money;

- (o) such other duties as may be specified under applicable laws or by the Minister or Permanent Secretary that relate to the effective implementation of this Act.
- (3) For the proper discharge of his responsibilities under this Act, the Accountant General—
- (a) shall at all times have access to all departments or places where accounting for services takes place and accounting records are kept;
 - (b) may require access to records and require any information, records or explanations from any Public Officer or former Public Officer necessary for the performance of the duties of the Accountant General;
 - (c) may examine and report to the Permanent Secretary on the financial and accounting operations of a department or public body;
 - (d) may station a person employed in the Ministry in any department or place where accounting for a service takes place when the Accountant General considers it necessary to discharge his or her responsibilities;
 - (e) within his or her area of responsibility and his or her powers, may issue financial instructions in writing to Accountable Officers and to persons to whom Account-

able Officers have delegated their responsibilities under this Act.

10.—(1) A Public Officer shall be designated as an Accountable Officer by the House of Representatives in the annual or supplementary estimates, or by resolution, in respect of—

Designation and responsibilities of Accountable Officers.

- (a) each expenditure vote or part of an expenditure vote;
- (b) each head or part of a head of statutory expenditure identified in the annual or supplementary estimates; and
- (c) each head of revenue or part of a head of revenue in the annual estimates.

(2) Where a person is designated as an Accountable Officer he or she shall be liable for the entity's responsibilities under this Act, Regulations made under this Act, and other applicable laws.

(3) The Accountable Officer of each entity to which this Act applies, shall—

- (a) be responsible, to the Line Minister, for the preparation of the annual and supplementary estimates, and execution of the budget within the medium-term budget framework;
- (b) ensure that the entity has adequate systems in place for the management of public finances, consistent with this Act, and the medium term framework of the entity;

- (c) ensure that public resources of the entity are used for authorized, efficient, effective and transparent use, and that expenditures are incurred as intended by the annual budget and appropriation in a transparent and accountable manner;
- (d) advise the relevant Line Minister on the formulation of the annual and supplementary budgets, and in ensuring consistency between resource allocation and the policy objectives;
- (e) supervise and oversee all Statutory Bodies, Government owned and controlled corporations and special fund under the control of the entity;
- (f) ensure the effective control of, and accurate accounting for the disbursement of public moneys received by the entity for which he or she is the Accountable Officer.

(4) An Accountable Officer shall be accountable for discharging his or her responsibilities under this Act, any Regulations under this Act, and any financial instructions issued in accordance with the provisions of this Act, with diligence and honesty and shall be subject to discipline under the applicable law for failing to do so.

(5) An Accountable Officer shall not be absolved of his or her responsibilities by reason of the proper discharge of his or her responsibilities under this Act by the Accountant General nor shall the Director of Audit's responsibil-

ity to examine and certify public accounts or to audit other accounts, relieve an Accountable Officer of responsibility for keeping or rendering accounts, from the duty to comply with and to ensure the compliance of subordinate staff with the provisions of this or any other enactment or with any Regulations or directions issued.

(6) An Accountable Officer who disagrees with the interpretation or application of a policy, directive or standard issued by the Minister or a Line Minister, shall seek guidance in writing on the matter from the Attorney General and where the matter remains unresolved, after such guidance is received, the appropriate Minister shall refer the matter to Cabinet for a decision. A decision of Cabinet in this regard shall be in writing and shall be copied to the Director of Audit.

(7) An Accountable Officer may delegate in writing some or all of his or her responsibilities to a Public Officer who reports to such Accountable Officer provided however that prior approval of the Line Minister shall be obtained and such Accountable Officer shall remain liable under this Act, any Regulations made under the Act, or any Act or financial instructions issued pursuant to the provisions of this Act for his responsibilities.

11. In accordance with Article 82 of the Constitution, the Director of Audit shall audit and inspect all accounts of the Government and exercise any such power and perform any such function or duty as specified in this Act and in the manner required under the Audit Act Cap. 22A as shall from time to time be amended.

Responsibilities
of the Director
of Audit.

Part III**MEDIUM TERM BUDGET FRAMEWORK AND
BUDGET PREPARATION**

Fiscal policy-
making Macro-
economic and
Fiscal Forecasts.

12.—(1) For the purpose of effective implementation of this Act, the Minister shall produce macroeconomic and fiscal forecasts which shall cover fully all subsectors of Government, in respect of fiscal forecasts.

(2) The Minister shall cause to be prepared a medium-term fiscal framework based on estimates for the fiscal year and for two consecutive years thereafter, which take into account the economic and development policies that are consistent with the Government's declared medium-term economic and fiscal objectives.

(3) The Minister shall oversee the preparation of the National Budget in the context of the medium-term fiscal framework referred to in subsection (2) for purposes of achieving national objectives over a multi-year period.

(4) The aggregate budget ceilings estimated for the second year of the medium-term fiscal framework shall be the starting point of the budget for the following year. Any change in the budget year ceilings from those estimated in the medium-term framework shall be explained by the Minister.

Multi-Year Com-
mitments.

13.—(1) The Minister shall have exclusive authority to approve multi-year commitments provided that the portion of commitments attributed to the current year are within the expenditure limits approved by Parliament, and is meant for the purpose specified in the annual budget.

(2) For the purpose of this section, multi-year commitments shall include capital investments, obligations of the government under public-private partnerships, and other investment and financing arrangements.

14.—(1) The National Budget shall comprise all revenues and expenditures, on a gross basis, of the Central Government, including transfers of any kind from the National Budget to sub-national governments, autonomous agencies and funds, public or private enterprises or financial institutions, non-government entities or institutions, or private persons.

Gross Budget and Scope of the National Budget.

(2) The National Budget shall, to the extent of the availability of reliable data, include all donor financing provided directly to the Budget in support of the Central Government, general budget support, basket funding of sectors, and funding of government projects.

(3) For the avoidance of doubt, the National Budget shall be a single unified budget distinguishing between recurrent and capital expenditures.

15. —(1) The Minister shall submit to the Standing Committee on Finance at least two months before the end of the fiscal year, the annual estimates of the Government for the following fiscal year.

Calendar.

(2) The preparation of the National Budget shall conform to the process and time set forth in subsection (1) above, which will be further supplemented by a detailed cycle established in a published annual budget calendar in the Regulations accompanying this Act.

16. The budget preparation cycle shall consist of the following two phases—

Budget preparation cycle.

-
- (a) the preparation of a budget framework paper and the budget circular; and
 - (b) the preparation of the detailed annual budget that addresses the policies and priorities set out in the budget framework paper.

Budget Circular. **17.**—(1) For the purpose of guiding covered entities in preparing their budget proposals, the Minister may issue a budget circular, to guide the budget process.

- (2) A budget circular shall—
 - (a) prescribe ceilings on expenditures broken down at the level of detail as determined by the Minister;
 - (b) give detailed policy instructions to be complied with by economic entities in the course of the preparation of their budget;
 - (c) prescribe any other matters as may be deemed appropriate by the Minister.

Preparation of Detailed Budget Estimates.

18.—(1) The Minister may require entities covered under this Act to prepare and submit information in a manner prescribed by the Minister to facilitate preparation of the Budget and supporting documents required under section 16 and the First Schedule.

(2) Every public official, including Ministers, Permanent Secretaries, and Accountable Officers with budget responsibilities, or other person to whom the Minister may direct a request or directive under subsection (1), shall produce documents to support the Annual Budget process in the format and by the dates as required by the Minister.

(3) All entities involved in the budget process shall submit their initial estimates including those for capital expenditures within the total expenditure ceilings conveyed to them by the Minister and consistent with such budget classification as the Minister may prescribe.

(4) The Minister shall have the power to reject, and seek resubmission, any initial budget estimates submitted by an entity under subsection (3) which do not conform to any ceilings prescribed by the Minister pursuant to subsection (3).

(5) The head of each economic entity shall be responsible for proper planning of the activities of the entity for the fiscal year to ensure that estimates provided pursuant to this Act are realistic and practical based on available data and realistic assumptions.

(6) The Permanent Secretary shall manage the overall national budget process and in that regard may issue instructions on the requirements for the annual budget process, methodology and documents to all entities involved in the budget process, and determine the method and extent of consultation by the Ministry during the budget process.

Part IV

BUDGET APPROVAL AND APPROPRIATIONS

19. Parliament shall have the sole authority and responsibility to review and approve the proposed Budget prior to the commencement of the fiscal year in accordance with the provisions of the Constitution.

Parliament's
Authority and
Responsibility
to Approve the
Budget.

20. When the Budget estimates have been approved by the House of Representatives, a Bill, to be known as an Ap-

Approval and
Appropriations
Bill.

appropriation Bill, shall be introduced in the House of Representatives, providing for the issue from the Consolidated Fund of the sums necessary to meet that expenditure and the appropriation of those sums, under separate votes for the several services required, to the purposes specified therein and for the fiscal year to which the approved budget relates.

Authorization of Provisional Expenditure in Advance of Appropriation Act.

21.—(1) Where the Appropriation Act for a financial year has not come into operation at the commencement of the financial year for any reason, the Minister is authorized to collect revenues and approve such expenditure necessary to three months from the beginning of that financial year or the coming into operation of the Appropriation Act, whichever is the earlier, save and except that—

- (a) such expenditures shall not in total exceed one fourth of the approved Budget of the previous fiscal year; and
- (b) in the case of capital expenditures, only expenditures that in the previous financial year were contemplated to continue shall be authorized for such spending.

(2) On the coming into force of the Appropriation Act, any provisional expenditures pursuant to subsection (1) shall be deemed to have been paid out for corresponding services in the estimates for which provision was made under the Appropriation Act and shall be accounted for accordingly.

Contingency Appropriation.

22.—(1) There is hereby established a Contingencies Fund for the purpose specified in this section.

(2) The annual Appropriation Act shall approve an amount of public funds not lower than two percent of to-

tal annual domestic revenues, as estimated in the approved Budget for the next fiscal year to be paid into the Contingencies Fund.

(3) The Contingencies Fund shall be used solely for urgent and unforeseen expenditures arising from emergency situations for which payments cannot be postponed until the passage of a supplementary budget or the next annual National Budget without seriously affecting the public interest.

(4) In accordance with section 79(2) of the Constitution, where any advance is made from the Contingencies Fund, a supplementary estimate shall as soon as possible be laid before the House of Representatives and, when the supplementary estimate has been approved by the House, a Supplementary Appropriation Bill shall be introduced as soon as possible in the House for the purpose of replacing the amount so advanced.

23.—(1) Subject to subsection (2), if in a financial year it is found that the amount appropriated by the Appropriation Act for any purpose is insufficient or that exceptional circumstances as determined by the Minister and approved by Cabinet have arisen for expenditure for a purpose to which none or an insufficient amount has been appropriated by that law, a supplementary estimate showing the sums required shall be laid before the House of Representatives and, when the supplementary estimate has been approved by the House of Representatives, a Supplementary Appropriation Bill shall be introduced in the House of Representatives providing for the issue of such sums from the Consolidated Fund and appropriating them to the purposes specified therein.

Supplementary
Estimates and
Supplementary
Appropriation
Bills.

(2) Notwithstanding subsection (1)—

- (a) no more than two (2) Supplementary Appropriation Bills may be submitted to the House of Representatives within a fiscal year.
- (b) where the Minister makes a determination, with the approval of Cabinet, that exceptional circumstances exist and that the envisaged increase in expenditures cannot be met through a transfer of appropriations otherwise, the House of Representatives may on consideration of the exceptional circumstances approve supplementary appropriations that exceed the aggregate expenditure ceilings.

(3) The supplementary or amending Appropriation Bill shall be laid in the House of Representatives together with explanatory documents which shall include—

- (a) proposed amendments to the approved budget, any other change in the initial approved budget including changes through virements and real locations and supporting reasons for such proposals and changes;
- (b) any other matters as may be determined by the Minister.

(4) The preparation, approval and execution of a supplementary budget are governed by the provisions of sections 19 through 20 applicable to the approval and sections 27 through 31 applicable to the execution of the annual Budget.

24.—(1) The Minister shall make available to the general public— Publication of Budget.

- (a) the Proposed Budget within one week following its submission to Parliament; and
- (b) the approved budget, within two weeks following its approval by Parliament.

(2) Publication for the purpose of this section shall include without limitation, publication on the official website of the Government.

25.—(1) The Minister shall, no later than two months after the end of the first six-months of the fiscal year, prepare and submit to Cabinet a mid-year fiscal policy review which shall contain— Mid-year Review Report.

- (a) an overview of recent macroeconomic developments and updated macroeconomic forecasts;
- (b) an analysis of the total revenue collections and expenditure performances in the first six months of the fiscal year, and, presentation of a revised budget outlook for the rest of the current fiscal year, and its implications for the medium-term fiscal and budget framework if necessary, and if necessary plans for submitting a proposed supplementary budget for approval by the House of Representatives;
- (c) a discussion of the risks of non-compliance with the budget and fiscal strategy statement;
- (d) an overview of the execution of the Budget and of the budgets of other entities in the Government;

- (e) an assessment of fiscal policies adopted in the budget and fiscal strategy statement and, if necessary, recommendations on changes in the fiscal policy.

(2) As part of the process of discussion and assessment of matters listed under subsections (1) (c) and (e), the Minister shall obtain an opinion of Cabinet and include it in the report as well as his actions concerning this opinion.

(3) The Mid-year review report together with any opinion obtained by Cabinet under sub-section (2) shall be laid by the Minister before Parliament together with the next Supplementary Budget in accordance with section 23.

Fiscal Impact

26.—(1) In each fiscal year, every proposed legislation

Analysis of Draft
Legislation.

submitted for approval by Parliament, shall be accompanied by a fiscal impact analysis, stating the proposed legislation's estimated effect on revenues and expenditures for the fiscal year in which the legislation would become effective, as well as the legislation's fiscal impact on multi-year planning and budgeting.

(2) The Minister shall prepare detailed instructions regarding the nature of the analysis to be done and the process of validating the fiscal impact.

(3) The Minister shall provide an opinion to Parliament on the adequacy of such fiscal impact analyses.

Part V

BUDGET EXECUTION

Responsibility for Overall
Budget Execution.

27.—(1) The Minister shall be responsible for the overall management of the execution of the National Budget and

its supplements and may for the purpose of ensuring effective budget execution, issue Regulations and instructions to provide guidance on various stages of budget execution, including but not limited to, allotments and commitments, procurement of goods and services, and payments.

(2) The Minister may delegate responsibility for any or all functions related to the execution of the budget to deputies and/or designated officials of the Ministry provided however that such delegation shall not relieve the Minister of overall responsibility under this Act.

(3) Ministers of individual spending Ministries, and other heads of budgetary institutions and agencies which are separately identified in the annual Appropriation Act shall be—

- (a) responsible for the proper and efficient execution of their budget in accordance with this Act, the regulations issued under it, and the instructions and guidelines issued by the Minister;
- (b) fully accountable to the Cabinet and Parliament for their performance in the implementation of their respective budgets.

(4) Ministers and heads of budgetary institutions and agencies may delegate responsibilities for budget execution to designated officials within their ministry/institutions/agencies, consistent with the provisions of subsection (2) above provided however they shall each remain accountable for their respective responsibilities under this Act.

28. Overall execution of the approved budget shall be conducted through the application of the following general principles which shall apply to all relevant transactions—

Principles for
Budget Execu-
tion.

- (a) total aggregate allotment for a particular appropriation line may not exceed the amount allocated under the Appropriation Act, as amended through reallocations made pursuant to this Act or Supplementary Appropriation Acts;
- (b) within the aggregate allotment stipulated above, total allotment, and expenditure, against a detailed budget line may not exceed the amount allocated to that line in the annual budget line as amended through reallocations and/or supplementary budgets;
- (c) other than temporary liquidity management operations and subject to these general rules, no payment may be made from the Consolidated Fund except for an item identified in the annual budget estimates as amended from time to time through budgetary reallocations and Supplementary Budgets.

Monitoring and
Justifying Tax
Incentives.

29.—(1) The Minister shall cause to be maintained a public record of any waiver, exemptions, or revisions granted by the government.

(2) Within six months after the coming into force of this Act and every 3 years thereafter, the Minister shall cause to be prepared and submitted to Parliament, a report analyzing the rationale, cost and benefits of existing tax incentives and recommendations for retaining or removing such incentives.

Budget Ex-
ecution through
Consolidated
Fund.

30.—(1) The budget as approved by Parliament shall be executed through the Consolidated Fund established under section 75 of the Constitution and which comprises the Gen-

eral Services Account, and the Development Programme Account.

(2) All revenues and Government borrowing received by or on behalf of the Government shall be paid into the Consolidated Fund and paid out pursuant to appropriations under the Appropriations or Supplementary Appropriation Act or pursuant to an Act of Parliament that authorizes a charge on the Consolidated Fund.

(3) All money referred to as “public money” that is received by or on behalf of Her Majesty for a special purpose including money paid according to the terms of contract or arrangements with the Government, agency of a government, regional or international organization, any loans or grants received by Government shall be paid into the Consolidated Fund and may be paid out of the Consolidated Fund for that purpose, subject to any statute applicable thereto.

31.—(1) Within thirty days after the annual Appropriation Act is adopted by the House of Representatives, each Head of an economic entity shall submit to the Minister forecasts of the financial flows of revenues and expenditures under their responsibility for the current fiscal year, for each month.

Annual Revenue
and Expenditure
Plans.

(2) Cash flow planning and management, including spending plans, shall be established by Regulations made pursuant to this Act, or any other executive order of the Minister.

(3) After the approval of the Annual Budget by the House of Representatives, the Minister shall—

- (a) inform the ministers and heads of spending institutions and agencies of the approved estimates allocated to them;
- (b) where the ministry, institution or agency is responsible for collection of revenues, require them to prepare an annual revenue collection plan broken down by month;
- (c) prepare an annual plan, broken down by month, for collection of tax, customs, excise and non-tax revenues, as well as any other budgetary resources appropriated, including balances in the Consolidated Fund, external grants and domestic and external borrowing;
- (d) prepare an annual debt service plan, broken down by month;
- (e) consolidate and review the plans, and make adjustments, in consultation with stakeholders, to ensure that all obligations can be met in a timely manner during the fiscal year;
- (f) approve and issue the spending plans; and
- (g) prepare and issue allotments based on the agreed plans.

(4) All spending by Ministries and budgetary entities shall be in accordance with the spending plans approved by the Minister. Unless otherwise specified by the Minister by Regulations, the spending plans shall be reviewed monthly

by the Ministries and budgetary institutions and any changes shall be notified to the Minister by the 20th of the month preceding for the following month for the approval of the Minister.

(5) A Line Minister shall be responsible for meeting the stated outputs and outcomes within the cost and time limits under spending plans as approved by the Minister and shall be responsible for informing the Minister of any risk, cost and time overrun of any project and its medium term budget implication, both at the time of mid-year budget review and at the annual budget.

32.—(1) No Public Officer shall have the power to commit the government to a financial liability, including contingent liability, unless specifically authorized to do so under this Act, or Regulations or instructions issued pursuant to this Act and every such commitment shall follow the principles set out in section 28 above.

Commitments
and Commit-
ments Control.

(2) Unless otherwise stipulated in regulations under this Act, all contracts or other arrangements committing the Government to a payment by any entity covered by this Act shall be approved by the Accountable Officer for that entity.

(3) Approvals of commitments shall be subject to availability of sufficient unencumbered or uncommitted appropriation on the budget line(s) against which the commitments are being made and shall be consistent with spending plans approved by the Minister under section 31 (4).

(4) An Accountable Officer shall maintain records of all financial commitments chargeable to each appropriation or item of expenditure and shall ensure that all commitments and expenditure follow the commitment control system as

prescribed under Regulations issued under this Act and any other executive order of the Minister.

Contracts and
Procurement.

33.—(1) An Accountable Officer or a person designated by such Accountable Officer shall be responsible for—

- (a) ensuring that the appropriation required for multi-year contracts are reflected in the budget submissions to the Ministry of Finance, and for reflecting the cash flow requirement of the contracts as required by the Ministry of Finance;
- (b) ensuring that goods and services are procured from suppliers for the Government only in accordance with the provisions of any law regulating public procurement, any Regulations, or other applicable law.

(2) All contracts, including those established through the Local Purchase Order system shall be considered commitments of the Government.

(3) The Minister shall by Regulations—

- (a) prescribe the criteria and procedures for the selection and prioritization of public sector investment projects; and
- (b) prescribe the requirements for reporting on such projects to the Minister.

General War-
rants.

34.—(1) No money shall be expended under an Appropriation Act or a Supplementary Appropriation Act unless the Minister has authorized the Accountant General by general warrant under his hand to pay that money out of the Consolidated Fund.

- (2) A general warrant may reserve specified expenditures and may make provision for expending the reservation.
- (3) Notwithstanding the issue of a general warrant, if, in his or her opinion, financial exigencies of the public interest so require, the Minister may in his or her discretion by written notice reserve at any time any expenditure authorized under an Appropriation Act or a Supplementary Appropriation Act and may in the notice make provision for expending the reservation.
- (4) The Minister shall issue a notice in writing of the reservation of expenditure under subsection (3) which shall be given without delay to the Accountant General and to all Accountable Officers who may be affected by the reservation.
- (5) An expenditure that is reserved by a general warrant pursuant to the provisions of this Act or by notice under subsection (3) may be expended—
 - (a) in accordance with the general warrant or notice; or
 - (b) where no provision is made in the general warrant or notice, in accordance with the directions of the Minister.

35.—(1) The Minister may, by a contingency warrant under the Minister's hand as approved by Cabinet under section 22, make advances out of the Contingencies Fund if the Minister is satisfied that there has arisen an urgent and un-

Contingency
Warrants.

foreseen need for expenditures for which no other provision exists or the existing provision is insufficient or no transfer of appropriations could be made for this purpose pursuant to section 34 of this Act.

(2) Where an advance is made from the Contingencies Fund, a supplementary estimate shall as soon as possible be laid before the House of Representatives and, when the supplementary estimate has been approved by the House of Representatives, a Supplementary Appropriation Bill shall be introduced in the House of Representatives for the purpose of replacing the amounts so advanced.

Virement Warrants.

36.—(1) Subject to subsection (2), if, in the opinion of the Accountable Officer, the exigencies of the service render it necessary or expedient to vary the amount assigned to any programme within an expenditure vote as shown in the annual or supplementary estimates of expenditure for a financial year, the Accountable Officer may, subject to any order of the Minister under subsection (3), direct by means of a virement warrant under the Accountable Officer's hand, that savings arising from an item in an expenditure vote contained in the annual or supplementary estimates approved by an Appropriation Act or a Supplementary Appropriation Act be applied in aid of another item in the expenditure vote contained in the annual or supplementary estimates if the amount of the appropriation in the vote is not thereby exceeded.

(2) Subsection (1) shall apply subject to the following—

- (a) no virement of personal emoluments in an expenditure vote shall occur unless it is to

personal emoluments within that expenditure vote;

- (b) virements that involve changes to spending plans approved by the Minister for that entity for the year will require prior approval from the Minister;
- (c) virements may be made from recurrent expenditures to capital expenditures as well as from one capital expenditure to another but not from capital expenditures to recurrent expenditures.

(3) The Minister may by order, limit the amount, in absolute and/or percentage terms that may be vired under subsection (1) in any transaction or on any other basis.

37.—(1) Subject to subsection (2), the Minister may by means of a reallocation warrant under the Minister's hand, direct the Accountant General that savings arising from an expenditure vote approved by an Appropriation Act or a Supplementary Appropriation Act be applied in aid of any item in any other expenditure vote in those estimates or in aid of any new item of expenditure and the amounts to be applied shall be deemed to have been appropriated for that purpose.

Reallocation
Warrants.

(2) A reallocation under subsection (1) may be in respect of a transfer between expenditures of different ministries.

(3) Notwithstanding subsections (1) and (2) no reallocation shall occur—

- (a) so as to transfer savings of salary or other employee benefits unless it is to personal

emoluments within another expenditure vote and in any event no reallocation may occur to increase wages, salaries, emoluments, allowances, or other personnel expenditures;

- (b) from capital expenditures to recurrent expenditures;
- (c) from a public body to a ministry;
- (d) if in the reasonable opinion of the Minister, such reallocation may hinder the effective execution of the budget or will result in the breach of the aggregate expenditure or fiscal balance initially approved.

(4) Without prejudice to this section, further rules for implementing this section may be determined by the Minister.

Departmental Warrants.

38. An Accountable Officer of a ministry, or department or agency under that ministry (the “first Accountable Officer”) may, by departmental warrant under his or her hand, authorize another Accountable Officer named in that departmental warrant (the “second Accountable Officer”) to incur expenditure against a specific vote under the control of the first Accountable Officer subject to Regulations made by the Minister under this Act, provided that the Line Minister of that Ministry shall approve such warrant.

Lapse of Appropriation or Warrant at End of Fiscal Year.

39.—(1) The balance in an appropriation that remains unexpended at the end of the financial year, after adjustment for the recording of debts referred to in subsection (2), and any warrant in relation to the balance of the appropriation, shall lapse.

(2) Subject to the directions of the Permanent Secretary, a debt incurred by the Government before the end of the financial year that remains unpaid at the end of the financial year shall be recorded as a charge against the appropriation to which it relates.

40. A refund of all or part of money received by the Government that is erroneously paid or collected, or that is a drawback, rebate or other amount required or permitted to be refunded under any Act or regulation shall become payable out of the Consolidated Fund on presentation of proof satisfactory to the Accountable Officer that the refund is so payable.

Refunds of money.

41.—(1) Where the Minister is satisfied, on the opinion in writing of the Attorney General, the Accountant General, and the Permanent Secretary, that—

Remission of Money, Settlement or Write-Off of Claims.

- (a) it is necessary to remit all or part of any tax, fee or other amount, other than the amount of a penalty or forfeiture due to the Crown on account of an offence within the meaning of section 72(1)(d) of the Constitution that is imposed, or authorized to be imposed, under this or any other Act, and that such remission is in the public interest or that hardship or that injustice has resulted or is likely to result otherwise;
- (b) a debt owed to Government is unrecoverable or not cost efficient to recover; or
- (c) it is in the public interest to enter into an agreement to settle any claim by Government against a person whether or not proceedings have been commenced,

the Minister may execute such documentation as is necessary on behalf of the Government, effecting such remission of an amount payable or paid, or debt write-off in whole or in part, or settle any debt owed to Government.

(2) Any debt written-off by the Minister shall be without prejudice to the rights of Government to collect the debt written off.

(3) The Accountant General shall ensure that the particulars of the amount written off, and the name of the person or persons affected by, each remission, write-off, or settlement shall be available for inspection by the public in a register maintained at the Treasury in such form as the Minister may prescribe by Regulations, and shall continue to be so available until the Public Accounts containing the summary statement of the remission, write off or settlement is laid before the House of Representatives and for one year thereafter.

(4) The Minister shall make Regulations providing for matters including the procedures for implementation of these provisions.

Settlement of
Claims against
Government.

42.—(1) Subject to this section, the Minister may on the advice of the Attorney General, the Accountant General and the Director of Audit, where money is required to be paid by the Government—

- (a) by an order of a court or tribunal established in accordance with the Law;
- (b) by an arbitration award pursuant to arbitration proceedings established by an Act of Parliament; or

- (c) by a claim made against the Government, which has not yet been heard by a court, tribunal or arbitrator, however, the claim could reasonably be expected to result in an order or award against the Government,

may settle the claim and may, in writing, direct the Accountant General to pay the amount in settlement of the claim out of the Consolidated Fund.

(2) No payment shall be made out of the Consolidated Fund in respect of a claim under subsection (1) that is in excess of the amount available in an appropriation for the purpose.

Part VI

CASH MANAGEMENT

43.—(1) The Minister shall be responsible for ensuring prudent, efficient and cost-effective use of all cash resources of the Government. Duties of Minister.

(2) The Minister shall ensure that cash is made available in a timely manner to settle all duly authorized payments arising from execution of the National Budget.

(3) The Minister may by Regulations provide for an effective cash management system for the Government and shall include—

- (a) the authority of the Minister to require from all users of the budget, the information deemed necessary by the Minister for the effective operation of the cash management system;

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- (b) require the Minister to establish the institutional and administrative arrangements needed to manage the cash management system within the Ministry; and
 - (c) give the Minister right to information on all bank accounts of Government.

Banking Arrangements.

44.—(1) The banking arrangements of Government will reflect, to the extent possible, the principles of a Treasury Single Account in which all accounts of Central Government are essentially managed as one from a cash point of view and into which all revenues shall be deposited and from which all payments will be made.

(2) All public money shall be credited to the Consolidated Fund which shall be managed and operated under the Treasury Single Account.

(3) No Central Government bank account, whether in or outside the country, shall be opened without the prior written authorization of the Accountant General.

(4) The Accountant General shall designate a bank with which the main bank account of the Government shall be established and shall authorize the opening of sub-bank accounts in domestic and foreign commercial banks, to act as transitory bank accounts to facilitate the collection of revenues, grants or loan funds or processing payments.

(5) The Minister shall make Regulations relating to the effective maintenance of the Treasury Single Account system; and the procedures for opening, closing, and operating Government bank accounts.

45.—(1) For the purpose of this Act, special funds shall Special Funds. mean a fund of public revenues established by or under any other Act or Regulations, for a specific purpose; or a trust fund held by the Government pursuant to a deed of trust.

(2) The Minister may by Regulations establish special funds provided that—

- (a) every Regulation so made shall state the purpose of the special fund to be established, the money to be paid into, and the Public Officer responsible for the administration of the special fund;
- (b) every Regulation made by the Minister under this section shall be approved by the House of Representatives by resolution and until such resolution the special fund may not be established;
- (c) the resolution of the House of Representatives approving the creation of the special fund shall specify a term for which the fund should be maintained and at the end of such term, the fund shall be automatically closed.

(3) A special fund shall be subject to all payment and accounting procedures applicable to public finances under this Act, Regulations or directives made pursuant to this Act, or any other relevant law.

(4) Within a period of two months after the end of the financial year, the Public Officer administering a special fund shall prepare, sign and submit to the Accountant Gen-

eral statements showing the financial position of the fund at the end of the financial year.

(5) The statements required under subsection (4) shall include—

- (a) a statement of assets and liabilities of the special fund;
- (b) a detailed statement of receipts and payment of the special fund; and
- (c) a statement of any investments and any interest or dividends credited to the special fund.

Termination of
Special Funds.

46.—(1) A special fund created under section 45 shall be terminated upon the occurrence of any of the following—

- (a) the money approved by the House of Representatives for that special fund under a resolution pursuant to section 45 (2) (c) is exhausted and no legal provision exists whereby further money may be paid into that special fund;
- (b) the objects for which a special fund referred to in section 45 was established have been fulfilled or cease to exist and, in the opinion of the Minister, there is no likelihood that any objects for which that special fund could lawfully be used will arise in the future;
- (c) the term specified in the resolution of the House of Representatives for that special fund under a resolution pursuant to section 45 (2) (c) has expired.

(2) The Minister shall following the closure of a special fund in accordance with subsection (1) publish a notice in the *Gazette* to that effect.

(3) Any Regulations of the Minister and Resolution of the House of Representatives pursuant to which such special fund was created under section 45 shall forthwith be repealed.

(4) Any credit balance in a closed special fund shall forthwith be transferred to the Consolidated Fund.

47.—(1) For the purpose of this section, a deposit is money other than money that— Deposits.

- (a) is required to be deposited in the Consolidated Fund or the Contingencies Fund; or
- (b) is to be deposited in a special fund.

(2) Every deposit shall be used only for the purposes specified in this Act or Regulations or directives made thereunder.

(3) Every deposit shall be held by the Accountant General and may with the approval of the Minister, be invested in the manner specified in section 48 provided however that no deposit shall be used to finance appropriations.

48.—(1) Cabinet may authorize the investment of public money forming part of the Consolidated Fund, the Contingencies Fund or held in a Special Fund, Deposit Fund, Sinking Fund or other fund for which provisions are made by or under an Act— Investments.

- (a) with a bank, whether at call or subject to notice;

- (b) with a bank, whether at call or subject to notice not exceeding twelve months;
- (c) in deposits with the Eastern Caribbean Central Bank; or
- (d) in a manner authorized for investments of property in the hands of trustees by any law for the time being in force.

(2) Cabinet may, if it is satisfied that it is in the public interest and with the prior approval of the House of Representatives, authorize the Minister to purchase securities in any public company with money from the Consolidated Fund.

(3) Where the Minister has been authorized to purchase securities under subsection (2), he shall without delay—

- (a) submit a report to the House of Representatives containing full details of the securities purchased; and
- (b) lay before the House of Representatives a copy of the agreement made in relation to the purchase together with the most recent annual financial statements of the public company.

(4) The interest or dividends in money received from the investment under subsection (1) from Government money or public money shall be credited to such fund. All investments held by or on behalf of the Government on the date of the coming into operation of this Act shall, if the

same are not held on account of Special Funds be deemed to have been made out of moneys issued from the Consolidated Fund and shall be deemed to form part of the Consolidated Fund and may be retained notwithstanding that such investments are not such as may be made under subsection (1).

Part VII

GOVERNMENT PROPERTY

49.—(1) Books, papers, accounts and documents kept or used by, or received or taken into the possession of any person, who is or has been employed in the collection or management of revenue by virtue of that employment, is property that belongs to Government.

Control of
Government
Property.

(2) The moneys and valuable securities received or taken into the possession of an officer or a person in the cause of employment are money and valuable securities that belong to the Government.

50. An Accountable Officer shall, in relation to their respective departments and under the oversight of the Minister, be responsible for the acquisition, safe custody, control, transfer, and disposal of all Government property in accordance with Regulations made under this Act, other applicable Acts or Regulations.

Responsibilities
of Accountable
Officer.

51. No transfer, lease or loan of property owned by the Government shall be made to any person except in accordance with the law for the time being in force for that purpose. An Accountable Officer shall not acquire, control, transfer, or dispose of any Government property except in accordance with Regulations made under this Act, other applicable Acts or Regulations.

Transaction in
accordance with
the law.

Application of
Government
Property.

52. Government property shall not be applied for any purpose other than towards the furtherance of the Government's programmes and objectives.

Special enquiry.

53.—(1) Where the Minister has good reason to believe that a malfeasance has occurred in connection with government stores, the Minister shall bring this to the notice of Parliament and the Director of Audit.

(2) A Member of Parliament may bring a motion before Parliament requesting the Director of Audit to enquire into and report on the matter.

Minister to Make
Regulations.

54. The Minister may make Regulations governing—

- (a) the acquisition, receipt, custody, control, issue and disposal of Government property;
- (b) the regulation of contracts for such property;
- (c) such accounting procedures as may be necessary for the proper custody and control of such property;
- (d) any other matter which may be necessary for giving effect to this Part.

Part VIII

PUBLIC DEBT AND CONTINGENT LIABILITIES

Section 81 of the
Constitution to
apply.

55. The provisions of section 81 of the Constitution of Grenada shall apply in relation to public debt.

Minister's Ex-
clusive Author-
ity to Borrow for
Government.

56.—(1) No money shall be raised on the credit of the Government except under the authority of this Act or under an Act of Parliament or a resolution of the House of Representatives.

(2) Subject to the provisions of the Act, Regulations under this Act, and in accordance with any other relevant legislation, the Minister when authorized by resolution of the House of Representatives, shall borrow on behalf of the Government of Grenada in any form and from any legitimate source whether domestic or external and for any fiscal purpose, on terms and conditions to be agreed with any creditor an amount not exceeding in the aggregate the sum specified in the resolution.

57. Subject to the provisions of this Act, Regulations under this Act, and in accordance with any other relevant legislation, any money borrowed by the Government shall be paid into and form part of the Consolidated Fund or other Special Fund established for the purpose of section 45.

Proceeds of
Government
Borrowing.

58.—(1) The Minister may with the prior approval of Parliament, exercise the authority to issue a guarantee on behalf of the Government for a loan contracted by a State owned enterprise, Statutory Body, or other entity.

Government
Guarantees,
Indemnities and
other Contingent
Liabilities.

(2) For the avoidance of doubt, only the Minister may enter into any contracts that create or involve direct or contingent financial liabilities for the Government or any Statutory Body.

(3) Any such contract shall comply with the provisions of this Act, Regulations under this Act, and in accordance with any other relevant legislation.

(4) For the purposes of this section, contingent financial liabilities include but are not limited to—

- (a) any guarantee of the performance or payment obligations of a State-owned enterprise, Statutory Body, or other entity;

- (b) any agreement, including any indemnification agreement, to hold another person harmless or to provide insurance or similar protection against risk of loss;
- (c) any guarantee of economic return to another person including any guarantee of profit, income or rates of return;
- (d) any agreement to provide financial support to an entity in connection with specified activities of such other person; and
- (e) any other agreement as provided by regulations under this Act.

Government
Lending.

59. The Minister, in accordance with the provisions of this Act, Regulations under this Act, and in accordance with any other relevant legislation, shall exercise the exclusive authority to lend on behalf of the Government to a State-owned enterprise, Statutory Body, or other entity.

Charges to Con-
solidated Fund.

60.—(1) Liabilities under Government borrowing in accordance with the provisions of this Act, Regulations under this Act, and in accordance with any other relevant legislation and the costs of such borrowing shall be charged on the Consolidated Fund and shall be paid therefrom without further appropriation.

(2) Government liabilities under any guarantees issued by Government or any contingent financial liabilities created by Government in accordance with the Regulations under this Act, and in accordance with any other relevant legislation shall be charged on the Consolidated Fund.

(3) Any Government lending in accordance with this Act, Regulations under this Act, and in accordance with any other relevant legislation shall be made from a credit balance in the Consolidated Fund subject to such amounts being duly appropriated in accordance with the relevant provisions of this Act, and all repayments of the principal and payments of interests, fees, and other charges to Government from a borrower shall be paid into the Consolidated Fund.

61.—(1) The provisions of Part XIII may be supplemented by Regulations specifying in more details matters relating to the management of public debt.

Regulations or other Legislation Pertaining to Public Debt Management.

(2) Without prejudice to the generality of subsection (1), the Minister may make specific Regulations related to the issuance of Government of Grenada bonds and other securities for listing on the Regional Government Securities Market or as directed by the Regional Debt Coordinating Committee.

(3) In the event of any inconsistency between the provisions of any Act of Parliament and the provisions of this Act in relation to public debt management, the provisions of this Act will prevail to the extent of any such inconsistency.

Part IX

GRANTS

62.—(1) The Minister shall, on behalf of Government, any Statutory Body, or State-owned enterprise, receive all grants made by a foreign government or other entity or person in or outside Grenada, after consulting with any Line Minister under whose Ministry a particular grant is to be used.

Grants.

(2) The Minister shall have the exclusive authority to sign any agreements and other documents relating to grants on behalf of Government.

(3) All financial grants received in accordance with this section shall be paid into and form part of the Consolidated Fund.

(4) The Ministry shall ensure that grants are timely disbursed or transferred to the appropriate Line Ministry.

(5) The Line Minister responsible for any purpose for which the grant was made, shall ensure that grants received are used for their intended purposes; consistent with applicable laws and shall submit to the Minister any reports requested by the Minister including at a minimum a report on utilization of grants, and unspent balances under grants.

(6) Every Ministry, Department, or agency of Government, as well as any local government authority, any Statutory Body, or public enterprise that receives a grant, shall submit to the Ministry a record of its use of such grant or grants on a monthly basis and shall upon request submit to the Ministry data on its total grants received and their uses.

(7) Notwithstanding subsection (1), where a donor with the prior written approval of the Minister, pays the cost of supplies of goods, services, or works directly to contractors or to a covered entity, the provisions of subsection (2), (5), and (6) shall apply.

Part X

INTERNAL AUDIT SYSTEM

Internal Audit System.

63.—(1) There shall be established in each Ministry, Department, agency, or other public body, a system of internal

audit for examining accounting systems, internal controls, risk management and governance processes of the Department to promote compliance with the provisions of this Act, Regulations, directives, and other relevant laws.

(2) An Accountable Officer shall be responsible for establishing and maintaining an internal audit capacity appropriate to the needs of the Department.

(3) The internal audit of Departments and Statutory Corporations and other public bodies provided for by this Act shall be conducted in accordance with any Regulations or other enactment for the time being regulating internal auditing of Departments, Statutory Corporations and public institutions.

(4) A Ministry, Department, agency, or public body shall have an internal auditor who shall assist the Accountable Officer in the discharge of his functions under this Act.

(5) The duties and responsibilities of the internal auditor shall be prescribed by the Minister by Regulations and shall include—

- (a) reviewing budgetary and financial management systems, processes, controls to assess their adequacy and compliance with established laws, rules, regulations and processes;
- (b) advising the Accountable Officer and suggesting remedial steps for any weaknesses and flaws in the management of public finances;

- (c) submitting, on a regular basis, reports in writing to the Accountable Officer designated in respect of that Department;
- (d) submitting quarterly reports to the Permanent Secretary containing the findings of that officer and such recommendations as the officer considers necessary.

(6) A copy of each report made and submitted under this section shall forthwith be transmitted to the Director of Audit by the internal auditor.

Part XI

ACCOUNTING AND REPORTING

Accounting.

64.—(1) The Accountant General shall ensure that the accounting rules and standards for the public accounts adhere to internationally accepted principles.

(2) The Accounting rules and standards for Statutory Bodies and State-owned enterprises shall be in accordance with internationally accepted standards suited for commercial entities.

(3) The Minister, in consultation with the Director of Audit, shall be responsible for establishing the accounting standards and rules for Government through Regulations, instructions and guidelines.

(4) Each Minister or head of a budgetary institution or agency is responsible, under guidance issued by the Minister, for the establishment of an accounting function within the Ministry/institution/agency in accordance with the re-

quirements prescribed in accounting regulations, instructions and guidelines under this Act.

(5) An Accountable Officer shall be responsible for the filing, maintenance and safekeeping of all documents related to public finance transactions, in a manner and for the length of time prescribed in accounting regulations under this Act.

65.—(1) An Accountable Officer or other public official handling public financial transactions shall ensure that financial information is reported in a timely, comprehensive, and accurate manner, in the manner prescribed in this Act, under its regulations, and in instructions issued by the Minister. Reporting.

(2) A covered entity shall where required by the Minister, provide a report on revenues and expenditures performance to the Minister in the terms, format and within the timeframe determined by regulations under this Act.

(3) The Minister shall produce a consolidated quarterly report comparing budget execution and revenue collections to the estimates contained in the National Budget which it shall submit to Cabinet no later than within forty five (45) days of the end of the quarter. The format of these monthly and quarterly reports will be prescribed in regulations under this Act.

66.—(1) Subject to subsection (2), the Accountant General shall within six months after the close of every financial year prepare, and submit to the Director of Audit as many copies as the Director of Audit may require of the Public Accounts of the Government of Grenada for that financial year accounting for all public money, disclosing the basis and accounting standards used in showing the financial po- Public Ac-
counts.

sition of the Government of Grenada as of the close of the financial year.

(2) In the event of exigent circumstances, the Minister may, with prior approval of the House of Representatives in its sole discretion, by direction to the Accountant General, extend the period within which the statements are required to be submitted to the Director of Audit and any direction so given shall be laid before the House of Representatives within thirty days of it being given and if there is no sitting of the House of Representatives, within fourteen days of its next sitting.

(3) All public money shall be accounted for in the Public Accounts of the Government of Grenada.

(4) The Public Accounts to be transmitted by the Accountant General under subsection (1) shall show fully the financial position of the Consolidated Fund and special funds as well as accounts of all economic entities covered by this Act, on the last day of each financial year and shall include reporting against the budget.

(5) The content of the Public Accounts shall include—

- (a) a summary of revenue and expenditures;
- (b) a comparative statement of actual and estimated revenue and expenditures by vote, programme and standard object code;
- (c) a statement of—
 - (i) assets and liabilities;

- (ii) balances of the consolidated fund including all sub-accounts being the contingencies fund, special funds, deposit accounts, and others;
- (iii) a cashflow statement, with reconciliation of cash balances for each account held at each bank;
- (iv) a statement of change in net assets and Consolidated Fund;
- (v) outstanding loans made from the Consolidated Fund, by annual and aggregate receipts and payments;
- (vi) public debt and accumulated sinking fund;
- (vii) contingent liabilities of the Government including guarantees given and other contingent financial liabilities created by Government;
- (viii) investments showing the funds on behalf of which the investments were made;
- (ix) a statement of arrears of revenue, losses of cash and Government property and of abandoned claims during the year, and settlements of claims, debt write-offs, and remission of monies owed to Government;

External Audit
of Public Ac-
counts.

67.—(1) In accordance with section 82 of the Constitution and provisions of the Audit Act Cap. 22A, the Director of Audit shall audit the Public Accounts submitted by the Accountant General under section 66 no later than three months from the date of receipt of such Public Accounts, and in accordance with appropriate internationally recognized accounting standards which shall be disclosed in the Director of Audit’s report.

(2) The Director of Audit shall, not later than three months after the date of receipt of the Public Accounts from the Accountant General, submit his or her audit report to the Minister which report shall include the Director of Audit’s opinion as to whether the financial statements present a “true and fair view” of the financial operations of the Government.

(3) The audit report shall include responses and clarifications furnished by the Minister on the observations and comments raised by the Director of Audit.

(4) The audit report shall include a report on Statutory Bodies reflecting the audit reports made by the Director of Audit for those entities.

(5) The Minister shall submit the audit report for submission to Parliament within seven days and for publication in the *Official Gazette*.

Part XII

STATUTORY BODIES AND STATE-OWNED ENTERPRISES

Interpretation.

68. For the purposes of this Part and as used throughout this Act, the term—

“State-owned enterprise” means an entity whether incorporated under company law being an entity in which the Government or an agency of the Government, by the holding of shares, is in a position to direct the policy of that company through, among other things its representation on the governing board of the entity; or a company, Board or Authority established under special legislation which recovers a significant proportion of its operating costs through charges on users, and is determined by the Minister to be a State-owned enterprise;

“Line Minister” means the Minister responsible for overseeing a Statutory Body of a Government owned or controlled corporation;

“Statutory Body” means a body set up by an Act of Parliament with statutory powers and operational autonomy to carry out Government related functions and which are part of and under the direct control of the Government.

69.—(1) A Statutory Body or a State-owned enterprise as defined in section 68 shall each be subject to relevant provisions of this Act and in that regard, shall—

- (a) be accountable to the relevant Line Minister, and the Minister;
- (b) apply the same financial year as Government’s financial year;
- (c) maintain and keep full and proper records of their respective financial affairs in accordance

Application of Act to Statutory Bodies and State-Owned Enterprises.

with the Regulations under this Act and any applicable law; and

- (d) submit to the Minister such reports and other information as may be requested from time to time under this Act, or Regulations or instructions under this Act.

(2) The Minister shall establish the institutional arrangements on matters pertaining to financial governance and policy formulation and oversight of Statutory Bodies and State-owned enterprises, consistent with the constituent Act of Parliament for the respective entities or the Articles of Incorporation and By Laws.

Role of the Board of Directors.

70.—(1) The Board of Directors of a Statutory Body or a State-owned enterprise shall establish and maintain policies, procedures, risk management and internal control system and governance and management practices to ensure that the entity operates efficiently in line with the objectives for which it was established and in line with the duties of directors provided for under the constituent Act of Parliament for the respective entities or the Articles of Incorporation and By Laws.

(2) The Minister shall in consultation with the Line Minister, prescribe by Regulations specific financial responsibilities of the Board of Directors of a Statutory Body or a State-owned enterprise provided that such responsibilities do not conflict with the provisions of the constituent Act of Parliament for the respective entities or the Articles of Incorporation and By Laws.

Strategic and Annual Plans.

71.—(1) The Board of Directors of a Statutory Body and a State-owned enterprise shall—

- (a) submit no later than four months before the beginning of a fiscal year a three year strategic plan to the relevant Line Minister and the Minister reflecting the strategic objectives of the entity over the medium-term and updated on an annual basis; and
- (b) submit no later than four months before the beginning of a fiscal year, a financial plan in the case of a Statutory Body, and a business plan in the case of a State-owned enterprise, to the relevant Line Minister and the Minister, reflecting how the entity proposes to operationalize its strategic objectives over the fiscal year.

(2) The 3 year strategic plan required under subsection (1) shall include at a minimum, forecast financial information, forecast capital expenditure, key performance indicators and performance targets.

(3) Where the Board of Directors of a Statutory Body or State-owned enterprise fails to comply with the provision of subsection (1) (a) or (b), the Minister may in consultation with the Line Minister withhold the release of any subvention due to the entity, and or surcharge the entity and or members of its Board of Directors for each day that the non-compliance remains.

(4) On receipt of such plans, the Line Minister and the Minister shall consult together and shall each indicate their approval or otherwise of the plan to the Board of Directors of the entity within a period of two months after receipt of the plan and in any event no later than the beginning of the fiscal year for which the plan relates.

(5) The Minister may prescribe the format in which the strategic plans and annual business plans required by this section shall be prepared and the procedures for review and approval by the Line Ministries and the Minister.

Reporting
by Statutory
Bodies or by
State-Owned
Enterprises.

72. The Board of Directors of a Statutory Body or a State-owned enterprise shall report on the operations of the entity to the Line Minister and the Minister at the end of the previous quarter and at such other time specified by the Minister or the Line Minister, in relation to its approved business plan for the year, and in accordance with Regulations issued by the Minister specifying the matters to be included in such reports.

Statement of
overall perfor-
mance of Statu-
tory Bodies.

73. The Minister shall present a statement of the over- all performance of all and each Statutory Body and State-owned enterprise based on audited financial statements for the preceding year to Parliament alongside the budget proposals for the following financial year.

Financial state-
ment and Audit
of Statutory
Bodies.

74. The Board of Directors of every Statutory Body shall cause to be prepared the annual financial statements of such entity and shall no later than three months from the end of the fiscal year, submit such accounts to the Director of Audit for auditing, with a copy to the Line Minister, and the Minister.

Financial state-
ments and Audit
of State-Owned
enterprise.

75.—(1) The Board of Directors of every State-owned enterprise shall cause to be prepared the annual financial statements of such entity and shall no later than three months from the end of the fiscal year, submit such accounts to the Director of Audit for auditing, with a copy to the Line Minister, and the Minister.

(2) A State-owned enterprise shall make provision for annual audit fees to be charged by the Director of Audit in the conduct of its responsibilities, in accordance with fees determined by the Minister in consultation with the Director of Audit during the budget preparation cycle.

(3) The Director of Audit may appoint a reputable private firm of auditors to audit the accounts of Statutory Bodies or State-owned enterprises on terms to be agreed with such firms provided however that the Director of Audit shall remain responsible for the audit in terms of subsection (1).

76. The Minister may request the Director of Audit to conduct a special review or audit of a Statutory Body or a State-owned enterprise with reasonable notice in writing to the entity for a specific or general purpose, and within a timeframe and on terms and conditions agreed with the Director of Audit including a reasonable fee.

Special Audits.

77.—(1) The Minister shall have the right to issue any financial directive to all or any Statutory Body or State-owned enterprise including without limitation, directives to—

Minister's
Power to Issue
Directives.

- (a) supply any information specified by the Minister;
- (b) submit to any special audit or review by a person appointed by the Minister and such Statutory Body or State-owned enterprise shall comply with such directives.

(2) Any directive issued by the Minister under subsection (1) shall be disclosed in the entity's annual report for the year in which the directive was received and the annual

report shall also disclose the extent to which the directive was complied with by the entity.

(3) A director or the Board of Directors of a Statutory Body or State-owned enterprise that takes action pursuant to a directive of the Minister issued under subsection (1) shall not be held to be in breach of their duties under this Act, the Companies Act, constituent Acts of Parliament establishing such entity or other relevant legislation.

Additional Provisions Applicable to Statutory Bodies.

78.—(1) A Statutory Body shall adopt at a minimum, the same financial management principles as are applicable to Government under this Act, Regulations made under this Act, or other relevant legislation, and shall be subject to the public sector scheme of service and employment laws and regulations that apply thereto.

(2) The funds of a Statutory Body include—

- (a) money that may be provided by Parliament for the corporation;
- (b) moneys accruing to the Statutory Body in the exercise and performance of its functions;
- (c) grants received for its operations through the Minister.

(3) A Statutory Body, by resolution of its Board of Directors, may maintain in its own name, one or more bank accounts in such bank(s) in the country, and shall inform the Minister of such accounts.

(4) A Statutory Body or State-owned enterprise may invest any moneys under subsection (2) in such manner as

the Board of Directors by resolution may approve and in consultation with the Minister may reinvest any of its investments with any viable institution.

(5) A Statutory Body may invest any moneys under subsection (2) in such manner as the Minister may approve and in consultation with the Minister may reinvest any of its investments provided however that a Statutory Body may not invest its money in government securities.

(6) The Minister may make Regulations or issue instructions on the conditions upon which a Statutory Body may undertake contractual commitments.

(7) Notwithstanding the provisions of the law establishing a Statutory Body, the Minister and the Line Minister may in consultation with the Board of Directors of the Statutory Body, direct that the Statutory Body pay to the Government any money administered by it in excess of the amount required for the purposes of its operations or capital expenditures. Any money so paid may be applied as revenue of the Government of Grenada.

(8) Notwithstanding subsection (7), the Minister shall ensure that a Statutory Body is adequately resourced through appropriations to enable them to operate effectively and may upon recommendation of the governing body of the Statutory Body direct it to retain all or part of its revenues for its operations.

(9) The Minister may prescribe in writing, expenditure ceilings for a Statutory Body. A Statutory Body shall not incur any liability or make any commitment above any ceilings prescribed by the Minister in writing without prior approval in writing of the Minister and the Minister shall

have the power to override any financial decision or commitment made by a Statutory Body whether directly by the Minister or acting through the Ministry's representative on the Board of a Statutory Body.

Governing Board. **79.**—(1) The composition of Board of Directors of Statutory Bodies, the procedures for their appointment, and terms and conditions for their appointment, and their duties and responsibilities shall be as provided for under their respective constituent Acts of Parliament or the Articles of Incorporation and By Laws.

(2) The Minister may but shall not be obliged to, nominate a representative of the Ministry being a senior officer of the Ministry, to be appointed to the Board of a Statutory Body if it deems it necessary to do so.

(3) The Board of a Statutory Body shall provide reports on financial matters as may be requested by the Minister from time to time.

Additional Provisions Applicable to State-Owned Enterprises.

80.—(1) The Board of Directors of a State-owned enterprise shall establish and maintain policies, procedures, risk management and internal control systems and governance and management practices to ensure that the entity operates on commercially sustainable basis and provides the best returns to Government as shareholders.

(2) The Minister may but shall not be obliged to, nominate a representative of the Ministry being a senior officer of the Ministry, to be appointed to the Board of a State-owned enterprise, if he deems it necessary to do so and may remove and replace such representative as he finds it necessary to do so in the best interest of the state. A representative of the Minister on such Board may consult with the Perma-

ment Secretary as needed in relation to his responsibilities as a member of the board of such State-owned enterprise provided however that the representative shall be subject to the same duties and responsibilities as are applicable to directors of the entity under this Act, the Companies Act, constituent Acts of Parliament establishing such entity, or other relevant legislation.

81.—(1) The Board of Directors of a State-owned enterprise shall be responsible for setting general policy on dividend in consultation with the Line Minister and the Minister, and ensure that such policy is adopted and respected by the management of the entity, taking due consideration of the financial well-being of the entity.

Dividend
Policy.

(2) Dividends or other profit distribution from a State-owned enterprise paid to Government shall be reflected in the annual national budget presented to Parliament and paid into the Consolidated Fund.

(3) Dividend payments owed to Government shall not be counted against any tax (or other) obligations the State-owned enterprise may have towards the Government.

82.—(1) The Minister may prescribe annual ceilings for borrowing, lending or the creation of contingent liabilities by a State-owned enterprise.

Borrowing,
Lending, Guar-
antees and other
Contingent Li-
abilities.

(2) A State-owned enterprise shall not incur any liability or make any commitment above any ceilings established by the Minister in writing, without prior approval in writing of the Minister and the Minister shall have the power to override any financial decision or commitment made by a State-owned enterprise whether directly by the Minister or

through the Ministry's representative on the Board of such entity.

(3) Except to the extent of a written guarantee or indemnity issued by the Minister on behalf of Government under Part IX of this Act, and any Act of Parliament, the Government shall in no way be liable for the debts of a State-owned enterprise.

Part XIII

RECOVERY OF PUBLIC MONEY OR PROPERTY

Recovery of public money or property.

83.—(1) Where there occurs a loss or deficiency in—

- (a) public moneys that have been advanced to a Public Officer of a department; or
- (b) public moneys or other moneys while those are under the control of a Public Officer,

that loss or deficiency shall be a debt due to the Government and may be recovered from the Public Officer by action in a court of competent jurisdiction.

(2) It shall be a defense to an action for the recovery of moneys from a Public Officer under subsection (1), if the Public Officer proves that the loss or deficiency was not caused or contributed to by a failure by the person to fulfill any of his or her duties in relation to those moneys including his or her duties which may be prescribed.

(3) Where loss or destruction of or damage to public property or other property occurs while the property is in the care of a Public Officer of a department, the values of the

property lost or destroyed or, as the case may be, the cost of repairing the damage to that property shall be a debt due to the Government and may be recovered by action in a court of competent jurisdiction from—

- (a) the Public Officer in whose care the property was at the material time; or
- (b) any other Public Officer who by negligence or misconduct causes or contributes to the loss or destruction of or damage to the property.

(4) It shall be a defense to an action for the recovery from a Public Officer moneys under subsection (3) if the Public Officer proves that the loss or destruction of or damage to the property was not caused or contributed to by any failure by the Public Officer to take reasonable steps to prevent that loss, destruction or damage.

(5) Where the negligence or misconduct of a Public Officer was not the sole cause of any loss or destruction of or damage to the property, the Government may recover from the Public Officer so much only of the amounts referred to in subsection (3) as is just and equitable having regard to the contribution made by the Public Officer to the loss, destruction or damage as determined by the court.

(6) For the purpose of this section—

- (a) public moneys or other moneys shall be taken to be under the control of a Public Officer of a department if the moneys have been collected or received by or have come into the custody of the Public Officer

but have not been paid to another person or to the credit of an account as may be prescribed;

- (b) public property or other property shall be taken to be in the care of a Public Officer of a department if the property has been delivered to the Public Officer; and has not been returned to a person entitled to receive it on behalf of the Government.

(7) The foregoing subsections shall not affect a right of the Government to recover an amount from a Public Officer otherwise than under this section but the Government shall not recover amounts from the one Public Officer under this section, in respect of the same loss, deficiency, destruction or damage.

Part XIV

SANCTIONS

Sanctions applicable to Covered Entities.

84.—(1) Subject to the provisions of this Act, Regulations made under this Act, or other applicable law, when an Accountable Officer—

- (a) spends in excess of an appropriation under the Appropriation Act or Supplementary Appropriation Act;
- (b) violates any ceilings imposed on the budgets of the covered entity under this Act, the Regulations or rules issued under this Act, or the Appropriation Act or Supplementary Appropriation Act;

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- (c) violates any other provisions of this Act, Regulations or rules issued under this Law, or the Appropriations Act or Supplementary Appropriation Act,

the Public Service Commission may impose any of the sanctions in subsection (2) on the officer.

(2) Subject to subsection (1), the Public Service Commission may—

- (a) require the Accountable Officer of an entity under subsection (1) to submit to him for approval an action plan to address such violation or to bring the expenditure back to the level of the forecast;
- (b) require the Accountable Officer to dispose of any property or assets of the economic entity;
- (c) require any financial and/or other information in addition to the requirements under this Act or any other applicable law.

85.—(1) Subject to the provisions of this Act, Regulations made under this Act, or other applicable law, the Public Service Commission shall impose the sanction under subsection (3) in respect of an Accountable Officer, his delegate, or any person who is or was an officer, or any person who, although not a Public Officer, is or was at any material time paid from public funds or is or was at the relevant time responsible for the custody, safekeeping or collection of public or other property or public or other moneys, when a finding is made that such person—

Personal Sanctions - Surcharge.

- (a) has committed or incurred, or has authorized or required a person under his control to commit or incur expenditure in excess of any amount duly authorized at the time of such committal expenditure;
- (b) has issued a local purchase order outside of the FMIS system or other equivalent system from time to time in use by Government; or
- (c) has failed to collect any moneys owing to the Government for the collection of which such person is or was at the time of such employment responsible;
- (d) is or was responsible for any improper payment of public moneys or for any payment of such moneys which was not duly verified in line with existing procedures;
- (e) is or was responsible for any deficiency in, or for the loss, damage, or destruction of, any public moneys, stamps, securities, stores, or other Government property; or
- (f) has caused or permitted the misuse of any Government property whereby the public revenue has suffered loss;
- (g) has made or caused or permitted to be made in any way (including fraud, forgery, misappropriation, theft, burglary or any other way whatsoever) any unauthorized, unvouched, improper, nugatory, unnecessary or otherwise incorrect payment of public money for which he was at

the relevant time responsible or conspiracy to commit such acts;

- (h) has been negligent in the handling or safe-keeping of public moneys or other property for which he was at the relevant time responsible;
- (i) has, by reason of negligence, willful default or lack of supervision, caused or made possible the commission of, by any officer or other person under his supervision or control, any act referred to in this subsection, and loss of public moneys or property or damages to Government have thereby resulted; or
- (j) is otherwise in violation of any provisions of this Act, Regulations, rules, instructions, guidelines, or other directives issued under this Act.

(2) A person alleged to have done or omitted to have done anything under subsection (1) shall be served with no less than fourteen (14) days' notice specifying the matter alleged and providing him an opportunity to make representations before an administrative hearings committee established at the Ministry for that purpose and made up of three neutral persons appointed by the Minister, within the time specified. At the hearing of the matter, the Permanent Secretary shall both present the Government's case against the person notified and the person notified shall respond to such case and present all evidence in support of his defence. Upon hearing both sides, the committee may request further evidence from either side or other persons, and shall investigate the matter in order to make a determination. In the discharge of its duties, the committee may seek the advice

of any public official including without limitation, the Attorney General, the Director of Public Prosecutions or, the Accountant General, the Director of Audit and the Financial Intelligence Unit among others.

(3) If a finding is made by the committee against the person alleged to have done or omitted to have done anything under subsection (1), it shall recommend to the Public Service Commission through the Permanent Secretary that a surcharge may be imposed on such person.

(4) The Minister shall by regulations prescribe the manner in which an amount or a surcharge may be computed and other matters affecting the composition of the committee referred to in subsection (2) and the procedures for its work.

(5) A surcharge imposed under subsection (3) may be sued for and recovered as a debt owed to Government by Government provided however that the Public Service Commission may direct that the amount of the surcharge shall be recovered by the Accountant General by monthly deductions from the salary and other emoluments of such officer in such amounts, not exceeding one-sixth of the amount payable monthly to such officer in respect of salary, as the Public Service Commission shall authorize.

(6) Any surcharge imposed by the Public Service Commission under subsection (3) shall be without prejudice to other sanctions applicable against such an Accountable Officer including without limitation, disciplinary procedures taken by the Public Service Commission or criminal proceedings taken by the Director of Public Prosecutions or other applicable sanctions and claims under this Act, other applicable laws or the common law.

(7) A person who is dissatisfied with any surcharge imposed on him under subsection (3) may, within the period of 14 days after being notified of the surcharge, appeal to the Court and transmit a copy of such appeal to the Public Service Commission, and the Public Service Commission shall thereupon cause a copy of the appeal to be transmitted to the Permanent Secretary and the Attorney General.

(8) The Court may on hearing an appeal filed under subsection (8) where it finds it just and reasonable so to do, make an order confirming the surcharge or release the applicant in whole or in part from such surcharge.

(9) The Permanent Secretary shall publicly disclose the penalties imposed under this section and in addition shall notify in writing within seven days from the date of the surcharge, the Accountable Officer of the person involved (where the person involved is himself not the Accountable Officer), the Accountant-General, and the Director of Audit.

86.—(1) Any officer or employee of a covered entity who, without a reasonable excuse, makes commitments resulting in financial obligations for the government, in contravention of the provisions of this Act shall be guilty of an offence and on conviction be liable to imprisonment not exceeding one year or to a fine not exceeding the value of the assessed impact of the commitment or both.

Personal Sanctions - Criminal.

(2) Any officer or employee of a covered entity who, without a reasonable excuse, authorizes an expenditure exceeding the approved appropriations in the relevant budget, shall be guilty of an offence and on conviction be liable to imprisonment not exceeding one year or to a fine not ex-

ceeding the value of the assessed impact of the commitment or both.

(3) Any person who, without a reasonable excuse, refuses or fails to produce or submit any information which may have financial or budgetary implications which is under his control and is required under this Act or submits false information to satisfy the requirement under this Act shall be guilty of an offence and on conviction be liable to imprisonment not exceeding one year or to a fine not exceeding the value of the assessed impact of the commitment or both

Part XV

MISCELLANEOUS

Delegation.

87. A person to whom powers or functions are conferred under this Act or Regulations under this Act who delegates any such power or function to another official, shall remain liable under this Act for proper exercise of those powers and discharge of those functions.

Power to make Regulations.

88. The Minister may make such regulations and issue directives, orders, or guidelines, as appear to the Minister to be necessary and expedient for the proper carrying out of the intent of this Act.

Application notwithstanding the provisions of other laws.

89. The provisions of this Act shall prevail over the provisions of any other statute to the extent of any inconsistency.

Public Finance

90. The Public Finance Management Act No. 41 of 2014

Management Act Repealed.

is hereby repealed.

SCHEDULE

1. The Budget presented by the Minister under section 15 (1) shall include the following—

- (a) a medium-term budget framework paper including macroeconomic and budgetary projections for the budget year and two forward years and consistent with the requirements of any law pertaining to fiscal responsibility as promulgated from time to time;
- (b) the main policies and programs of the government for the ensuing financial year including taxation, other revenues, expenditure, borrowing and other such activities that have budgetary implications;
- (c) revenue estimates, expenditure estimates, financing estimates including estimates of expenditure for each entity and vote which is to be met through the Consolidated Fund and the Development Program Fund, including the purpose for which the expenditure is to be used;
- (d) the actual budget outturn data for the previous budget year based on available data and projected outturns for the current year;
- (e) key fiscal indicators and targets including indicators for the fiscal balance of the Government, the public debt and the public expenditure;
- (f) a statement identifying and analyzing fiscal risks which may have a material effect on the fiscal outlook including details of financial assets, actual and contingent liabilities;
- (g) a statement of outstanding tax arrears owed to Government;
- (h) proposed tax expenditures for the budget year, with details of tax relief and exemptions for the budget year and projected for over the next two fiscal years;
- (i) an Annex showing Government's projected financial transactions including—
 - (i) the stock of outstanding Government borrowing;
 - (ii) the stock of any guarantees issued by Government and other contingent liabilities including those under public-private partnership contracts;

- (iii) plans for external, domestic and total Government borrowing for the next budget year;
 - (iv) proposals for the issuance of new guarantees or creation of other contingent liabilities over the next fiscal year;
 - (v) a statement on proposed multi-year commitments and information on the previously approved multi-year commitments and the current status of such commitments;
 - (vi) plans for approval of new public-private partnership contracts;
 - (vii) plans for divestment of government assets;
 - (viii) plans of investment in public entities;
 - (ix) an evaluation of the sustainability of the public debt and public expenditure of the Government over the long-term; and
 - (x) other financing information that the Minister considers necessary;
- (j) an Annex summarizing the financial operations and net financial position of all Statutory Bodies and State-owned enterprises for the previous fiscal year; summarizing the annual financial or business plans and operations of each such entity as forecasted over the next two fiscal years; and indicating in each case the resources to be transferred from the National Budget if at all;
 - (k) an Annex identifying in summary form all donor financing, distinguishing financing in support of Central Government from other external financing;
 - (l) an Annex showing the financial position at the end of the financial year of every special fund administered by the Government;
 - (m) any other matters as may be deemed appropriate by the Minister.

2. Subject to the requirements of this Act and the Regulations made under the Act, the Minister shall determine the form of budget documents or statements required under subsection 2.

3. In addition to the supporting documents specified under subsection (2), the Annual Budget shall be accompanied by—

- (a) an Appropriation Bill as the basis for approving expenditures; and
- (b) draft legislative Bills reflecting any proposed change(s) in the tax and non-tax revenue policy regimes and generally as required for implementing the Budget.

Passed by the House of Representatives this 15th day of May, 2015.

WILLAN THOMPSON
Clerk to the House of Representatives.

Passed by the Senate this 22nd day of May, 2015.

WILLAN THOMPSON
Clerk to the Senate.