



UGANDA

TECHNICAL ASSISTANCE REPORT—DRAFTING THE PUBLIC FINANCE MANAGEMENT REGULATIONS

September 2017

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Uganda

Drafting the Public Finance Management Regulations

Suzanne Flynn, Yugo Koshima, Amitabh Tripathi, and Tiantian Zhang

Technical Assistance Report | October 2014



I N T E R N A T I O N A L M O N E T A R Y F U N D

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ABBREVIATIONS AND ACRONYMS

AGD	Accountant General's Department
BA	Budget Act (2001)
BFP	Budget Framework Paper
BoU	Bank of Uganda
BoUA	Bank of Uganda Act (2000)
CF	Consolidated Fund
EAD	Economic Affairs Department
EAMU	East African Monetary Union
FAD	Fiscal Affairs Department (IMF)
GFSM	Government Financial Statistics Manual
IFMS	Integrated Financial Management System
IMF	International Monetary Fund
IPSAS	International Public Sector Accounting Standards
IT	Information Technology
LG	Local Government
LGA	Local Government Act (1997)
LGFAR	Local Government Finance and Accounting Regulations
MDAs	Ministries, Departments, and Agencies
MoFPED	Ministry of Finance, Planning, and Economic Development
MoLG	Ministry of Local Government
MoU	Memorandum of Understanding
MTEF	Medium-Term Expenditure Framework
NBFP	National Budget Framework Paper
OAG	Office of the Auditor General
PAC	Public Accounts Committee (of parliament)
PF	Petroleum Fund
PFM	Public Financial Management
PFMA	Public Financial Management Act
PPDA	Public Procurement and Disposal of Public Assets Act (2003)
PPP	Public Private Partnership
PS	Permanent Secretary
PS/ST	Permanent Secretary/Secretary to the Treasury
TAI	Treasury Accounting Instructions
TSA	Treasury Single Account
URA	Uganda Revenue Authority

PREFACE

In response to a request from the Permanent Secretary/Secretary to the Treasury, Mr. Keith Muhakanizi, a Fiscal Affairs Department (FAD) technical assistance mission visited Kampala during August 19–September 1, 2014, to advise on the drafting of the regulations to support the draft Public Financial Management Bill. The mission team comprised Ms. Suzanne Flynn (head), Mr. Yugo Koshima (LEG), Ms. Tiantian Zhuang (external expert), and Mr. Amitabh Tripathi (PFM advisor/AFRITAC East).

The mission met with the Minister of Finance, Mrs. Maria Kiwanuka, the Minister of State for Finance (General Duties), Mr. Fred Jachan Omach, Permanent Secretary/Secretary to the Treasury, Mr. Keith Muhakanizi; Deputy Secretary to the Treasury Mr. Patrick Ocailap; Director of Economic Affairs, Mr. Lawrence Kiiza and his staff; the acting Accountant General, Mr. Isaac Mpoza and his staff; the Budget Director, Mr. Kenneth Magambe and his staff; the Commissioner, Inspection and Internal Audit Dr. Fixon Okonye and staff. It also met with the Auditor General, Mr. John F.S. Muwanga and staff, and Programme Coordinator for the Financial Management and Accountability Program, Mr. Johnson Mutesigensi.

The mission held individual meetings with Ms. Anne Schwartz, resident adviser on government debt issuance and management and Dr. Elin Jensen, First Secretary of the Norwegian Embassy.

The mission wishes to extend its gratitude to the staff of the Ministry of Finance, in particular Mr. Obadia Turinawe for organizing the schedule and working sessions of the mission. The mission would also like to express its gratitude to Ms. Ana Lucia Coronel, the IMF Senior Resident Representative, and her staff, particularly Ms. Winifred Bisamaza, for arranging logistics of the mission, and providing invaluable support and advice during its visit.

EXECUTIVE SUMMARY

The Public Finance Management (PFM) Bill 2012 introduces new concepts designed to strengthen fiscal responsibility, accountability and control in the management of public funds and is at the final stages of approval by parliament. The March 2014 mission highlighted a number of weaknesses in the provisions of the bill, such as those relating to categories of entities, in-year adjustments and Contingencies Fund, commitment controls, financial reporting, oversight of general government subsectors and public enterprises, and petroleum revenue management, which in the view of the Ministry of Finance should be addressed to the extent possible through supporting regulations.¹ This report proposes draft regulations to address those issues and to clarify some of the concepts introduced in the bill.

Institutional coverage and oversight of the public sector

The regulations should be used to clarify the status of the many types of institutions in the Ugandan public sector, in terms of their reporting requirements and status in the context of East African Monetary Union (EAMU) protocols and international standards. This is an exercise which is underway but remains to be finalized. The report suggests an approach to be taken, and suggests a classification of entities and their accountability requirements.

Petroleum revenue management

Concerns in the previous report around the governance and reporting of petroleum revenues are addressed through introduction of critical clauses designed to minimize potential for conflicts of interest, provide a clearer reporting framework, and reinforce the independence of the central bank as operational manager of the Petroleum Fund. The draft regulations:

- Reinforce the governance arrangements through (i) restricting the Minister in instructing the Bank of Uganda (BoU) on managing the Petroleum Fund to two formal channels, the investment policy and the annual plan; (ii) forbidding the bank governor and staff from receiving instructions from any other person; and (iii) providing legal protection for the BoU, as recommended by the Santiago principles and in line with legal frameworks in other resource rich countries. These provisions should also be enforced through a formal agreement with the BoU;
- Hand in hand with operational independence of the BoU, strengthen the auditing and reporting requirements on the activities of the Petroleum Fund; and

¹ *Implementing the Public Financial Management Bill*, IMF, FAD May 2014.

- Require ceilings of the expected petroleum revenues which will flow to the Consolidated Fund to finance the budget over the medium term in line with the requirements for fiscal planning through the National Budget Framework Paper.

Macroeconomic and fiscal policy making

Regulations governing this critical part of the PFM cycle are new and necessarily policy-focused rather than procedural. The key instrument for setting out government's fiscal objectives in line with the stated principles in the bill will be the Charter of Fiscal Responsibility; further work remains to be done to finalize the Charter based upon the recommendations in the previous report. The regulations:

- Require specification of measurable fiscal policy objectives – ceilings on debt and the fiscal balance, further work is required on the Charter, based on the recommendations of the March 2014 report, and
- Require mid-year and annual performance report and specify the minimum requirements.

Budget preparation, approval, and management

Regulations for the budget preparation process are new and will require a much earlier start in the preparation of the budget, with implications for the workflows of the Ministry. There are several provisions in the bill which seek to enhance control in the execution of the budget. The draft regulations propose:

- A virement regime which serves to protect the composition of the budget, in particular prevention of virement between development and recurrent spending which will be particularly important in light of the new fiscal environment;
- Further strengthening of expenditure controls through a requirement to regularize excess expenditures through the contingencies fund and requiring reporting of outstanding payments;
- Revision of the budget calendar reflected in the bill will mean that the budget preparation process will need to start in September/October of the previous year; and,
- Flexibility for introduction of the cash management and expenditure control regime, reflecting a needed shift to focusing controls at the commitment stage, rather than the cash payment stage. These changes should be phased in as the reforms to cash management and the TSA are rolled out.

Cash management, asset, and liability management

The regulations drafted in this area seek to embed recent reforms in cash management, establish a treasury single account (TSA), and clarify the requirements for public debt management and guarantees. The regulations:

- Specify the basic requirements and coverage of the TSA, and cashflow forecasting requirements for the whole of general government with appropriate transitional provisions;
- Require the Secretary to the Treasury to establish coordination arrangements through a cash management committee, which could include representation from BoU and Uganda Revenue Authority;
- Require a rolling debt management strategy, specifies recording and reporting requirement for debt and guarantees and restrictions on their issuance;
- Require an agreement with the BoU, covering bank account management, as well as the provisions related to its role as government's fiscal, settlement and paying agent; and
- Require a process for the appraisal, implementation, and evaluation of projects to be implemented by government.

Accounting and audit

The regulations for this part of the Act specify the respective responsibilities for financial reporting and standards to be used across the public sector. The regulations:

- Specify that GAAP should be in line with international standards, which is likely to be a requirement of monetary union, and
- Require timely publication of the audited financial statements, which is not current practice.

Finally, the report suggests a roadmap for implementation of the bill, assuming the bill's implementation commences for the 2015/16 budget, including the activities required to complete the required clauses provided for in existing arrangements.

The report is structured in the following way:

- **Chapter I** of the report describes the **legal framework** for public financial management in Uganda, draws attention to other laws which will need to be amended, outlines the approach and structure of the regulations and highlights other supporting instruments which will be required to implement the bill and its regulations.
- **Chapter II** provides an overview **of key features of the regulations**, it broadly follows the structure of the regulations and highlights issues within each part.
- **Chapter III** suggests a **roadmap for implementing the legal framework** and suggests clauses where there may be a requirement for transitional provisions to enable the necessary systems and processes to be developed to ensure that the respective clauses of the bill can be fully applied.
- **Table 1** provides a **summary of the key recommendations** with indicative implementation timelines.

Table 1. Uganda: Summary of Key Recommendations and Indicative Implementation Timelines

Actions Required	Responsibility	Indicative Timeframe
A. Preparation of Regulations		
Preparation of first draft in consultation with key stakeholders	MoFPED	Oct 2014
Final draft and approval		Dec 2014
B. Macroeconomic and fiscal policy		
Define and enumerate fiscal responsibility objectives and ceilings	EAD/Cabinet	Oct 2014
Produce BFP template including prudent forecast aggregates and analytical tables under CFR	EAD	Oct 2014
Prepare draft CFR including agreed fiscal objectives and final reporting requirements	EAD/MoFPED	Oct 2014
Submit CFR to parliament for approval	Cabinet/Parliament	Nov 2015
C. Budget preparation, approval, and management		
Realign budget calendar and documentation in accordance with the bill and regulations	Budget Director, MoFPED	Oct 2014
Develop a set of virement rules to ensure budget credibility		Dec 2014
Prepare database for all multi-year commitments to enable compliance with reporting requirements		Oct 2014
Define operational procedures on complementary period and revote of expenditures		May 2015
D. Cash, asset, and liability management		
Establish CMC and define role of MDAs and AGD with regard to planning and in-year updating	MoFPED	Dec 2014
Develop investment policy for optimizing returns from idle cash balances	MoFPED/BoU	Dec 2014
Formalize structure and coverage of TSA and AGD's oversight over banking arrangements	MoFPED	Dec 2014
Prescribe criteria for assessment of guarantees and establish monitoring mechanisms		Nov 2014
E. Accounting and audit		
Clarify role of audit units, committees with clear reporting lines	MoFPED	Dec 2014
Prepare regulations to streamline the preparation and issue of Treasury Memorandum		Mar 2015
F. Petroleum revenue management		
Establish procedures for the management of PRF in line with its objectives	MoFPED	Mar 2015
Appoint Investment Advisory Committee with members/advisors with requisite qualification		Mar 2015
Develop investment policy and draft agreement with BoU on management of Petroleum Funds	IAC/MoFPED/BoU	Jul 2015
G. Implementation of the new PFM legal framework		
Review and revise MOU with BoU to reflect operation of TSA and investment of idle funds	MoFPED/BoU	Dec 2014
Approve and implement MoFPED restructuring proposal	MoFPED	Dec 2014
Define and list categories of entities as per GFSM to improve oversight of MoFPED		Oct 2014
Review and amend existing laws, regulations, instructions and guidelines to ensure consistency	Drafting team	Dec 2014
Provide transitional arrangements to accommodate enabling changes		Dec 2014
Design and deliver training to disseminate new compliance requirements (ongoing)	MoFPED	2015

I. LEGAL FRAMEWORK

A. Existing Legal Framework

1. The draft Public Finance Management Bill (PFM Bill or bill) is at the latter stages of approval by parliament. After a lengthy process of consultation lasting more than two years, signs are that the bill may soon be passed by parliament. The current bill will replace the existing Budget Act 2001(BA) and the Public Finance and Accountability Act 2003 (PFAA). The bill introduces stronger provisions for fiscal policy making, fiscal responsibility, medium-term budget planning, and controls around execution of the budget, the accountability cycle and independence of internal audit. Important provisions have been added to provide a framework for management of expected petroleum revenues.²

2. The broader PFM legal framework encompasses a range of other primary laws, some of which will be amended by the Public Financial Management Act (PFMA). The Constitution includes some basic provisions for the budget process and local government finance, and the draft PFM Bill needs to be consistent with these provisions. In addition, there are other primary laws which support the implementation of the PFMA, such as the Local Government Act, 1997 (LGA), the Public Procurement and Disposal of Public Assets Act, 2003, the National Audit Act, 2008 (NAA), the Bank of Uganda Act, 2000 (BoUA), Public Universities and other Tertiary Institutions Act 2001, the Companies (Government and Public Bodies Participation) Act 2001, and laws on individual funds and entities. The PFMA includes amendments to some of these laws, in order to accommodate them within the new legal framework. For example, the BoUA will be amended in order to tighten the ceiling and control over the BoU's credit to the government. The NAA will also be amended to shorten the timeframe for completion of audit from 9 months to 6 months after the end of a financial year.

3. The drafting of the PFMA and its regulations, can build on the current Constitutional provisions by supplementing controls to address weaknesses in them. For example, Article 156(2) (b) of the Constitution explicitly permits retroactive authorization of overspending through submission of the supplementary estimates. In addition, Article 154(3) of the Constitution requires obtaining grant of credits by the Auditor-General before the Minister issues warrants, although this grant of credits process does not necessarily fit in the institutional responsibilities envisaged under the PFMA. However, amendments to the finance chapter of the Constitution need to be made in conjunction with a comprehensive constitutional review which may take several years. Under these circumstances, the PFMA and its regulations would need to

² The mission has used the November 2013 version of the Draft PFM Bill for this report except for the section on Petroleum Revenue Fund which underwent substantial revision after parliamentary discussions, for which a later version has been relied upon.

build on the current constitutional provisions by supplementing controls to address weaknesses in them.

4. The current PFM Bill includes significant weaknesses and gaps in some aspects.

These were highlighted by a FAD technical assistance mission March 2014 including in the provisions of the PFM Bill relating to Treasury Single Account (TSA) and cash management, accounting standards and chart of accounts, and audit follow-up processes. Since the legislative process for the PFM Bill is already in an advanced stage, these issues in the PFM Bill, to the extent possible, need to be addressed through its regulations. In addition, the PFM Bill generally focuses on high level principles and requirements, and its implementation will require further development of processes and criteria relating to the macroeconomic and fiscal policy-making, budget preparation and execution, provisions for guarantees, and accounting and reporting.

5. The operationalization of the PFMA may also require further amendments to some other primary laws.

In particular, the requirements of the budget documentation and financial reporting under the PFMA will call for common budget and accounting process over the general government and public enterprises, but the laws on individual funds and entities set out different financial years and budget and accounting processes for them. In addition, the PFMA includes provisions for public debt management, including the development of medium-term debt management strategies and the approval by the Ministry of Finance, Planning and Economic Development (MoFPED) of borrowing by local governments as well as extra-budgetary entities, but their implementation may require review of, for example, the LGA that currently allows borrowing by local government councils up to 25% of own revenues with the approval of the Ministry of Local Government (MoLG). There may also be some room for improvements to the LGA in respect of the budget and accounting process, in order to support MoFPED's financial oversight responsibilities required under the PFMA and its regulations.

6. The development of Public Private Partnership Act (PPP Act) may also have implications for the implementation of PFMA.

The PPP Act, which was passed by parliament in July 2014, has detailed provisions on contracting and implementation processes and establishes the institutional arrangements for evaluation and implementation of Public Private Partnership (PPP) projects, including establishment of the PPP Unit within MoFPED.³ In order to ensure that PPP projects are subject to the MoFPED's project evaluation and fiscal risk assessment conducted under the PFMA, MoFPED's guidelines would need to be developed under the regulations for the PFMA to prescribe PPP project evaluation process and establish coordination mechanisms between the MoFPED and the PPP Unit.

³ The mission was informed that a new PPP Act has recently been passed by parliament and is awaiting assent. A copy was not provided to the mission for review.

Recommendation

Recommendation 1.1: MoFPED should review the LGA, the PPP Act and the laws on various entities and funds in light of their consistency with the PFMA and its regulations and prepare a work plan to make amendments to these laws.

B. Existing Regulatory Framework

7. Preparation of the regulations for the PFMA has been initiated so that the PFMA can be implemented soon after it is enacted. The technical assistance mission from FAD in March 2014 had provided an outline and structure for the regulations. The mission also highlighted main issues to be contained in the regulations in particular for addressing the weaknesses and gaps in the bill.

8. The current Public Finance and Accountability Regulations, 2003 (PFAR) need to be redrafted to operationalize new provisions introduced by the PFMA and support recent PFM reform measures. The current PFAR focuses on detailed operational clauses on cash-handling, accounting and recording, fixed assets and store management and is silent on or has only few provisions for the rest of the PFM issues, such as the macroeconomic and fiscal policymaking, budget preparation process, public debt management, financial reporting, and oversight of subsectors and public enterprises. In addition, the PFAR includes provisions which overlap or are not in line with the new PFMA in respect of the institutional responsibilities, in-year adjustments and Contingencies Fund, and commitment controls. Furthermore, the PFAR has not been amended since 2005, and several provisions of the PFAR are yet to be updated to support recently-reformed practices such as the budget execution and accounting through the IFMS, cash management based on the TSA, payments by electronic fund transfers, and strategic planning through the Output Based Budgeting process. Therefore, the new regulations for the PFMA would need to redraft the current PFAR by filling its gaps, eliminating its overlap and inconsistency with the new PFM Bill, and updating detailed operational clauses.

9. The Local Government (Financial and Accounting) Regulations, 2007 (LGFAR) need to be revised in line with the PFMA and its regulations. The current LGFAR, which is made under the LGA, includes detailed provisions for budget preparation and execution, banking arrangements, and accounting and audit, but these provisions assign the oversight responsibilities to MoLG, rather than MoFPED, and do not take into account new provisions to be introduced by the PFMA or its regulations, such as the macroeconomic and fiscal policymaking process, new budget calendars, commitment reporting, banking arrangements and cash management, project management, and in-year and end-year reporting. As a result, the current LGFAR would have some inconsistencies with the PFMA and its regulations and cannot support the operationalization of PFMA. Since the budgetary and financial management of local governments is primarily governed by the LGFAR, rather than the PFMA or its regulations, the amendments to the LGFAR as well as the LGA would be necessary for ensuring that local

government finance is overseen by the MoFPED and linked to fiscal policymaking and budget processes at the central government level.

10. There are several instructions which need to be revised in line with the PFMA and its regulations. For example, the Treasury Accounting Instructions issued in (2004) and Financial Reporting Guide will need to include detailed requirements to implement the PFRA's operational clauses on cash-handling, accounting and recording, financial reporting and fixed assets and store management and would need to be restructured and revised. In addition, the budget call circulars/budget instructions would need to be amended in order to ensure their consistency with the new budget calendar under the PFMA and enhance the medium-term budgetary framework. Furthermore, the Internal Audit and Inspection Manual may also need to be revised in line with the internal audit provisions under the PFMA and the envisaged separation of the internal audit and inspection functions at MoFPED.

Recommendations

Recommendation 1.2: MoFPED should review the LGFAR in light of the PFMA and its regulations and prepare a work plan to make amendments to the LGFAR in order to make it consistent with the PFMA and its regulations and establish MoFPED's oversight powers for budgetary and financial management of local governments.

Recommendation 1.3: MoFPED should review the Treasury Accounting Instructions, Budget Instructions and Internal Audit and Inspection Manual and prepare necessary amendments to them, in tandem with development of the regulations for PFMA.

C. Drafting Approach and Structure

11. The previous technical assistance mission recommended structuring the regulations in line with the PFMA. In light of the previous mission's recommendation, the draft regulations of the present mission has the same chapters as in the PFM Bill; in addition it includes a new chapter on the oversight of subsectors and public enterprises which is distributed over several sections under the PFM Bill. Box 1 provides an overview of the structure of the draft regulations.

12. The choice of forms of implementing legislation for the PFMA need to take into account the hierarchies in legislation. Broadly speaking, the hierarchy in Uganda consists of the following levels: (i) the Constitution; (ii) primary laws, including the PFMA; (iii) regulations; and (iv) instructions. A regulation is generally applicable both inside and outside the public service and any conflict with the primary law can be reviewed by the courts. In the case of PFMA, the Minister is empowered to make regulations after review by the Ministry of Justice and Constitutional Affairs (Attorney-General's Office). They are sent to Cabinet for information and

come into force on their publication in the Gazette.⁴ In contrast, instructions are applicable for public officers and non-compliance attracts disciplinary sanctions under the Uganda Public Service Standing Orders, 2010⁵, but instructions are not applicable outside the public service and courts do not review any conflict with the laws or regulations. Other forms of instruments, such as guidelines and manuals, do not have any legal effect.

Box 1. Uganda: Structure of the Mission's Draft Regulations

Part I – Preliminary: including definitions of categories of entities which are to be further listed by name in Schedules of the Regulations.

Part II – Macroeconomic and fiscal policies: including a process to define and amend the fiscal policy objectives under the Charter of Fiscal Responsibility in accordance with the convergence criteria under the EAMU, monitoring and correction processes for deviation from the fiscal policy objectives, and basic requirements relating to macroeconomic and fiscal forecasts.

Part III – Budget preparation, approval, and management: including the budget preparation process under the new budget calendar, the budget structure and unit of appropriations, expenditure limits, commitment controls and reporting, supplementary estimates, virement rules, complementary period, excess expenditure, and Contingencies Fund.

Part IV – Cash, asset, and liability management: including cash flow planning and reporting, cash management committee, establishment and requirements of TSA, the medium-term debt management strategy, restrictions on guarantees to private sector entities, register of guarantees and loans, agreements with the BoU on TSA, payment functions, and debt management, project appraisal guidelines, and restrictions on projects implemented by NGOs.

Part V – Accounting and auditing: including specification of GAAP in accordance with internationally accepted accounting standards, charts of accounts, mid-year and annual financial statements and their consolidation, internal audit functions and audit committees, Treasury Memorandum and audit follow-up process.

Part VI – Petroleum revenue management: including definitions of petroleum revenue in a Schedule, the objectives and legal nature of the Fund, forecasts and ceilings under the NBFP, the Petroleum Revenue Holding Account to be within the TSA, the contents of the investment policy, and the independence of the BoU in operational management.

Part VII – Oversight of subsectors and public enterprises: conditions on establishment of new entities, review of needs of existing entities, restrictions on borrowing, budgeting and reporting requirements, and financial corrective actions.

Part VIII – Miscellaneous: including corrective actions against a vote, offences, and revocation.

⁴ This is as per the procedure described in Public Financial Management Policy Formulation Handbook, MoFPED, 2009.

⁵ Section F-a, paragraph 10, of the Standing Orders provide that “a public officer is expected to obey official and lawful instructions of his or her supervisors and must not refuse to carry out reasonable orders.”

13. The regulations for PFMA have to focus on high-level principles and maintain flexibility in accommodating practices which are evolving. Since the regulations provide for the key requirements and processes necessary for operationalizing the PFMA, frequent amendment to it run the risk of weakening the reform measures. The regulations should therefore not include requirements which need to be reviewed and revised regularly and can be effectively handled by policy papers or instructions. In addition, the regulations should not be overloaded with detailed operational clauses as they may require frequent adjustments. To this end, such detailed operation clauses should be dealt through treasury instructions or guidelines as they can be adjusted in a timely fashion to accommodate operational demands in practice.

14. In order to strike a balance between operationalization of the PFMA and flexibility in practices, the drafting of regulations should focus on the key areas necessary for clarifying, operationalizing, and filling gaps in, the PFMA. The draft regulations follow this approach and aim to incorporate clear provisions in areas where the bill has weaknesses. These areas include:

- Categories of entities and their coverage,
- In-year adjustments and Contingencies Fund,
- Commitment controls,
- Provisions for guarantees, and
- Petroleum revenue management.

15. In areas where practices are expected to evolve, high-level principles are provided. Many of these areas have not been subject to regulation in the past, for example, macro-economic and fiscal policy-making, cash management, and TSA. Such high-level principles are, nonetheless, important to provide legal-backing to, and facilitate, envisaged reform measures.

Recommendations

Recommendation 1.4: MoFPED should draft the regulations for the PFMA by incorporating clear and adequate provisions to address weaknesses in the bill and providing for the high-level principles applicable to new practices under the PFMA.

Recommendation 1.5: MoFPED should consider which operational clauses under the current PFAR can be moved to instructions or guidelines, in order not to overload the regulations for the PFMA.

II. OVERVIEW OF THE DRAFT REGULATIONS

A. Macroeconomic and Fiscal Policies

16. Regulations governing macro-economic and fiscal policy making are new in Uganda. Uganda has committed, in the bill, to specifying its fiscal objectives through a Charter

of Fiscal Responsibility (CFR) which will act as an anchor for fiscal policy, and will have particular importance when petroleum revenues begin to flow into the country. As discussed in the previous section, the regulations developed in this area should provide sufficient detail to guide officials in implementing the law, but need not specify detailed policy or procedures which may change more frequently.

17. Further work is required to finalize the CFR. The March report proposed a structure and suggested both primary and supplementary targets for the CFR. In discussions during the mission it was agreed that further work would be undertaken to assess those proposals and determine any future assistance that may be required to finalize the document and calibrate appropriate targets.

18. The bill currently provides for the CFR to be approved by parliament which will have an impact on its content and structure. Other countries with similar Charters keep the content simple, with two or three key fiscal targets—usually related to an appropriately defined ceiling on deficit and public debt, with clearly defined escape mechanisms to be used in exceptional circumstances and the associated procedures. These key targets can be supplemented by additional targets, which are not as binding or subject to the requirements for correction in the same way as the primary measurable fiscal objectives. Approval by parliament of the fiscal charter is not uncommon—this is the procedure in the UK, it does mean, however that changes to the targets will require parliamentary approval, which has happened once since the charter was approved in the UK in 2011.⁶ Excess details in the Charter or inclusion of the detailed assumptions in the regulations could require frequent revisions by parliament for approval of the Charter, or frequent amendment of the regulations, reducing the credibility of the legal framework in both cases.

19. The regulations specify the content for reporting to parliament any deviation from the fiscal objectives and details of proposed remedial fiscal policy measures. Such a report should be prepared and presented to parliament one month after the government is advised by the Minister through a fiscal performance report that a deviation from the fiscal principles and objectives is likely, including options for policy adjustments in the next budget. The draft regulations specify the minimum contents of the report.

20. Reporting against the targets in the CFR will be through the National Budget Framework Paper (NBFP) and half yearly and annual fiscal performance reports. The draft regulations presented in Appendix II reflect those requirements.

⁶ <https://www.gov.uk/government/publications/charter-for-budget-responsibility-march-2014-update>

In sum, the draft regulations require:

- That primary targets linked to the fiscal objectives in the bill are specified in relation to ceilings on the fiscal balance (including non-oil fiscal balance, once oil revenues begin to flow) and public debt;
- That the fiscal policy objectives do not contravene the protocol on monetary union;
- Procedures for amendments to fiscal objectives;
- The coverage of the NBFP as general government (as defined by international standards);
- That fiscal risks are reported and the contents of the fiscal risk statement; and
- Performance and pre-and post-election reports.

Recommendations

Recommendation 2.1: Directorate of Economic Affairs should review the draft regulations and identify any gaps or areas where further detail is required;

Recommendation 2.2: Review the draft CFR proposed during the March 2014 mission and develop a strategy for finalizing the CFR.

B. Budget Preparation, Approval, and Management

21. There is little in the way of formal regulations that support the budget preparation part of the PFM cycle, which was covered by the BA. The MTEF and budget preparation process are currently regulated by instructions of the MoFPED. The budget execution process is partially covered by the PFAR, supported by instructions and manuals, such as the IFMS manual. The development of comprehensive regulations for these processes therefore serves as an opportunity to embed some of the good practices adopted over the past decade, to strengthen controls over the budget execution process and to avoid the persistent problems associated with in-year budget variations that have plagued Uganda in recent years.

Medium-Term Expenditure Framework, and budget preparation and approval

22. The bill requires a much earlier start to the budget preparation process with significant implications for the annual budget cycle. Indicative ceilings will need to be prepared much earlier than under the current budget calendar in order to provide Accounting Officers in the ministries with a meaningful basis to prepare budget framework papers by November 15th and preparation of the NBFP by the end of December of the preceding financial year. An indicative timeline is suggested in Box 2.

Box 2. Uganda: Budget Preparation Process–Steps and Indicative Timeline

MoF prepares indicative macro-fiscal forecasts and medium-term budget framework	September
MoF prepares and submits indicative NBFP and budget circular to Cabinet for approval	October
MoF sends budget call circular with indicative ceilings in line with Cabinet approval to line ministries	October
Preparation and submission of Vote BFPs*	By mid-November
NBFP to parliament*	By end-December
Parliament approves NBFP*	By February 1
Ministerial Policy statements to parliament*	March 15
Annual budget to parliament*	April 1
Budget approval by parliament*	May 31
Minister issues general warrant	July 1
Preparation of revote proposal and presentation to parliament	June/July
Parliament approves revote	August 31
*Required by the bill	

23. There is scope and opportunity for rationalization of the documents presented to parliament and for specifying those which require approval. In reviewing the timeframe for the budget preparation process, the recent recommendations by AFRITAC East to rationalize the budget documents by combining the ministerial policy statements with the annual budget estimates, would help to streamline the process and reduce duplication in the information provided to parliament.⁷ The bill also requires that the work plans, procurement plans, recruitment plans and cash flow projections are presented to parliament as part of the policy statements. It is not practically feasible for parliament to approve detailed work plans, as these are operational documents that relate to items that change during the year and would need to be regularly updated. The regulations therefore clarify that the plans are submitted to parliament

⁷ Reforming the Performance Budgeting System, Tawfik Ramtoolah, Marc Robinson, AFRITAC East July 2014.

for information to support their decision making in approving the annual appropriation for the vote.

24. The bill is currently silent on the structure of the appropriation, which should be defined in the regulations. Currently the appropriation breaks down expenditure into development and recurrent by each vote. The current draft regulations reflect this, however the government has been moving progressively to a more performance focused budget with the introduction of vote functions and programs. The Ministry could consider changing the appropriation structure to reflect current and future reform intentions.

Budget management

25. The virement provisions in the bill are further clarified in the regulations. Virement provisions provide the rules and levels of responsibility for reallocating budget provision during the year and are crucial for maintaining budget discipline and the composition of the budget as intended when voted by parliament. The virement rules proposed in the draft regulations prevent reallocation:

- **From development expenditure to recurrent expenditure.** This is particularly important to avoid under-execution of development (capital) expenditure by compensation or by, overspending on recurrent expenditure. If development expenditure is not protected, there is a risk that oil inflows which are meant to be targeted on capital investments end-up fueling unsustainable increases in current expenditure. Such transfers may also undermine the overall fiscal and expenditure policy objectives.
- **To increase or decrease wages and other personnel expenditures.** Virements to wages, particularly those resulting in increase in work force establishment that will entail additional future costs, should be prevented. Even those not resulting in work force increases may produce wrong incentives, and reduce incentives to budget accurately for personnel costs. Budget entities may tend to deliberately under or over-budget for personnel expenditures in order to keep the overall provisions within the ceilings, with the expectation that additional funds for salaries will be provided or savings can be spent on other recurrent items.
- **To increase or decrease grants or transfers to an entity or person or to introduce new grants or transfers.** Protects provisions for transfer payments, particularly those for sub-national governments and transfers and subventions to agencies.

26. Additional virement restrictions will be required to protect provisions for items that are persistently overspent, e.g., utilities or other “consumptive items.” One way of protecting such provisions is to restrict virements from these budget lines. Similarly, preventing virements for certain items, such as foreign travel, hospitality expenditures, or allowances *that* need tighter controlling should be considered.

27. Cash limits should be renamed expenditure limits to reflect the intent of the current cash management reforms. With the gradual move to more comprehensive cash management through the TSA, the focus should be on a gradual move to controlling at the commitment stage, rather than the payments stage through cash ceilings. This would imply that the current cash ceiling under the cash rationing regime, would become a commitment ceiling. In the longer term, and once the budget becomes more credible the expenditure limits would be an annual ceiling based on the appropriation. Cash limits would then be an internal cash management tool, used by the cash managers to control cash at the payment stage. Reflecting this, the regulations provide for expenditure limits and allow the Minister to apply discretion in the time horizon for the limits.

28. An existing problem with the commitment control system in Uganda relates to the inability to record commitments against future quarters and years. This is a particular problem with service contracts and investment projects, which leads to Accounting Officers failing to either enter into commitments or register them in the system if the budget release is insufficient. The regulations require all Accounting Officers to register commitments and issue purchase orders with a unique reference number, this may require IFMS system changes and development of manual systems for non-IFMS sites.

29. The common practice in Uganda has been to define and report expenditure arrears only at the end of the financial year. There is currently no explicit requirement in the regulations to report payments outstanding during the financial year. The draft regulations define arrears in line with the current definition in Uganda, it also includes a definition of outstanding payments and a reporting requirement for all outstanding payments by age, both in-year and at year end. Good practice suggests that reporting of outstanding payments, whether registered on the IFMS or not, should be reported at least quarterly during the year, for monitoring and cash management purposes and to inform expenditure limits.

30. The laws provide for carry-over of budget authority (revote) to prevent the problem of inefficient year-end spending and to overcome the problems associated with late budget releases.⁸ Experience of other countries suggests that the opportunity to carry over budget authority can result in abuse and budget gaming. The regulations should therefore restrict revote proposals to:

- Development and investment projects over a threshold prescribed by the Minister in any financial year;
- Where funds have already been contractually committed, which should be demonstrated by Accounting Officers in applying for the revote;

⁸ The implications of carrying over of budget authority are further discussed in *Carryover of Budget Authority*, Ljungman and Lienart, IMF FAD, available at: <http://blog-pfm.imf.org/pfmblog/fad-technical-notes-and-manuals-on-public-financial-management.html>

- For a limited period and up to a limit of say 5 percent, at the discretion of the Minister, of overall development appropriation. The opportunity to carry forward appropriations could lead to a significant accumulation of unspent carry-over balances over time. This introduces a risk that total expenditure for an individual year substantially exceeds the initial annual budget. Since the government has made a commitment to comply with a fiscal target, ceilings on the fiscal balance and public debt, the possibility of carried-over balances turning into actual expenditure has to be taken to account when planning the budget; and
- Upon prior approval of the MoFPED.

31. The law does not define multi-year commitments, but requires reporting to parliament as part of the budget documents. In practice, many types of commitments can be considered multi-year, including salaries, depending on civil service rules, rents, and investment projects and all of these should not require parliamentary approval. The regulations clarify the reporting requirements on multi-year commitments by providing for:

- A definition of multi-year commitments;
- Restricts reporting of multi-year commitments to development projects;
- Minimum requirements for reporting multi-year commitments to parliament, within a threshold determined by the Minister; and,
- The recording of multiyear commitments.

32. The bill also allows for a complementary period of one month after the end of the financial year to make payments against unpaid commitments. The timing of the complementary period, vis-à-vis the revote warrant and the respective information requirements will need to be clearly identified and monitored, to ensure that funds revoted for commitments have not been paid within the complementary period. The time allowed between the end of July and the end of August specified for the revote warrant is only one month, and given that parliament will also need time to consider the revote, this may provide challenges for the MoFPED in preparation of the relevant documents for parliament and ensuring that the provisions are not abused.

33. Finally, the regulations seek to control any excess expenditures of a vote to be authorized through a supplementary estimate using the Contingencies Fund. This provision is designed to close the loophole which currently exists in the law and the Constitution, which enables Accounting Officers to overspend, and regularize that spending through a supplementary estimate. Since the total amount of the contingencies fund is limited to three and a half percent of the budget of the previous year, this requirement limits the amount of allowable excess expenditures.

Recommendations

Recommendation 2.3: Recast the budget calendar in accordance with the bill and the draft regulations.

Recommendation 2.4: Review the content of the budget documentation and consider merging the ministerial policy statements with the budget documents.

Recommendation 2.5: Develop a set of virement rules which maintain the composition of the budget as approved.

Recommendation 2.6: Require the date of the invoice and LPO to be recorded against all invoices and commitments and issuance of a unique number to all commitments.

Recommendation 2.7: Create a database of all existing and approved multi-year contracts and the amounts committed under each contract in the system. For the first budget include all existing multi-year commitments in the report to parliament for information above the threshold to be specified by the Minister.

Recommendation 2.8: Define the operational procedures for both the complementary period and the revote of expenditures.

C. Cash, Asset, and Liability Management

Cash management

34. The draft PFM Bill has basic provisions on the cash management function. The Secretary to Treasury (ST) is responsible for the cash management framework for government including local governments. The cash flow projections for the votes are a component of the Ministerial policy statement issued as part of the budget preparation process. Once the budget is approved, the ST is responsible for issue of the consolidated annual cash plan which forms the basis for both the release of funds by the Accountant General (AGD) and quarterly expenditure limits. The reporting requirement on expenditure commitments require the accounting officers to report quarterly indicating the actual and forecast commitment and cash position of the vote.

35. Currently the cash management function in Uganda is fragmented, evolving and at the stage of cash rationing rather than active cash management. The MoFPED has recognized that the cash management function is sub-optimally divided between different offices of MoFPED, a situation that the ministry plans to address through restructuring. Some improvements have been achieved through submission of quarterly cash flows, issuance of quarterly ceilings to MDAs and improved commitment controls through IFMS. However, there are reliability issues with cash plans that affect the cash releases to line ministries and their ability

to commit funds, one reason for the accumulation of expenditure arrears.⁹

36. The new legal framework and the proposed restructuring of MoFPED provide an opportunity to enhance and deepen the institutional framework for cash management. The proposed creation of a separate Directorate of Cash and Debt Management in MoFPED would provide an appropriate institutional set-up for cash management.¹⁰ In addition, the accompanying regulations should formalize the cash management function in line with the PFM Bill and clearly define the roles and responsibilities of accounting officers and MoFPED; establish procedures and clarify the requirements for production of annual cash flow plans and their updating; and extend coverage of the requirement for production of cash flow plans to all votes, extra-budgetary entities and special funds. The institutionalization of cash flow planning is a crucial step towards the envisaged move towards more active cash management.

37. The draft regulations strengthen and enable the recent developments and the planned move to active cash management. The regulations require the ST to establish a Cash Management Committee for better coordination of the cash management function in government. It also provides for investment of idle cash balances in the TSA and require the ST in consultation with the Bank of Uganda (BoU) to develop an investment policy which classifies allowable investments with due regard to risk.

Banking arrangements

38. The draft PFM Bill provisions on banking arrangements include provisions which outline the role of the ST and Accountant General in oversight of the banking arrangements. The ST is responsible for providing the framework for the conduct of banking activities. It also provides Accountant General with the responsibility for authorizing the opening and closing of bank accounts and determining the terms and conditions of their management. In addition the bill provides for the BoU to be the depository of cash for recurrent and development operations of the votes.

39. The recent improvements in developing a TSA are not adequately reflected in the proposed PFM Bill. The MoFPED has made significant progress in implementing TSA with central government vote bank accounts being managed through IFMS and maintained at the BoU.¹¹ These include the revision of bank account structure to include a Uganda Consolidated Fund Account with decentralized zero-balanced Vote sub-accounts and provisions for daily

⁹ These weaknesses have been emphasized in previous FAD and AFRITAC East technical assistance reports that have also highlighted specific weaknesses in the legal institutional framework that need to be addressed.

¹⁰ The mission was informed that MoFPED is actively considering the restructuring proposal that would also establish a separate Directorate of Internal Audit, the details of the proposal however were not shared with the Mission.

¹¹ The developments and future plans have been captured in *Treasury Single Account: Phase One, Project Progress Report*, MoFPED, 2014.

sweeping. These have been implemented with enhanced IFMS functionalities, improved interfaces with modern payment (EFT) and settlement systems (RTGS). MoFPED plans to extend the TSA to include projects, donor and extra-budgetary funds in a phased manner.

40. International experience in extending, sustaining and deriving the full benefit of a TSA suggests the requirement of a sound legal and institutional framework.¹² Authorities have raised concerns about the Constitutional provisions on Consolidated Fund and its relationship with TSA as provided for in the draft regulations. Article 153(1) and (2) of the Constitution provide for a Consolidated Fund which is separate from other Funds established for a specific purpose under an Act of parliament. A comprehensive TSA that gives a consolidated view of *all* government cash resources and enables aggregate control over government cash balances, something that MoFPED is aiming at, requires that TSA arrangements cover the Uganda Consolidated Fund, other public funds, including the Petroleum Funds, all extra-budgetary entities and externally financed projects.¹³

41. The regulations accordingly define the architecture, scope and coverage of TSA and enable and further specify the frequency of sweeping into the TSA. The progressive extension in coverage of TSA as planned by MoFPED should be reflected in the regulations along with appropriate transitional arrangements by enabling the Minister to determine the date of commencement of the regulations after which all central government votes, externally financed projects and extra-budgetary entities should be included in the TSA. The current MOU between MoFPED and BoU (2008) should be reviewed and revised to reflect the changes in the banking arrangements and provide for a service level agreement (SLA) for further extension of TSA, payment systems and establishment of an active cash management function in the government.

Borrowing and guarantees

42. A key fiscal principle specified in the draft bill is maintenance of prudent and sustainable levels of debt. It also, in line with the Constitution, establishes the general principle assigning responsibility to the Minister of Finance for contracting all government debt and for issuing government guarantees, subject to parliamentary approval. It requires the Minister of Finance to report annually to the parliament on government debt, guarantees and other financial liabilities. The current management of debt in Uganda is fragmented between the AGD, budget (Aid Liaison Department) and BoU. Furthermore, there is no established mechanism for monitoring of guarantees.

43. The draft regulations strengthen the provisions on borrowing and guarantees provided in the draft bill. They provide for a monitoring mechanism for guarantees and loans

¹² Country examples include Indonesia, Philippines and Mozambique; in the region Kenya and Rwanda provide for establishment of a TSA in their legal frameworks.

¹³ The FAD report examines the issues involved in implementation and extension of TSA and makes detailed recommendations in this regard. See Flynn et al, IMF, 2014.

through provisions for overseeing, recording, controlling and reporting requirements on loans and guarantees. Appendix I provides a sample of a typical work plan for establishing a database for recording and monitoring guarantees. The regulations also elaborate the criteria for assessment of guarantee proposals and impose a separate ceiling for guarantees issued to the private sector entities within the overall ceiling for guarantees approved by the parliament and provide for formal procedures and published guidelines for appraisal of all projects regardless of the source of financing. The regulations link the preparation and presentation of medium-term debt strategy to the budget process and fiscal responsibility principles.

Recommendations

Recommendation 2.9: Establish the Cash Management Committee to coordinate cash planning and management.

Recommendation 2.10: Regulations establish clear responsibility and timelines for delivery of annual cash plans and in-year rolling plans to update the annual cash flows and MoFPED deadlines for approving and notifying consolidated cash flow plans, quarterly budget releases.

Recommendation 2.11: Develop investment policy for optimizing returns from idle cash balances.

Recommendation 2.12: Define and formalize the structure and coverage of TSA along with appropriate transitional arrangements.

Recommendation 2.13: Update the existing MOU with the BoU to reflect the operation of TSA and investment of idle funds.

Recommendation 2.14: Enhance the oversight of Accountant General by enabling management of all government bank accounts within and outside the TSA.

Recommendation 2.15: Formalize the establishment of the Directorate of Cash and Debt Management with clear terms of reference and decision on staffing of the new positions with officials of right skills and experience.

Recommendation 2.16: Prescribe criteria for assessment of guarantees and establish monitoring mechanisms for guarantees and loans.

Recommendation 2.17: Require the preparation and presentation of a medium-term debt strategy as part of the annual budget documents.

D. Accounting and Audit

Accounting

44. The draft PFM Bill significantly enhances accountability and transparency by expanding the coverage and timeliness of financial statements. It defines the duties of the accounting officers, Accountant General and ST and holds them responsible for preparation of in-year and annual financial reports, their consolidation and publication as per prescribed timelines. The bill provides for bi-annual reporting to the parliament on implementation of the budget and requires the presentation of audited financial statements to parliament within six months following the end of the financial year to which they refer.

45. Accounting and reporting in Uganda have been enhanced since 2003 through implementation of IFMS and introduction of a unified chart of accounts (COA). Uganda issued a substantially revised COA in March 2011, which has since been implemented in all budgetary central governments, all local governments and some extra-budgetary units and is broadly aligned with GFSM 2001. MoFPED prepares a detailed six-monthly report on budget execution and a number of schedules that supplement the cash basis statement and enhance the value of financial statements. The draft PFM Bill addresses the weaknesses in the coverage and comprehensiveness of financial statements, delays in finalization of annual accounts, quality and frequency of in-year budget execution reports.¹⁴ The detailed regulations enhance the quality of accounts and ability of users to ascertain fiscal risks by requiring entities to report on budget execution, performance, commitments, and contingent liabilities. It further clarifies the reporting requirements by specifying who submits the reports and to whom, by when and the publication requirements.

46. The draft PFM Regulations clarify and institutionalize the accounting and financial reporting framework to enhance transparency in use and management of public funds. The requirement for production of financial reports in case of public entities rests with the accounting officers of votes. However, the definition of accounting officers is not wide enough to cover various institutions within the public sector. The regulations clarify this by including Accounting Officers of extra-budgetary entities and public enterprises.

47. The proposed regulations also establish the Accountant General's standard setting, monitoring and oversight role in respect of extra-budgetary entities and public enterprises. The reporting requirements for production of in-year and annual budget execution and financial reports by Accounting Officers of public entities and Accountant General have been explicitly expressed in the regulations specifying the nature and frequency of such reports. This will improve the institutional coverage of the accounting and financial reporting function that has been dealt in more detail later in the report.

¹⁴ These have been discussed in earlier FAD report; see Richard Hughes et al (2010).

48. An explicit requirement for application of international standards would improve the credibility of financial statements. The challenges associated with management of oil revenues place an increased demand on integrity and timeliness of accounting and financial information. The bill requires accounting standards to be approved by the Accountant General with reference to accounting practices and procedures recognized by the Institute of Public Accountant of Uganda. A clear reference to international standards will ensure better disclosure and enhance the credibility of financial and accounting statements and will also be in conformity with convergence criteria under the EAMU protocol. Accordingly, the responsibility for issuing instructions on the preparation of financial statements in accordance with international accounting standards has been assigned to the Accountant General in the financial regulations.

Internal audit

49. The draft PFM Bill enhances the independence of the internal audit function in government. The bill places responsibility on the ST to ensure that the internal audit function of each vote and public corporation is appropriate to the needs of each organization and conforms to internationally recognized standards in respect of its status and procedures. In addition, Accounting Officers are responsible for putting in place an effective system of risk management, internal control and internal audit in their respective jurisdictions. The amendments proposed by parliament provides for a general internal audit committee for MoFPED in addition to audit committees for each vote and includes a set of principles to guide their establishment and independent operation. It also provides for an Internal Auditor General in the MoFPED, reporting to the ST and responsible for oversight of the internal audit practice in government.

50. The regulations should reflect the scope of internal audit and clarify the operational independence of the internal audit function. The provision for one internal auditor for each vote may not be sufficient for institutionalizing internal audit as an effective function. The draft bill while providing for the General Internal Audit Committee (as proposed by parliament) and Audit Committees does not clarify their relationship with the internal audit units in MoFPED and MDAs and their role in reviewing and following up on recommendations of Auditor General and parliamentary committees. MoFPED is proposing the establishment of a separate Directorate of Internal Audit, headed by Internal Auditor General which provides an opportunity to clarify these new institutional roles that are being created along with their operational and functional relationships.

Treasury memorandum

51. The Treasury Memorandum in Uganda is an important accountability instrument for follow-up on the implementation of audit recommendations. The Constitution requires the parliament to debate, consider the report and take appropriate action within six months of receiving the Auditor General's report. Though these reports have been submitted to the parliament within the prescribed time period, there have been delays and backlogs in the consideration of this report by the Public Accounts Committee (PAC) as these reports are

considered vote-by vote by the PAC.¹⁵ As a result, the Treasury Memorandum which is a report by the MoFPED detailing actions taken on the recommendations of parliament arising out of the report of the Auditor General is also delayed, limiting the effectiveness of the exercise. The draft bill requires the Treasury Memorandum to be prepared vote-by vote, by the ST and presented by the Minister within six months from the date parliament considers the report of the Auditor General.

52. The draft bill shortens the time period for submission of the Auditor General's report from nine months to six months after the end of the financial year, which is in line with good practice. The response by the government to parliament however is often delayed due to long backlogs in the parliamentary debates on reports. The draft regulations should provide a timeline for the parliament to consider and approve PAC recommendations within twelve months of year end, or on a lapse of time basis and for issue of Treasury Memorandum.

Recommendations

Recommendation 2.18: Clarify the role of Accounting Officers to cover various institutions within or outside the votes that are public entities.

Recommendation 2.19: Specify the nature, frequency and publication requirement for in-year and annual financial reports and elaborate the roles of Accounting Officers and Accountant General in this regard.

Recommendation 2.20: Specify international accounting standards.

Recommendation 2.21: Enhance the internal audit function in the regulations by clearly defining the standard setting, professional development and quality assurance role of the proposed Directorate of Internal Audit with respect to the internal audit function in MDAs.

Recommendation 2.22: Clarify norms for establishment of internal audit units in MDAs with clear reporting lines, administratively to the Accounting Officers and functionally to the Audit Committees.

Recommendation 2.23: Prescribe the accountability framework for the General Internal Audit Committee and the Audit Committees and clarify their relationship with the Directorate of Internal Audit and respective Internal Audit Units in MDAs.

Recommendation 2.24: Provide a stipulated period within which if the parliament has not issued a negative response to the PAC recommendations, the Treasury Memorandum should be issued to implement PAC recommendations on the basis of deemed acceptance.

¹⁵ See PEFA report (2012) on Uganda, available at www.pefa.org.

E. Petroleum Revenue Management

53. The regulations drafted in the mission are designed to address any gaps or inconsistencies in the law and are in line with good practices in management of resource funds in other countries. The March mission reviewed the provisions in the draft law for petroleum revenue management and expressed concerns around the governance arrangements, the definitions of the objective of the Fund and specification of revenues payable into it, and the auditing and reporting requirements.

54. The provisions of the bill require further enhancement through regulations to remove any potential ambiguities. The bill envisages a Petroleum Fund comprised of a holding account into which all Petroleum Funds will be paid and an investment account in which funds for investment will be held. The bill specifies that withdrawals from the holding account can only be to the Consolidated Fund or investment account through warrant by the Minister. It appoints the BoU as operational manager of the fund, in accordance with the investment policy approved by the Minister and developed on advice of an investment advisory committee, comprised of suitably qualified individuals appointed by the Minister.

55. The regulations further reinforce the governance arrangements over the petroleum investment funds. This is achieved through: (i) restricting the Minister in instructing the BoU on managing the Petroleum Funds to two formal channels, the investment policy and the annual plan; (ii) forbidding the bank governor and staff from receiving instructions from any other person or channel; and (iii) providing legal protection for the BoU, as recommended by the Santiago principles and in line with legal frameworks in other resource rich countries. These provisions should also be enforced through a formal agreement with the BoU.

56. The regulations provide more detailed rules for the operations of the two accounts specified in the bill. These rules include the following:

Petroleum Fund:

- Define the objectives of the Petroleum Fund;
- Appoint the ST as the Accounting Officer for the Fund;
- Specify the purpose and composition of the Fund and clarifies the status of assets held by the National Oil Company;
- Require all deposits to be made on a gross basis; and
- Define the rules for deposits and withdrawals into and out of the fund with reference to the fiscal target in the Charter of fiscal responsibility and annual limit on withdrawal from the Petroleum Fund.

For the holding account:

- Require a bank account to be opened with the BoU and included within the TSA;
- Require cash flow plans to be produced for the fund and withdrawals to the Consolidated Fund or to the investment account only in accordance with the cash flow plan and by ministerial warrant.

For the investment account:

- Specifies the assets of the fund that will be accounted for in the investment account.
- Requires the Minister to:
 - i. Issue an investment policy and oversee its implementation. The regulations restrict investments, including a more specific prohibition on certain types of asset [to be defined]. They further specify the minimum contents of the investment policy;
 - ii. Review performance through regular reports and specifies the reporting framework, and submit annual plans and reports to parliament; and
 - iii. Appoint suitably qualified members of the investment advisory committee.

BoU as operational manager of the investment account:

- Specifies the responsibilities of the BoU as operational manager of the account, in line with the investment policy, including:
- Enables the appointment and oversight by the BoU of the investment manager and custodian of the fund, using direct procurement methods under the PPDA;
- Development of risk management, compliance, internal audit policies, and codes of conduct;
- Maintenance of records and submission of annual plans and reports to the Minister and publication of the reports.
- Requires an agreement between the Minister and the governor which specifies the respective roles and responsibilities; and
- Reinforces the independence of the BoU through prohibiting instructions to the BoU from any person or entity unless through the formal channels of the investment policy and the annual plan.

Recommendations

Recommendation 2.25: Appoint the investment advisory committee, including recruitment of qualified members and advisors;

Recommendation 2.26: Develop an investment policy for the Petroleum Fund;

Recommendation 2.27: Develop a draft agreement with the BoU on management of the Petroleum Fund; and

Recommendation 2.28: Develop detailed regulations for collection and deposit of revenue through the Uganda Revenue Authority and royalty sharing arrangements with local government.

F. Oversight of Subsectors and Public Enterprises

57. As highlighted in the March FAD report, the institutional coverage of the draft PFM Bill is unclear both in terms of oversight and reporting requirements.¹⁶ The intent of the bill to expand the oversight by parliament and the MoFPED is clear, the problem is that the coverage is not clearly articulated in its application, definition and individual clauses. This applies to the different functional aspects of budget preparation, cash management, banking arrangements and financial reporting. The category of entities to which the bill and its provisions apply has not been appropriately defined. Though the bill seeks to enforce oversight of MoFPED by detailing the reporting requirements of government entities and includes a transitional provision for harmonizing their reporting periods, lack of clarity in coverage could hinder implementation of these provisions.

58. A clear articulation in the regulations of the institutional coverage in the legal framework would enhance the accountability framework for public financial management. The general government sector in Uganda comprises three sub-sectors – budgetary central government, extra-budgetary units, and local government – and given the differences in their nature the PFM legal framework would regulate these entities differently. The regulations should thus define the categories of various entities in the public sector and clarify their oversight and reporting requirements. The draft bill in its provisions refers to ten different overlapping categories which are difficult to categorize in terms of GFSM 2001.

Table 2. Uganda: Proposed Government Financial Statistics Manual 2001 Classification of Entities in the Bill

GFSM classification	Categories used in draft regulations	Proposed Definitions	Entities in the Draft PFM Bill that need to be reviewed and categorized
Central Government	Self-accounting departments, commissions, & organizations	Constitutionally set-up entities mentioned in Article 155(2) of the Constitutional which may have separate funds but do not have budgets	Votes Public Corporations Budgetary entities Public Funds Government Institutions Entities wholly funded by CF
	Votes	Ministries and Departments	Votes

¹⁶ See IMF, report Suzanne Flynn et al 2014.

Table 2. Uganda: Proposed Government Financial Statistics Manual 2001 Classification of Entities in the Bill (concluded)

GFSM classification	Categories used in draft regulations	Proposed Definitions	Entities in the Draft PFM Bill that need to be reviewed and categorized
Central Government (cont.)	Sub-vented entities	Entities which have separate budgets but receive subvention from CF and appear in the government budget	Votes Public corporations State enterprises Budgetary entities Public Funds Executive agencies Self- accounting departments, commissions and organizations
	Extra-budgetary entities	Special funds and extra-budgetary entities which do not appear in the government budget as votes	Public Corporations State enterprises Special Funds and Public Funds Govt. Institutions Executive Agencies Self-accounting departments, organizations and commissions
Local Government	LG which is a vote	District council and municipality council	Votes Public Funds
	LG which is not a vote	Other lower LG councils add extra-budgetary funds and funds created by local government	Public Funds
Public Corporations	Public enterprises	State-owned enterprises	Public corporations State enterprises

59. The Ministry has already started the task of classifying public sector entities.

MoFPED, Uganda Bureau of Statistics and the BoU with technical assistance from the IMF are in the process of producing an institutional table based on GFSM 2001 that could be adopted and used as a standard for the whole government of Uganda. This exercise is planned to be completed by December 2014 and would be consistent with improvements of fiscal data requirements associated with the convergence criteria under the EAMU protocol that currently envisages eventual public sector reporting. The proposed regulations in Appendix II address the institutional coverage issue through a schedule of class of entities clarifying which clauses apply to which class. The regulations should consider transitional provisions for progressively expanding the coverage of the provision of the PFM Bill and its accompanying regulations.

Sanctions

60. The new transparency and accountability requirements of the PFM Bill must be supported by a strong sanctions regime to ensure its effectiveness and compliance. The current sanctions in the bill are limited to individual sanctions and surcharges for recovery of losses and do not include provisions for institutional sanctions or financial misconduct.

61. Good practice suggests that a comprehensive and coherent sanction regime should:

- Hold individuals and institutions accountable for compliance with the PFM laws and regulations governing management of public funds while drawing a right balance between individual and institutional sanctions;
- Specify the types of actions or omissions that will be considered misconduct, infringement or offences under the PFM legal framework;
- Specify the nature of sanctions; administrative, disciplinary, civil and criminal depending on the degree of action or omission.¹⁷
- Provide mechanisms for the enforcement of sanctions by specifying the authority responsible for enforcing and procedures for determining the type of office and the corresponding sanctions to be applied.

62. The draft regulations provide for conditions that attract financial corrective action, and further work is required to develop them. The associated sanctions should clarify the role of officials responsible for enforcing them in line with the Public Service Commission Act, criminal codes and other relevant acts.

Recommendations

Recommendation 2.29: Define categories of various entities in the public sector in accordance with GFSM 2001 and include a schedule listing entities along with timing of their coverage by the provision of the regulations.

Recommendations 2.30: Provide in the regulations further provisions towards a comprehensive sanction regime covering both public officials and entities in the public sector, with appropriate enforcement mechanisms.

III. FINALIZING THE REGULATIONS AND IMPLEMENTING THE LAW

63. Further work is required to finalize and produce a full draft of the regulations and broader PFM legal framework. In addition to the laws discussed in Chapter I of this report, detailed regulations will need to be drafted or updated for a number of clauses, new instruments will be required to provide detailed guidance on new procedures, systems may need to be changed and new procedures introduced in a phased manner. This section discusses the actions required to finalize the completion of the regulations and operationalize the law.

¹⁷ These may be governed by the Public Service Commission Act, Criminal code etc and should be cross referenced in the PFM Regulations.

Finalizing the regulations

64. A cross-ministry coordination mechanism for finalization of the regulations should ensure consistency of provisions across the parts of the regulations. Ideally, the MoFPED should establish an oversight committee chaired by the ST or DST to direct the work, with senior MoFPED staff and a representative of the Auditor General as an observer. The committee should receive regular progress reports, resolve issues and make key decisions on issues escalated to it. Simultaneously, within MoFPED, a small technical team could be detached from current duties and assigned to reviewing and drafting the regulations on a full time basis with technical assistance support as needed. The drafting process should adopt a consultative approach and should be finalized in a systematic and time bound manner. A suggested roadmap for finalizing the regulations is presented in Table 3 below.¹⁸

Table 3. Uganda: Suggested Roadmap for Finalizing the Public Financial Management Regulations

Action	Responsibility	Timeline
Establish oversight committee to direct work on Financial Regulations	ST	September 2014
Constitute a technical team to work on reviewing and drafting the Financial Regulations and reporting to the oversight committee	Oversight committee	
Review associated Instruments, Instructions and Manuals that need revision/updating	Technical team	
Internal consultation with Departmental teams on review results	Technical team	
Prepare a second draft of Financial Regulations	Technical team	October 2014
Consult on draft regulations with key stakeholders	Oversight committee	
Incorporate stakeholder comments and produce second draft of Financial Regulations	Technical team	
Present second draft to MoFPED senior management	Oversight Committee	
Incorporate MoFPED senior management comments	Technical team	November 2014
Submit draft regulations for approval of Minister	Oversight Committee	
Send approved draft for review to Ministry of Justice and Constitutional Affairs (Attorney General)	Minister	
Incorporate comments of MoJCA as appropriate	Technical team	
Submit the final draft regulations to Minister	Oversight committee	December 2014
Submit Cabinet Memorandum on Financial Regulations for information of Cabinet	Minister	
Publication in Official Gazette and issue of implementation program	ST	December 2014

65. Operational clauses provided for in the existing PFAR were not drafted during the mission, further technical assistance may be required to assist in completing the drafting. As discussed in Chapter I, decisions will be required as to whether regulations are required for all of these provisions, or whether they could be better placed in instructions or manuals. The

¹⁸ The roadmap takes into account the procedure prescribed in the Public Financial Management Policy Formulation Handbook, MoFPED, 2009.

drafting work will involve updating these clauses to reflect the changes, such as IFMS and OBB implementation and should be completed by the technical team, with technical assistance from AFRITAC East, if required. Table 4 provides a summary of these clauses.

Table 4. Uganda: Sections of Proposed Public Finance and Accountability Regulations to be Drafted by the Ministry of Finance, Planning, and Economic Development

Corresponding Sections of PFA Regulations 2003	Associated Instruments/Manuals/Instructions
Expenditure in respect of public debt (9)	Public debt Instructions dealing with procedures for handling public debt and guarantees
Losses (16–26)	Treasury Accounting Instructions (TAI) and IPPS Manual, UPSSO for losses, sanctions
Internal Audit (27–30)	Draft PFM Act, IA Manuals and Charter for Audit Committees and Instructions, guidelines issued by Directorate of Internal Audit & Inspection
Corrigenda (32)	Update with reference to current instructions
General Warrant (35)	General warrant instructions
Classified Expenditure (41)	Regulations on Classified expenditure should be made part of the new regulations; Include in a schedule the list of votes having classified expenditure and allowed items
Receipts (44–54)	Existing TAI/URA Act 1992 Instructions/Accounting instructions, procedures for electronic payments and receipt systems/refund of non-tax revenue, mechanism for approval and accounting procedures. Foreign currency receipts – exception for mission abroad
Payments (58–59; 62–63)	TAI for electronic payments systems Proposed revision of MOU between the BoU and MoFPED Proposed SLA with BoU
Imprests (64–65)	TAI
Loans and Advances (67–69)	TAI; Guidance on loan recording
Salaries and Wages (71–72)	TAI & those on decentralized payroll Update IPPS Manual
Accounting and Book Keeping (73–80)	TAI; MoFPED Circulars; IFMS Manual; Guidance on debt recording
Custody and Security of Public Monies (81)	TAI
Cheques (82), (4), (5), and (6) and (83)	TAI on new payment instruments
Boards of Survey (84–85)	TAI
Handing Over Procedures (86–88)	Public Service Standing Orders IFMS Manual
Public Stores and Inventories (89–99)	PPD Act
Non-Current Assets (100–106)	TAI on Assets
Offences (107)	Amended in line with draft PFM Bill
Surcharge (108)	TAI

Transitional arrangements

66. Implementation of the law and its regulations will require transitional arrangements as some new provisions require operational and legal changes and other

reforms prior to their full implementation.¹⁹ The regulations should include a list of those new provisions that will come into effect at a date later than the new regulations. The drafting team should identify all those new provisions along with an agreed permitted lag in implementation. Transitional provisions in the regulations could relate to:

- Fiscal forecasts covering general government
- Consolidated budgets of the central government
- Application of the chart of accounts for extra-budgetary entities
- Expanded coverage of the TSA
- Harmonization of financial years in case of state enterprise and public corporation
- Monitoring and reporting requirements for extra-budgetary units, public funds, public enterprises and local governments where these have implications for their financial management systems
- Production of half-yearly and annual consolidated financial statements
- Change in the schedule of completion of audit by the Auditor General
- Publication of audited financial statements
- Investment Account of the Petroleum Fund until such time as petroleum revenues are large enough to afford the operational costs of investments

67. Finally, the full implementation of the new legal framework will require widespread dissemination and capacity building efforts to ensure a full understanding by relevant actors at all levels and across the government. The recently launched Uganda PFM reform strategy (2014–2018)²⁰ should include activities to support implementation of the new PFM legal framework. The new legal framework places additional accounting and reporting requirements across entities in the government and would need to be supported by systems changes through extension of IFMS and enforcement of other commitment controls. This task should not be underestimated and is likely to place a heavy responsibility on the staff of the MoFPED, who themselves will be adjusting to the new Act and regulations. In addition, implementation will also require the preparation of guidelines and manuals laying down the detailed procedures to be followed in the areas of cash management, implementation of TSA and asset management. The support needed to implement the changes the new law will bring should be considered a priority within the PFM reform program.

¹⁹ The changes required in the other Laws and Regulations have been discussed earlier in the report.

²⁰ Uganda PFM Reform Strategy (2014–2018), MoFPED, February 2014.

Appendix I. Uganda: Work Plan for Establishing a Database on Government Guarantees

The following information must be collected and included in a comprehensive database on government guarantees:

Information to be collected:

Documents to be collected for each guarantee:

- Letter of guarantee
- Loan contract
- Risk assessment as provided before guarantee was granted (if applicable), In addition the lenders should be asked to provide the following up-to-date information on the loan (could usefully be requested in electronic table format):
- Remaining balance for the loan
- Expected repayment schedule for the loan
- Any outstanding repayment with information passed/missed repayment schedule
- Any late payments with date, amount, and delay

The database on government guarantees should at least include the following information:

One off entries:

- Beneficiary
- Lender
- Sponsor of guarantee (public entity requesting provision of guarantee for beneficiary)
- Loan amount
- Guarantee amount
- Date of loan agreement
- Date of expected full repayment (maturity)
- Some core information on the terms of the letter of guarantee and the loan contract, including:
 - Any specified trigger for call of guarantee (non-payment for x days, other nonprovision of audited accounts, etc.)
 - Repayment condition for guarantee (e.g., full amount or pending amount)

- Legal procedure for establishing rightful and binding call of guarantee

Information to be updated regularly:

- Expected amount outstanding (to date)
- Actual amount outstanding (to date)
- Any amount overdue (to date)
- Potential call of guarantee announced by lender
- Potential lack of capacity to service loan considered by beneficiary

Timeline and procedure for collection and processing information:

- Assign one officer and 3–5 support staff to the task.
- Design the layout of a DMFAS/Excel spreadsheet for the database.
- Start entering available information as soon as DMFAS/Excel spreadsheet is available.
- Request immediately, information in writing from all relevant creditors with deadline. Information should include a copy of the letter of guarantee and of the loan agreement; and a table to be filled in including information on the current performance of the loan.
- Ensure that all information required for the database is available. Follow up on any missing information.
- Prioritize the information to be entered into the database by risk factors (e.g., amount of loan, type of beneficiary, etc.)
- Start assessing risks from guarantees while data is entered.
- Ensure that all information is entered into the database and information on arrears from called guarantees is available.

Appendix II. Uganda: Draft of the Public Finance Management Regulations

[2014 No. --]

The Public Finance Management Regulations, [2014].

(Under section 90(1) of the Public Finance Management Act, 2014, Act No. [--] of 2014).

In exercise of the powers conferred upon the Minister by section 90(1) of the Public Finance Management Act, 2014, this Regulation are made this [date].

Part I – Preliminary

1. Citation, commencement, and application

(1) These regulations may be cited as the Public Finance Management Regulations, [2014] and shall come into force on [date].

(2) These regulations apply to ministries, departments, self-accounting departments, commissions, and organizations, subvented entities, extrabudgetary entities, local governments, public enterprises, special funds and any other persons as provided therein and to the management of public finance.

2. Interpretation

(1) In this Regulation, unless the context otherwise requires, –

“annual estimates” means estimates of revenues and expenditures which –

- (a) are submitted under Article 155(1) of the Constitution;
- (b) provide Parliament with additional information on voted amounts included in an Appropriation Act; and
- (c) are to be approved by Parliament as part of the Government budget under section 11(1) of the Act;

“appropriation-in-aid” means any revenue which is received by a vote and is approved by Parliament under an Appropriation Act for application by the vote to finance its activities;

“available expenditure limit” means an amount of a provision under the annual or supplementary estimates which has been allocated to a quarter by a quarterly expenditure limit issued under regulation X(3) and has not yet been committed or paid;

“available provision” means an amount of a provision under the annual or supplementary estimates which has not yet been committed or paid;

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

- (a) most of the entity's output is provided free or at not economically significant prices;
- (b) the entity's output is intended for individual and collective consumption;
- (c) the entity is mainly financed by taxes and other compulsory transfers or controlled and mainly financed by other entity included in the central government; and
- (e) the entity is not included in the local government;

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

- (a) agreements to make payments in exchange for supply of specific goods or service; and
- (b) agreements of a continuing nature, which require a series of payments over an indeterminate period of time;

"Community" has the same meaning as defined in section 2 of the East African Community Act, 2002;

"department" means a Ministry or department which is named in Schedule 1;

"entity" includes a fund, body corporate, and other organization and group of persons;

"exceptional circumstances" includes –

- (a) a major disaster;
- (b) unanticipated severe economic shock; and
- (c) other significant unforeseen event that cannot be accommodated through employment of other flexibilities provided for in the Act or prudent fiscal policy adjustment,

within the meaning of section 7(2) of the Act;

"excess expenditure" means a payment or an unpaid bill which has been made or to be made in excess of the amount of the item of expenditure under the annual or supplementary estimates or otherwise without authority for the payment under the Government budget, the Constitution, or an Act of Parliament;

"expenditure arrears" means the total stock of unpaid bills at the end of a financial year;

"extrabudgetary entity" means an entity –

- (a) which is included in the central government but is not a vote; and
- (b) which is named in Schedule 4;

"general government" includes the central government and local government;

"Government budget" includes annual estimates and an Appropriation Act to which the

annual estimates relate;

“Government budget documents” include the Government budget and other reports and information submitted to Parliament together with the Government budget under section 10 of the Act and this Regulation;

“local government” means –

(a) a district council;

(b) a council of a lower local government; or

(c) other non-profit entity –

(i) which is controlled and mainly financed by a district council or a council of a lower local government; and

(ii) the competence of which is restricted to a district or lower local government, and is named in Schedule 5;

“Monetary Union” has the same meaning as defined in Article 1 of the Protocol;

“multiyear commitment” means a commitment, settlement of which requires expenditure from the Government budget for multiple financial years or in a future financial year;

“nongovernmental organization” has the same meaning as defined in section 1(d) of the Nongovernmental Organizations Registration Act, 1989 and includes one established in a foreign jurisdiction;

“PPP project” means *[to be defined by making reference to the PPP Act]*;

“Protocol” means the Protocol on the Establishment of the East African Community Monetary Union;

“public debt” means total gross debt at nominal value outstanding at the end of a financial year and consolidated within the general government;

“public enterprise” means an entity –

(a) which satisfies the following conditions:

(i) the entity’s transactions are distinct from those of its owner;

(ii) more than 50 percent of the entity’s production costs are covered by sales in the market; and

(iii) the entity is controlled by any entity included in the general government; and

(b) which is named in Schedule 6,

and includes special funds:

Provided that the Bank of Uganda is not a public enterprise;

“public sector” includes the general government, public enterprises, and the Bank of

Uganda;

“responsible Minister” means, in respect of a subvented entity, extrabudgetary entity, or public enterprise –

- (a) a Minister who is responsible under the law for supervising the operation of the entity or enterprise; or
- (b) the Minister, if there is no Minister who is responsible under the law for supervising the operation of the entity or enterprise, and

“responsible Ministry” shall be construed accordingly;

“self-accounting department, commission, or organization” means an entity –

- (a) which is set up under the Constitution;
- (b) to which Article 155(3) of the Constitution applies; and
- (c) which is named in Schedule 2;

“special fund” means a public enterprise which is a defined business unit established as part of a department and does not have a separate legal personality;

“subvented entity” means an entity –

- (a) which is a vote and included in the central government but is not a self-accounting department, commission, or organization or a department; and
- (b) which is named in Schedule 3;

“supplementary estimates” means estimates of revenues and expenditures which –

- (a) are submitted under Article 156(2) of the Constitution;
- (b) provide Parliament with additional information on voted amounts included in a Supplementary Appropriation Act; and
- (c) are to be approved by Parliament under Article 156(3) of the Constitution;

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

“unpaid bill” means an outstanding commitment owed by a vote to expenditure for utilities, rent, employee costs, other recurrent, court awards, compensation, contributions to international organizations, development, taxes and other deductions.

(2) For the purpose of this Regulation, “district”, “district council”, “district chairperson”, “lower local government”, and “municipality council” have the same meanings as defined in the Local Government Act, 2003.

(3) For the purpose of this Regulation, “services”, “supplies”, and “works” have the same meanings as defined in section 3 of the Public Procurement and Disposal of Public Assets Act, 2003.

Part II – Macroeconomic and Fiscal Policies

X. Fiscal policy objectives

(1) For the purpose of section 5(3) of the Act, the measurable fiscal policy objectives under the Charter of Fiscal Responsibility shall, at least, include –

- (a) ceilings on fiscal balance; and
- (b) ceilings on public debt.

(2) For the purpose of sections 5(3) and (4) of the Act, the measurable fiscal policy objectives under the Charter of Fiscal Responsibility shall –

- (a) not contravene the convergence criteria for the Monetary Union prescribed under the Protocol or any other enactment of the Community; and
- (b) cover any entities to which the convergence criteria for the Monetary Union on fiscal indicators apply under the Protocol or any other enactment of the Community.

(3) For the purpose of section 6(1)(a) of the Act, the Charter of Fiscal Responsibility may include supplementary targets and ceilings on such fiscal indicators as deemed appropriate by the Minister.

(4) The supplementary targets and ceilings mentioned in paragraph (3) are indicative, and any deviation thereof does not require preparation of a plan to correct the deviation.

X. Approval of, and amendments to, fiscal policy objectives

(1) For the purpose of section 6(2) of the Act, the measurable fiscal policy objectives under the Charter of Fiscal Responsibility shall be subject to the approval of Parliament.

(2) When the Minister submits to Parliament for its approval amendments to the measurable fiscal policy objectives under section 6(3) of the Act, the updated Charter of Fiscal Responsibility submitted by the Minister to Parliament shall include, in addition to the contents required under section 6(1) of the Act, –

- (a) justification for the amendments; and
- (b) macroeconomic and fiscal forecasts used as a basis of calibration of the amended fiscal policy objectives.

X. Publication of the Charter of Fiscal Responsibility

For the purpose of sections 6(2) and (4) of the Act, the Charter of Fiscal Responsibility and the amendments thereto shall be published by the Minister in the website of the Ministry.

X. Monitoring and correction of deviations from fiscal policy objectives

(1) The Minister shall monitor the compliance with the measurable fiscal policy objectives through preparation of fiscal performance reports under section 16 of the Act.

(2) Subject to sections 7(1) and 14(2)(d) of the Act, when, in preparing a fiscal

performance report, the Minister determines that there is a deviation from a measurable fiscal policy objective, he shall include in the fiscal performance report –

- (a) a statement that there is the deviation;
- (b) an explanation of the reason for the deviation;
- (c) an assessment of whether there is an exceptional circumstance;
- (d) if an exceptional circumstance does not exist, a plan to address the deviation (hereinafter called “a corrective plan”); and
- (e) an expected period over which the deviation is to be addressed or resolved.

(3) A corrective plan mentioned in paragraph (2)(d) shall take into account a recommendation or opinion of an organ or institution of the Community on the macroeconomic convergence.

(4) Subject to section 7(4) of the Act, when the Minister, in a fiscal performance report, determines that there is a deviation from a measurable fiscal policy objective, the Cabinet shall, through the fiscal performance report, approve –

- (a) existence of an exceptional circumstance; or
- (b) a corrective plan.

(5) Subject to section 7(4) of the Act, within one month after the Cabinet’s approval under paragraph (4), the Minister shall submit the fiscal performance report to Parliament.

(6) Subject to section 7(3) of the Act, Parliament shall review a fiscal performance report submitted under paragraph (5) and may make recommendations on a corrective plan included in it, if any.

(7) A report to Parliament on a deviation from the measurable fiscal policy objectives mentioned in section 7(3) of the Act shall be prepared, submitted, and published as part of a fiscal performance report in accordance with this regulation.

X. Macroeconomic and fiscal forecasts

(1) For the purpose of sections 9(1) and 10(7)(b) and (d) of the Act, the Minister shall produce macroeconomic and fiscal forecasts underlying the National Budget Framework Paper or the Government budget documents.

(2) For the purpose of sections 9(1) and 10(7)(b) and (d) of the Act, the National Budget Framework Paper and the Government budget documents shall include –

- (a) an explanation of methodologies and assumptions used for macroeconomic and fiscal forecasts included in the National Budget Framework Paper or the Government budget documents; and
- (b) a comparison of the macroeconomic and fiscal forecasts with those of international organizations and independent bodies and an explanation of the reasons for

significant differences between them, if any.

(3) For the purpose of sections 9(1) and 10(7)(b) and (d) of the Act, macroeconomic and fiscal forecasts underlying the National Budget Framework Paper or the Government budget documents shall be based on assumptions which take full account of domestic and international economic conditions, including conditions of international commodity markets.

(4) Fiscal forecasts underlying the National Budget Framework Paper or the Government budget documents shall cover the general government.

X. Approval of the National Budget Framework Paper

For the purpose of section 9(5) of the Act, ceilings on expenditures and floors of investments included in the National Budget Framework Paper under Schedule 3, paragraph 5, of the Act shall be subject to the approval of Parliament.

X. Fiscal risks statement

(1) A fiscal risks statement mentioned in Schedule 3, paragraph 7, of the Act shall be prepared in accordance with such common forms and methodologies as may be specified by an organ or institution of the Community in respect of the macroeconomic convergence.

(2) Without prejudice to paragraph (1), a fiscal risks statement shall, at least, include –

- (a) the results of sensitivity analysis based on different assumptions in respect of main macroeconomic and fiscal indicators;
- (b) analysis of the Government's exposures to contingent liabilities, including those arising from guarantees, losses on pending court cases, and loans;
- (c) analysis of fiscal risks arising from public debt, oil prices, external financing, projects and PPP projects, public enterprises, and any other sources; and
- (d) information on the Government's measures to manage identified fiscal risks.

X. Performance report

(1) For the purpose of section 16(3) of the Act, within one month after the end of half a year of a financial year, an Accounting Officer of every vote shall submit to the Secretary to Treasury an in-year performance report which includes –

- (a) information on progress in implementation of work plans included in the vote's policy statement submitted under regulation X(6);
- (b) if there is significant delay in the implementation of the work plans, plans to address the delay;
- (c) the updated monthly budget report of the vote mentioned in regulation X(1);
- (d) the updated [monthly/quarterly] cash plan of the vote mentioned in regulation X(2);
- (e) the updated procurement plan of the vote; and

(f) any other information as may be specified by the Secretary to Treasury.

(2) For the purpose of section 16(1) of the Act, by the end of every February, the Minister shall prepare and submit to Parliament an in-year fiscal performance report which includes the contents specified under sections 16(1) and (2) of the Act and regulation X(2).

(3) For the purpose of section 16(3) of the Act, by [September 30th] of every financial year, an Accounting Officer of every vote shall submit to the Secretary to Treasury an end-year performance report which includes –

(a) information on achievement of work plans included in the vote's policy statement submitted under regulation X(6);

(b) annual accounts and other information submitted to the Accountant-General under section 51(1) of the Act; and

(c) any other information as may be specified by the Secretary to Treasury.

(4) For the purpose of section 16(1) of the Act, by the end of every October, the Minister shall prepare and submit to Parliament an end-year fiscal performance report which includes the contents specified under sections 16(1) and (2) of the Act and regulation X(2).

(5) In-year and end-year fiscal performance reports submitted to Parliament under paragraph (2) or (4) shall be published by the Minister in the website of the Ministry.

(6) A report on performance mentioned in section 14 of the Act shall be submitted and published as part of an in-year or end-year fiscal performance report mentioned in paragraph (2) or (4).

(7) The Secretary to Treasury shall make instructions to prescribe forms and other necessary matters for preparation of in-year and end-year performance reports of votes under paragraphs (1) and (3).

X. Pre- and post-election fiscal and economic update

(1) For the purpose of section 17(1)(a), no earlier than four months before the polling day for any general election, the Secretary to Treasury shall prepare and publish in the website of the Ministry a pre-election economic and fiscal update which includes –

(a) updated medium-term macroeconomic and fiscal forecasts mentioned in Schedule 3, paragraphs 1 and 3, of the Act;

(b) an updated fiscal risks statement mentioned in Schedule 3, paragraph 8, of the Act;

(c) information on budgeted election-related spending for the general election mentioned in section 17(2)(a) of the Act;

(d) a statement signed by the Secretary to Treasury mentioned in section 17(2)(b) of the Act; and

(e) any other information as may be deemed appropriate by the Secretary to Treasury.

(2) For the purpose of section 17(1)(b), the Secretary to Treasury shall prepare a post-election economic and fiscal update which includes –

- (a) actual election-related spending for the general election mentioned in paragraph (1)(c); and
- (b) the contents listed in paragraphs (1)(a), (b), (d), and (e).

(3) For the purpose of section 6(1)(b), a post-election economic and fiscal update mentioned in paragraph (2) shall be submitted to Parliament and published together with the Charter of Fiscal Responsibility, within three months after the commencement of the first parliamentary session after the general election concerned.

Part III – Budget Preparation, Approval, and Management

Budget preparation and approval process

X. Medium-term budgetary framework

(1) For the purpose of section 10(1) of the Act, the Minister shall establish a medium-term budgetary framework which includes the procedures to prepare the Government budget –

- (a) based on reliable macroeconomic and fiscal forecasts for a medium-term;
- (b) consistent with –
 - (i) the fiscal responsibilities principles mentioned in section 5(2) of the Act and fiscal policy objectives prescribed in the Charter of Fiscal Responsibility; and
 - (ii) ceilings on expenditures prescribed in the Budget Framework Paper; and
- (c) by taking into account the fiscal impact of the policy measures and their prioritization described under the National Development Plan.

(2) The Minister shall make instructions or guidelines to prescribe any matters necessary for implementation of paragraph (1).

X. Budget preparation process

(1) For the purpose of section 10(1) of the Act, by the end of [every October], the Secretary to Treasury shall issue a budget call circular which includes –

- (a) preliminary ceilings on expenditure of the Government;
- (b) a budget calendar which sets out the time frame in respect of preparation and approval of the Government budget;
- (c) instructions to each vote for preparing a budget framework paper, policy statement, and any other estimates and information of the vote necessary to prepare the Government budget; and
- (d) any other matters as deemed appropriate by the Secretary to Treasury.

(2) In accordance with section 9(2) of the Act, by November 15th of every year, an

Accounting Officer of every vote shall prepare and submit to the Secretary to Treasury a budget framework paper of a sector to which the vote belongs.

(3) A budget framework paper of a sector mentioned paragraph (2) shall be prepared in such form and manner as specified in a budget call circular and include –

- (a) estimates of revenues and expenditures of every vote within the sector for the next [three] years or more;
- (b) strategic objectives and work plans relating to the estimates mentioned in paragraph (a); and
- (c) any other information required by a budget call circular.

(4) When the National Budget Framework Paper is submitted to Parliament by December 31st and approved by Parliament by February 1st of every year under sections 9(4) and (5) of the Act, the Secretary to Treasury may revise and finalize ceilings on expenditure of the Government.

(5) When ceilings on expenditure of the Government are revised under paragraph (4), an Accounting Officer of every vote shall prepare and submit to the Secretary to Treasury the revised estimates of revenues and expenditures of the vote for the next [three] years or more in such form and manner and by such date as specified by the Secretary to Treasury.

(6) By the end of every [February], an Accounting Officer of every vote shall prepare and submit to the Secretary to Treasury a policy statement of the vote which includes the contents specified in section 10(13) of the Act, in order to support the estimates of revenues and expenditures of the vote.

(7) For the purpose of section 10(1) of the Act, the Secretary to Treasury shall prescribe, in a budget call circular or otherwise, the procedures for giving local governments and other stakeholders an opportunity to express their views on the Government budget and policy statements.

(8) Subject to section 11(1), the Government budget for a financial year shall be approved by Parliament by May 31st of the preceding financial year.

X. Ceilings on expenditure

(1) A ceiling on expenditure of the Government included in the National Budget Framework Paper under Schedule 3, paragraph 5(a), of the Act shall be consistent with fiscal policy objectives established in the Charter of Fiscal Responsibility.

(2) Ceilings on expenditure of the Government included in a budget call circular under regulations X(1) and (4) shall –

- (a) be made consistent with a ceiling in the National Budget Framework Paper, when the National Budget Framework Paper is submitted to, and approved by, Parliament;
- (b) be broken down into recurrent and development expenditures and at such level of detail as determined by the Minister; and

(c) take into account policy prioritization set out in the National Development Plan.

(3) When the estimates of expenditures of a vote proposed under regulation X(2) or (5) exceed a ceiling on expenditure of the Government under paragraph (2), –

(a) the Accounting Officer of the vote shall provide the Secretary to Treasury with explanation of the reason for the excess; and

(b) the Secretary to Treasury may require an Accounting Officer to revise the estimates in accordance with the ceiling on expenditure.

X. Budgets of self accounting departments, commissions, and organizations

(1) The budgets of self accounting departments, commissions, and organizations mentioned in section 10(8)(e) of the Act shall be included in, and approved by Parliament as part of, the Government budget.

(2) The Secretary to Treasury shall ensure that Regulations X, X, and X apply to self accounting departments, commissions, and organizations without prejudice to Article 155(3) of the Constitution.

X. Consolidated budget of the central government

The Minister shall submit to Parliament for information as part of the Government budget documents of a financial year the consolidated budget of the central government for the financial year which include the estimates of aggregate revenues and expenditures of –

(a) subvented entities; and

(b) extrabudgetary entities.

X. Public Investment Plan and reports on external financing

(1) The Minister shall annually prepare and submit as part of the Government budget documents a Public Investment Plan which provides information on projects and PPP projects which have been included in the present or preceding year's Government budget but not been completed (hereinafter called "ongoing projects and PPP projects") or which are newly included in the Government budget (hereinafter called "new projects and PPP projects").

(2) A Public Investment Plan mentioned in paragraph (1) shall include the following information in respect of each ongoing and new project and PPP project:

(a) overview;

(b) financing source;

(c) updated projection of total expenditure from the Government budget over the lifetime of the project implementation;

(d) amount of actual and forecasted annual expenditure of preceding and present years and for a medium-term;

(e) amount of outstanding commitments;

- (f) if it is financed by transfers from the Petroleum Fund under section 57(1) of the Act, an assessment of economic and social impacts of the project or PPP project; and
- (g) any other information as deemed appropriate by the Minister.

(3) Projects and PPP projects included in a Public Investment Plan under paragraph (1) shall be appraised, selected, and implemented in accordance with guidelines of the Minister made under regulation X or the Public-Private Partnership Act, [2014], as the case may be.

(4) A report on grants mentioned in section 42(5) of the Act and a plan for external financing mentioned in section 10(8)(a)(ii) of the Act shall be combined into one report and submitted by the Minister as part of the Government budget documents.

(5) The combined report mentioned in paragraph (4) shall include the following information in respect of projects and PPP projects which are financed by donor's loans or grants but not included in the Government budget:

- (a) overview;
- (b) financing source;
- (c) updated projection of total expenditure over the lifetime of the project implementation;
- (d) amount of actual and forecasted annual expenditure of preceding and present years and for a medium-term; and
- (e) any other information as deemed appropriate by the Minister.

(6) The combined report mentioned in paragraph (4) shall be consistent with the medium-term debt management strategy mentioned in regulation X(1).

[X. Parliamentary review of work plans

(1) For the purpose of section 11(1), Parliament shall review, and may make recommendations on, a work plan of a vote described in its policy statement submitted under section 10(11) of the Act.

(2) To avoid doubt, votes' policy statements are laid before Parliament under section 10(11) in order to provide Parliament with additional information supporting the Government budget, and section 11(1) shall not be construed as requiring approval of Parliament for revising policy statements during a financial year.]

X. Publication of the Government budget documents

Subject to section 10(10) of the Act, the Minister shall publish the Government budget documents for a financial year by the beginning of the financial year in the website of the Ministry.

X. Corrigenda

(Current regulation 32 with necessary amendments)

Budgetary principles and structure

X. Authority to make payments of public money

(1) Subject to Articles 154(1) and (2) of the Constitution, public money may not be paid, except as expressly authorized by an appropriation under an Appropriation Act or Supplementary Appropriation Act or by the Constitution or an Act of Parliament.

(2) Subject to section 15(1) of the Act, the authorization to make payments of public money provided by an appropriation under an Appropriation Act or Supplementary Appropriation Act and by a provision under the annual or supplementary estimates –

- (a) is limited to the amount specified for the appropriation and provision and may not be exceeded;
- (b) is limited to the ambit of the appropriation and provision and may not be used for any other purpose; and
- (c) expires and ceases to have any effect at the end of the financial year for which the appropriation and provision relates.

(3) An ambit of an appropriation or provision mentioned in paragraph (2)(b) shall not exceed the statutory functions of the vote.

X. Budgeting on a gross basis

(1) Any revenues and expenditures shall be entered in the annual estimates on a gross basis without being netted with each other.

(2) Notwithstanding paragraph (1), tax revenues shall be entered in the annual estimates after deducting estimated amount of tax refunds from the tax revenues.

X. Unit of appropriations

Appropriations under an Appropriation Act and Supplementary Appropriation Act shall be made for –

- (a) total recurrent expenditure of each vote; and
- (b) total development expenditure of each vote.

X. Structure of the annual and supplementary estimates

The annual and supplementary estimates shall divide –

- (a) expenditure of each vote into expenditures of such [programs] as determined by the Secretary to Treasury; and
- (b) expenditure of each [program] into expenditures of such other items of expenditures as determined by the Secretary to Treasury.

X. Budget classification

(1) The annual and supplementary estimates shall include economic, administrative, and

such other classifications of revenue and expenditure as determined by the Secretary to Treasury.

(2) The classifications of revenue and expenditure mentioned in paragraph (1) shall –

(a) be the same as those under the chart of accounts established under regulation X(1);
and

(b) be, to the extent possible, in accordance with internationally accepted standards in areas of financial statistics and accounting.

X. Classified expenditure

(Current regulation 41 and regulations under the Public Finance and Accountability (Classified expenditure) Regulations, 2003 with necessary amendments – a Schedule should be added to show a list of votes which are allowed to include classified expenditure and allowed items)

Budget execution

X. The General Warrant

(Current regulation 35 with necessary amendments)

X. Quarterly expenditure limits

(1) A quarterly expenditure limit issued by the Minister under regulation X(3) shall be set at such level of an item of expenditure under the annual or supplementary estimates as determined by the Minister.

(2) A provision under the annual or supplementary estimates may not be committed or paid during a quarter in excess of a quarterly expenditure limit set for the quarter in respect of the provision.

(3) An amount of a quarterly expenditure limit for a quarter which has not been committed or paid is carried over to the next quarter, unless otherwise directed by the Minister.

(4) Notwithstanding subsection (3), an amount of a quarterly expenditure limit which has not been committed or paid may not be carried over to the next financial year.

(5) The Minister may change the duration for which the expenditure limits issued under regulations X(3) will apply as the Minister determines necessary.

X. Commitments

(1) A commitment which requires expenditure from the Government budget shall not be made by a vote, unless the amount to be paid for settlement of the commitment is equal to or less than the available provision and available expenditure limit.

(2) There shall be an accounting system which issues to every commitment made in accordance with paragraph (1) a unique and sequential commitment number which shall be reflected in the purchase order or similar document in respect of the commitment.

- (3) No payment under the Government budget shall be made, unless –
- (a) the underlying commitment has been made and recorded in accordance with this Regulation; and
 - (b) a commitment number has been issued to the underlying commitment under paragraph (2).

X. Quarterly expenditure commitment report

(1) A quarterly expenditure commitment report of every vote required under section 13(1) of the Act shall be prepared and submitted by an Accounting Officer of the vote to the Secretary to Treasury in such form and manner and within [one month] after the end of each quarter and include the following information in respect of each item of expenditure for the vote under the annual and supplementary estimates:

- (a) an amount approved in the annual or supplementary estimates;
- (b) an amount of a quarterly expenditure limit;
- (c) an amount of outstanding commitments;
- (d) an amount of payments which have been made;
- (e) an amount of outstanding expenditure arrears classified by number of days overdue; and
- (e) any other information specified by the Secretary to Treasury.

(2) The Secretary to Treasury shall publish all quarterly expenditure commitment reports submitted under paragraph (1) in the website of the Ministry within [six weeks] after the end of every quarter.

X. Multiyear commitments

(1) A multiyear commitment shall not be made by a vote, unless the multiyear commitment obtains the prior approval of –

- (a) the Minister, when the amount of the multiyear commitment is [*amount to be specified*] or less; or
- (b) Parliament under section 21(2) of the Act, if otherwise;

(2) Subject to section 21(3) of the Act, Parliament or the Minister, as the case may be, may approve a multiyear commitment, if the multiyear commitment is not likely to cause fiscal policy objectives, ceilings on expenditure, or medium-term expenditure framework under the Charter of Fiscal Responsibility or National Budget Framework Paper to be contravened, exceeded, or deviated.

(3) A statement of multiyear commitments to be submitted as part of the Government budget documents of a financial year under section 10(8)(c) of the Act shall be prepared by the Minister and include –

- (a) an amount of each multiyear commitment to be made during the financial year;
- (b) the financial years during which each multiyear commitment is proposed to be made;
- (c) any increase in amount of a multiyear commitment which was approved by Parliament in a preceding year;
- (d) purposes of multiyear commitments mentioned in paragraphs (a) and (c); and
- (e) information on progress in settlement of multiyear commitments which were made in preceding years in respect of every vote.

(4) The prior-approval of multiyear commitments by Parliament under section 21(2) of the Act shall be made through approval of a statement of multiyear commitments mentioned in paragraph (3).

(5) Submission to Parliament of a report on the performance of multiyear commitments mentioned in section 21(4) of the Act may be substituted for by submission of a statement of multiyear commitments mentioned in paragraph (3).

(6) The amount of a multiyear commitment which has been approved by the Minister or, as the case may be, Parliament may not be increased unless:

(a) the increased amount of the multiyear commitment will not exceed the ceilings on expenditure in the medium-term expenditure framework; and

(b) the multiyear commitment is related to an investment project only.

(7) Any increase of the amount of a multiyear commitment shall be made upon approval by the Minister or, as the case may be, Parliament for a statement of multiyear commitments in which the proposed increase is included.

X. Inclusion of outstanding commitments in the government budget

(1) The annual estimates for a financial year shall include the amount of an item of expenditure sufficient to cover the aggregate portions of outstanding multiyear and other commitments to be paid during the financial year for the item of expenditure.

(2) A supplementary estimate may reduce the amount of an item of expenditure under the annual or supplementary estimates, only to the extent that the amount of the available provision after the reduction is still sufficient to cover the aggregate amount of outstanding commitments to be paid for the item of expenditure.

X. Verification of works, services, and supplies

(1) No payment shall be made from the Government budget for works, services, or supplies to which the Public Procurement and Disposal of Public Assets Act, 2003 applies, unless an Accounting Officer concerned or his authorized officer verifies that –

- (a) the works, services, or supplies have been completed in accordance with their contracts or agreements; or

(b) if the contracts or agreements require to make a payment before the completion of the works, services, or supplies, the portions of the works, services, or supplies required for such payment have been completed in accordance with their contracts or agreements.

(2) Paragraph (1) shall not apply to an advance payment authorized under regulation

X. Certification of payment vouchers or electronic request of payment

(1) A payment voucher or electronic request of payment for expenditure of a vote from the Government budget shall be certified by the Accounting Officer of the vote or his authorized officer in such form and manner as specified by the Accountant-General.

(2) An Accounting Officer or his authorized officer shall not certify a payment voucher or electronic request of payment under paragraph (1), unless –

- (a) the underlying commitment meets the requirements under regulation X(3);
- (b) if applicable, the verification of the works, services, or supplies has been made under regulation X(1); and
- (c) the payment voucher or electronic request of payment satisfies any other conditions as may be specified by the Accountant General.

(3) In authorizing officers to certify a payment voucher or electronic request of payment under paragraph (1), the Accounting Officer shall –

- (a) specify, in writing, limits and conditions in respect of the authorities delegated to the officers; and
- (b) notify the Accountant-General and Auditor-General of the names of the authorized officers and the limits and conditions on their authorities.

X. Payment process

(Current regulation 62 with necessary amendments)

X. Control and method of payments

(Current regulation 58 with necessary amendments)

X. Charging to year of account

(Current regulation 59 with necessary amendments)

X. Missing vouchers or supporting documents

(Current regulation 63 with necessary amendments)

X. Advance payments

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

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

the Consolidated Fund.

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

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

(5) The Minister shall make instructions to prescribe procedures and conditions relating to approval of an advance payment under this regulation.

X. Expenditure in respect of public debt

(Current regulation 9 with necessary amendments)

X. Imprests

(Current regulations 64 and 65 with necessary amendments)

Salaries and wages

X. Salaries and wages

(Current regulations 71 and 72 with necessary amendments)

In-year adjustments

X. Supplementary estimates

(1) Subject to section 23(1) of the Act, the Minister shall lay before Parliament for its approval a supplementary estimate, when it intends to –

- (a) increase or decrease an appropriation under the Appropriation Act or Supplementary Appropriation Act;
- (b) create a new appropriation under the Appropriation Act or Supplementary Appropriation Act;
- (c) change an ambit of an appropriation under the Appropriation Act or Supplementary Appropriation Act;
- (d) increase or decrease an amount of an item of expenditure under the annual or supplementary estimates, if it cannot be increased or decreased through reallocation under regulation X; or
- (e) change an ambit of a provision under the annual or supplementary estimates.

(2) A supplementary estimate shall classify the expenditures in the same manner as the annual estimates.

(3) A supplementary estimate may be laid before Parliament under section 23(1) of the

Act –

- (a) only after [January 1st] of the present financial year; and
- (b) [three times] or less within a financial year.

(4) A supplementary estimate laid before Parliament under paragraph (1) shall be accompanied by a report which includes –

- (a) updated forecasts of revenues and expenditures of the Government budget;
- (b) an assessment of the fiscal impact of the supplementary estimate;
- (c) statements of relevant Accounting Officers on the reasons for the supplementary estimate;
- (d) any other information as may be deemed appropriate by the Minister.

X. Virement

(1) For the purpose of section 20 of the Act, an amount of an item of expenditure under the annual or supplementary estimates may not be reallocated between different votes, without approval through a supplementary estimate by Parliament.

(2) Subject to section 19(1) of the Act, the Minister may, on the request of the Accounting Officer concerned, reallocate an amount of an item of expenditure under the annual or supplementary estimates between different [programs] but within the same vote:

Provided that the aggregate amount of reallocation between different [programs] within the same vote may not exceed ten per cent of the total expenditure provided for the vote.

(3) The Accounting Officer of a vote may reallocate an amount of an item of expenditure under the annual or supplementary estimates within the same [program]:

Provided that the aggregate amount of reallocation within the same [program] may not exceed [ten] per cent of the total expenditure provided for the [program].

(4) When an Accounting Officer reallocates an item of expenditure under regulation (3), he shall notify the Minister of the reallocation in such form and manner as determined by the Minister.

(5) Notwithstanding paragraphs (2) and (3) and subject to section 19(2) of the Act, an amount of an item of expenditure under the annual or supplementary estimates shall not be reallocated –

- (a) from development expenditure to recurrent expenditure;
- (b) to any item of expenditure for wages, salaries, emoluments, allowances, or other employee cost;
- (c) to increase or decrease grants or transfers to an entity or person or introduce new grants or transfers; or

(d) when such reallocation is prohibited by section 19(2) of the Act or instructions of the Minister.

(6) The Minister shall make instructions to prescribe –

(a) forms and procedures in respect of a request and notification of reallocation under paragraphs (2) and (4);

(b) prohibited reallocation; and

(c) any other matters necessary for implementation of this regulation.

X. Complementary period

(1) Notwithstanding regulation X(2)(c) and subject to section 15(2) of the Act, payments for expenditure from the Consolidated Fund on account of a financial year shall be made before July 31st of the following financial year:

Provided that the expenditure shall be committed by the end of the financial year.

(2) Revenues to be paid into the Consolidated Fund on account of a financial year shall be collected before July 31st of the following financial year.

(3) Expenditure from, and revenue of, the Consolidated Fund which is paid or collected after the date specified in paragraphs (1) and (2) shall be treated as expenditure and revenue on account of the following financial year and met by the following financial year's appropriation, unless an appropriation for the expenditure is revoked under section 15(3) of the Act.

(4) The Accountant-General shall make instructions to prescribe any matters necessary for implementation of this regulation.

X. Revote of an appropriation

(1) When Parliament revotes an amount of an appropriation under an Appropriation Act or Supplementary Appropriation Act of a financial year under section 15(3) of the Act, the revoted amount of the appropriation shall be carried over to the next financial year.

(2) Subject to section 15(3) of the Act, Parliament may revoke an amount of an appropriation for a financial year under paragraph (1), only when –

(a) the amount of the appropriation has been committed by the end of the financial year but has not yet been paid; and

(b) the revote is made for an investment project.

(3) For the purpose of section 15(3) of the Act, when an Accounting Officer of a vote intends to request revote of an appropriation for a financial year, the Accounting Officer shall, by [July 31st] of the next financial year, submit to the Minister in such form and manner as specified by the Minister a request for revote, which includes –

(a) an amount of an appropriation requested to be revoted;

(b) an item of expenditure under the annual or supplementary estimates to which the revote relates;

(b) an amount of outstanding commitments made for the item of expenditure; and

(c) an explanation of the reason to request the revote.

(4) For the purpose of section 15(3) of the Act, the Minister shall submit to Parliament for its approval a consolidated request for revote.

(5) Subject to section 15(4) of the Act, Parliament shall approve the consolidated request for revote submitted under paragraph (4) by August 31st of every financial year.

(6) An appropriation which is revoted in a financial year lapses and ceases to have any effect at the end of the financial year and an appropriation may not be revoted twice or more.

Excess expenditure and Contingencies Fund

X. Excess expenditure

(1) Subject to sections 23(3) of the Act, when it is identified during a financial year that there is an excess expenditure, the Accounting Officer responsible for the excess expenditure shall request the Minister to regularize the excess expenditure by using the Contingencies Fund.

(2) Subject to section 24(5) of the Act, the aggregate amount of excess expenditure regularized by use of the Contingencies Fund during a financial year shall not exceed eighty five percent of an appropriation for the Contingencies Fund of the financial year.

(3) Subject to sections 23(4), (5), (7) and (8) of the Act, the Minister may approve use of the Contingencies Fund to regularize an excess expenditure of a vote, only when –

(a) the aggregate amount of regularized excess expenditure of the vote does not exceed ten percent of total expenditure appropriated for the vote;

(b) the use of the Contingencies Fund for the excess expenditure does not cause –

(i) the ceiling on the aggregate amount of regularized excess expenditure mentioned in paragraph (2) to be exceeded; or

(ii) the Contingencies Fund to be exhausted; and

(c) the excess expenditure was unabsorbable, unavoidable, and unforeseeable within the meaning of section 23(8) of the Act when it was paid.

(4) Subject to sections 23(4) and (7) of the Act, the Minister may request Parliament to approve use of the Contingencies Fund to regularize an excess expenditure of a vote, when the aggregate amount of regularized excess expenditure of the vote exceeds ten percent of total expenditure appropriated for the vote.

(5) Subject to sections 23(7) and (8) of the Act, Parliament may approve use of the Contingencies Fund for an excess expenditure requested under paragraph (4), only when the conditions mentioned in paragraphs (3)(b) and (c) are met.

(6) Subject to sections 23(10) and 24(10), an excess expenditure during a financial year shall not be regularized by use of the Contingencies Fund, if it has been identified after the end of the financial year.

(7) Subject to section 23(3) of the Act, a supplementary estimate shall not be submitted under Article 156(2)(b) of the Constitution to regularize an excess expenditure, unless use of the Contingencies Fund is approved for that purpose under paragraph (3) or (5).

X. Contingencies Fund

(1) Subject to sections 24(1) and (3) of the Act, an appropriation for the Contingencies Fund shall not exceed three and a half percent of the total expenditure of the Government budget, unless a Supplementary Appropriation Act and supplementary estimate to increase the amount of the appropriation has been approved by Parliament.

(2) Subject to sections 24(4), (5), and (6) of the Act, the Minister may, on his own initiative or the request of the Accounting Officer of a vote, use any amount of the Contingencies Fund for an expenditure to respond to natural disasters.

(3) Subject to section 24(4) of the Act, the Contingencies Fund shall not be used except for regularizing an excess expenditure under regulation X or meeting an expenditure to respond to natural disasters under paragraph (2).

(4) As soon as practicable after the Minister issues a warrant to authorize use of the Contingencies Fund under section 24(8) for regularizing an excess expenditure or meeting an expenditure to respond to natural disasters, the Minister shall submit to Parliament for its approval a supplementary estimate to reallocate the amount used from the Contingencies Fund to a relevant item of expenditure.

Part IV – Cash, Asset, and Liability Management

Receipt

X. Responsibility for revenue collection

(Current regulation 44 with necessary amendments)

X. Revenue collectors

(Current regulation 45 with necessary amendments)

X. Revenue to be accounted in gross

(Current regulation 46 with necessary amendments)

X. Retention of revenue

(1) Subject to section 27(3)(a) of the Act, revenue of a vote in a form of levies, license or other fees, or fines of a vote may be appropriated by Parliament as an appropriation-in-aid.

(2) Subject to section 27(3)(b) of the Act, revenue of a vote arising from monetary grant exempted by the Minister under section 42 shall be an appropriation-in-aid.

(3) An appropriation-in-aid shall expire and cease to have any effect at the close of a financial year for which it is made.

(4) An appropriation-in-aid may be revoked by Parliament in accordance with section 15(3) of the Act and regulation X.

(5) [Section 27(3) of the Act shall not apply to a state enterprise or public corporation unless the state enterprise or public corporation is a vote.]

X. Restriction on method of payment

(Current regulation 47 with necessary amendments)

X. Responsibility for control of receipts

(Current regulation 48 with necessary amendments)

X. Receipts to be issued immediately

(Current regulation 49 with necessary amendments)

X. Foreign currency receipts

(1) Except with the prior approval of the Accountant-General, no foreign currency, notes, or coins or no foreign stamps or cheques drawn in foreign currency shall be accepted in payment of any moneys due to the Government.

(2) Paragraph (1) shall not apply to acceptance of payments by embassies, high commissions, and other missions abroad.

X. Acceptance of cheques

(Current regulation 51 with necessary amendments)

X. Recording of receipts

(Current regulation 52 with necessary amendments)

X. Refunds of revenue and drawbacks

(Current regulation 53 with necessary amendments)

X. Arrears of revenue returns

(Current regulation 54 with necessary amendments)

Cash Management and Banking Arrangements

X. Cash management functions of the Secretary to Treasury

(1) For the purpose of discharging his responsibilities mentioned in section 85(1) of the Act, the Secretary to Treasury shall establish an arrangement to –

(a) provide a reliable cash flow projections in respect of all bank accounts included in the Treasury Single Account and other bank accounts opened for votes;

- (b) monitor and analyze continuously cash flow in relation to the Treasury Single Account;
- (c) determine a level of an idle balance to be maintained in the Treasury Single Account;
- (d) make regular reports on actual cash flow in comparison with cash flow projections; and
- (e) coordinate the cash management with the management of the Government debt undertaken under section 40 of the Act.

(2) An annual and monthly cash flow plan mentioned in regulations X(1) and X(2) shall be prepared in accordance with guidelines and instructions of the Secretary to Treasury and supported by a relevant procurement plan, work plan, and recruitment plan.

X. Cash flow planning and expenditure limits

(1) For the purpose of section 12(1) of the Act, by such date as determined by the Secretary to Treasury, an Accounting Officer of any of the following entities shall submit to the Secretary to Treasury an annual cash flow plan, which includes cash flow projections broken down by [month/quarter]:

- (a) votes; and
- (b) extrabudgetary entities, bank accounts of which are included in the Treasury Single Account.

(2) In accordance with section 12(1) of the Act, the Secretary to Treasury shall prepare a consolidated annual cash flow plan which includes cash flow projections in respect of all bank accounts included in the Treasury Single Account and other bank accounts opened for votes.

(3) On preparation of a consolidated annual cash flow plan mentioned in paragraph (2), the Minister shall issue to every vote quarterly expenditure limits based on the consolidated annual cash flow plan.

(4) When actual cash flow is anticipated to diverge from projections in a consolidated annual cash flow plan mentioned in paragraph (2), the Minister may modify quarterly expenditure limits issued under paragraph (3) based on the consolidated cash flow plan revised in regulation X(1).**X.**

In-year cash flow forecasting and reporting

(1) The Secretary to Treasury shall revise a consolidated cash flow plan mentioned in regulation X(2) on a rolling basis.

(2) By such date as determined by the Secretary to Treasury, the Accounting Officer of any of the following entities shall submit to the Secretary to Treasury a [monthly/quarterly] cash plan covering the timing of expected receipts and payments of the entity:

- (a) votes, including the Uganda Revenue Authority in respect of receipts of its collected revenues and payments of its expenditure; and
- (b) extrabudgetary entities, bank accounts of which are included in the Treasury Single

Account.

(3) A [monthly/quarterly] cash plan submitted under paragraph (2) shall include –

- (a) updated cash flow projections broken down by [month/quarter]; and
- (b) actual cash flow of preceding months in comparison with cash flow projections in an annual cash flow plan submitted under regulation X(1).

(3) When significant fluctuation in cash flow is anticipated, the Accounting Officer of the following entity shall immediately notify the Secretary to Treasury of the fluctuation.

- (a) a vote; or
- (b) an extrabudgetary entity, bank accounts of which are included in the Treasury Single Account.

X. Cash Management Committee

(1) For the purpose of discharging his responsibilities mentioned in section 85(1) of the Act, the Secretary to Treasury shall establish a Cash Management Committee which advises the Secretary to Treasury on cash management and banking arrangements across the general government.

(2) The Secretary to Treasury shall determine the composition and responsibilities of the Cash Management Committee.

X. Establishment of a Treasury Single Account

(1) For the purpose of section 33(1) of the Act, the Secretary to Treasury hereby prescribes a Treasury Single Account as the framework for the banking activities mentioned in the said section of the Act.

(2) Unless expressly authorized by the Secretary to Treasury, the Treasury Single Account shall, at a minimum, include all bank accounts opened for the following entities or projects:

- (a) votes which are not local governments;
- (b) extrabudgetary entities; and
- (c) externally financed projects of entities mentioned in paragraph (a) or (b).

X. Operations of the Treasury Single Account

(1) Management of any accounts included in the Treasury Single Account, including their sweeping to other accounts, shall be conducted in compliance with instructions and guidelines issued by the Secretary to Treasury.

(2) The Treasury Single Account shall satisfy, at a minimum, the following requirements:

- (a) accounts with commercial banks, into which revenues of the Government collected by the Uganda Revenue Authority or any other vote except for a local government are deposited, shall be swept daily, unless otherwise provided by instructions and

guidelines mentioned in paragraph (1); and

- (b) the balances of all accounts included in the Treasury Single Account shall be daily reported by the Bank of Uganda to the Accountant-General.

X. Operations of accounts not included in the Treasury Single Account

Management of any accounts which are opened for votes or extrabudgetary entities but not included in the Treasury Single Account shall be conducted in compliance with instructions and guidelines issued by the Secretary to Treasury.

X. Bank account management

(1) In accordance with section 33(2) of the Act, any votes, externally financed projects, and extrabudgetary entities shall not open, close, or suspend a bank account without the written authority of the Accountant-General.

(2) Subject to section 33(9) of the Act, the Accountant-General may suspend, close, or impose conditions on, a bank account opened for a vote, externally financed project, or extrabudgetary entity, if he reasonably believes that –

- (a) the bank account is inactive or does not comply with the purposes of the Treasury Single Account;
- (b) fraudulent transactions are undertaken in the bank account; or
- (c) the management of the bank account contravenes the Act, this Regulation, or guidelines or instructions mentioned in regulation X(1) or X.

(3) Subject to section 33(9) of the Act, no bank account opened for a vote, externally financed project, or extrabudgetary entity shall be overdrawn, and no advance or loan may be obtained from the bank account, without prior authority of the Minister through the Accountant-General.

(4) Subject to section 33(9) of the Act, the Accountant-General may prescribe a maximum balance of a bank account opened for a vote, externally financed project, or extrabudgetary entity.

(5) When a balance of a bank account is likely to exceed the limit prescribed under paragraph (4), the Accounting Officer responsible for the bank account shall consult with the Accountant-General on the action to be taken.

X. Access to information on bank accounts and their registers

(1) For the purpose of section 33(11) of the Act, the Accountant-General shall not grant authority to open a bank account under regulation X(1), unless the Accountant-General is entitled to obtain from the financial institution a statement of the account without authorization of signatories of the account.

(2) An Accounting Officer of a vote, externally financed project, or extrabudgetary entity shall ensure that the Accountant-General is entitled to obtain from any financial institutions, with

which the vote, project, or entity opens bank accounts, statements of any bank accounts without authorization of signatories of the accounts.

(3) The Accountant-General may require any information on bank accounts from the Accounting Officer or any other officer of a vote, externally financed project, extrabudgetary entity, other local government, or public enterprise.

(4) An Accounting Officer of a vote, externally financed project, extrabudgetary entity, other local government, or public enterprise shall

- (a) maintain a register of all bank accounts opened or the vote, project, entity, local government, or public enterprise; and
- (b) report to the Accountant-General the register, whenever there is a change in registered information and at least quarterly.

(5) The Accountant-General shall maintain a consolidated register of all bank accounts opened for a vote, externally financed project, extrabudgetary entity, other local government, or public enterprise.

X. Reconciliation of bank accounts

(1) Every Accounting Officer of a vote or extrabudgetary entity shall ensure that bank account reconciliation is undertaken –

- (a) daily in respect of bank accounts included in the Treasury Single Account; and
- (b) at such intervals as determined by the Accountant-General but at least monthly in respect of other bank accounts.

(2) Bank account reconciliation similar to the one described in paragraph (1) shall be carried out when responsibility for any bank account or cheque book is handed over from one public officer to another and on the occasion of any surprise inspection or survey.

(3) A reconciliation statement shall be filed or recorded in such manner and at such intervals as determined by the Accountant-General, and a copy of a reconciliation statement approved by the Accounting Officer shall be sent to the Accountant-General or in case of bank accounts operated by the Accountant-General the copy shall be sent to the Secretary to Treasury.

(4) In accordance with regulation X(2)(c), the Accountant-General suspend, close, or impose conditions on, a bank account opened for a vote, externally financed project, or extrabudgetary entity, when the Accounting Officer of the vote, project, or entity fails to send a reconciliation statement to the Accountant-General under paragraph (3).

(5) When any discrepancy is identified through bank account reconciliation under this regulation, the Accounting Officer shall immediately notify the Accountant-General of the discrepancy and take any necessary action in accordance with instructions of the Accountant-General.

X. Payment instruments

(Current regulations 82(4), (5), and (6) and 83 with necessary amendments)

X. Investment of public money

(1) For the purpose of section 30 of the Act, the Minister may authorize the Bank of Uganda to invest an idle balance in the Treasury Single Account which shall be determined by the Secretary to Treasury on the advice of the Accountant-General.

(2) Investment under paragraph (1) may be made only into financial instruments specified under section 30 of the Act.

(3) For the purpose of investment under paragraph (1), the Secretary to Treasury shall, in consultation with the Bank of Uganda and with the approval of the Minister, prepare an investment policy of public money which includes –

- (a) the classes of permissible investment assets and the selection criteria for an individual investment asset;
- (b) the policies for risk management; and
- (c) any other matters as may be deemed appropriate by the Secretary to Treasury.

(4) An investment policy of public money mentioned in paragraph (3) shall take into account, and be revised in light of, a consolidated cash flow plan mentioned in regulation X(1).

X. Agreement with the Bank of Uganda

For the purpose of sections 30 and 33(1) of the Act, the Minister shall conclude with the Bank of Uganda an agreement in respect of –

- (a) operations and payment arrangements of the Treasury Single Account;
- (b) investments authorized under regulation X(1); and
- (c) any other matters relating to the responsibilities of the Bank of Uganda as a depository of public money mentioned in section 33(7) of the Act.

Public debt

X. Objectives of the management of the Government debt

The Minister shall conduct the management of the Government debt under section 40(1) for the purpose of raising loans at the lowest possible cost over the medium to long term with a prudent degree of risk in accordance with the fiscal policy objectives under the Charter of Fiscal Responsibility.

X. Coordination for the management of the Government debt

(1) For the purpose of discharging his responsibility mentioned in section 40 (1) of the Act, the Minister shall establish an arrangement to coordinate the management of the Government debt undertaken by the Ministry and the Bank of Uganda.

(2) The arrangement mentioned in paragraph (1) shall include establishment of a committee composed of the representatives of the Ministry and the Bank of Uganda.

(3) The Minister shall determine the composition and responsibilities of the committee mentioned in paragraph (2).

(4) The Minister shall conclude with the Bank of Uganda an agreement on their respective responsibilities for –

- (a) auctioning or sale of Government securities in the primary market;
- (b) payments of principal and interest of the Government debt;
- (c) disclosure and exchange of information; and
- (d) any other matters relating to the management of the Government debt.

X. Medium-term debt management strategy

(1) The medium-term debt management strategy mentioned in section 40(4) of the Act shall be prepared and revised by the Minister on a rolling basis.

(2) The medium-term debt management strategy shall be submitted by the Minister, with the approval of the Cabinet, to Parliament as part of the Government budget documents.

(3) The medium-term debt management strategy shall include a policy framework for the management of the Government debt and be derived from –

- (a) the Charter of Fiscal Responsibility and fiscal policy objectives prescribed thereunder;
- (b) the National Budget Framework Paper and ceilings on expenditure and macroeconomic and fiscal forecasts included therein;
- (c) the borrowing needs of the Government;
- (d) the current macroeconomic and financial market conditions; and
- (e) any other relevant factors.

X. Annual plans and reports on the Government debt and guarantees

(1) Annual plans for the Government debt and guarantees of a financial year mentioned in sections 10(8)(a)(iii) and (iv) of the Act shall be included in the medium-term debt management strategy mentioned in regulation X(3).

(2) In addition to the contents mentioned in section 40(3) of the Act, an annual report on the management of the Government debt, guarantees, and financial liabilities shall include –

- (a) data on the outstanding Government debt;
- (b) a list of outstanding guarantees; and
- (c) information on called guarantees and recovery of their amount.

X. Conditions on guarantees on a loan

(1) For the purpose of section 37(1) of the Act, the Minister may not guarantee a loan which is raised by any entity mentioned in the said section of the Act and for implementing a project or PPP project, unless the following requirements are met:

- (a) the entity demonstrates that the project or PPP project could not be financed on reasonable terms and conditions without the guarantee;
- (b) the entity provides the Minister with the draft loan agreement or contract and the disbursement schedule and repayment plan of the loan;
- (c) the entity finances from its own revenues other than the loan more than [thirty] percent of the total expenditure for completing the project or PPP project;
- (d) the entity agrees with the Minister on plans for debt recovery in case that the guarantee is called;
- (e) the project or PPP project is included in the Public Investment Plan or combined report mentioned in regulation X(1) or (3); and
- (f) in case of a loan raised for implementing a PPP project, [contracts on the PPP project have been approved by [...] in accordance with the Public-Private Partnership Act, 2014].
- (g) any other requirements as may be specified by the Minister.

(2) The Minister shall not guarantee a loan of a private sector entity under section 37(1)(d) of the Act, unless –

- (a) all requirements prescribed in paragraph (1) are met;
- (b) the loan is raised for implementing a project or PPP project which has been included in the Public Investment Plan;
- (c) the loan is secured by adequate collateral; and
- (d) the private sector entity and the loan satisfy any other conditions as may be specified by the Minister.

(3) The ceilings on guarantees mentioned in section 37(3)(a) of the Act shall include a separate ceiling on outstanding guarantees on a loan of a private sector entity provided under section 37(1)(d) of the Act.

(4) The Minister shall make guidelines to prescribe conditions on guaranteeing a loan under 37(1).

X. Authority for loans and advances

(Current regulation 67 with necessary amendments)

X. Loans and advances to be secured by agreements

(Current regulation 68 with necessary amendments)

X. Accountant-General to control issues and repayments

(Current regulation 69 with necessary amendments)

X. Monitoring of guarantees and loans

(1) The Minister shall maintain and keep up-to-date a register of guarantees provided by him and loans granted from the Consolidated Fund.

(2) A register mentioned in paragraph (1) shall include information on –

- (a) the contractual terms and conditions on guarantees and loans;
- (b) the performance of contractual obligations in respect of loans;
- (c) the performance of underlying loans and obligations in respect of guarantees; and
- (d) any other matters as may be deemed appropriate by the Minister.

(3) Any person whose loan has been guaranteed by the Minister shall obtain the approval of the Minister prior to amending the loan agreement.

(4) Any person whose loan has been guaranteed by the Minister shall provide the Minister with information on performance of underlying loans and obligations at such intervals and in such form and manner as determined by the Minister.

(5) In addition to the requirement under paragraph (4), the Minister may require any information relating to a guarantee provided by him and a loan granted from the Consolidated Fund from –

- (a) any votes, local governments, and other entities included in the general government; and
- (b) any person to whom the guarantee or loan is provided.

(6) The Minister shall make instructions or guidelines to prescribe the criteria and procedures to assess risks of guarantees provided by him and loans granted from the Consolidated Fund and monitor and manage the guarantee and loan portfolios.

Project appraisal and implementation

X. Appraisal of externally financed and other projects

(1) For the purpose of section 41(3) of the Act, the Minister shall not make a provision for an externally financed project of a vote in the estimates, unless the Accounting Officer of the vote submits to the Minister a report on the result of costing and appraisal of the project.

(3) The Minister may make guidelines to prescribe the procedures, criteria, methodologies, and information requirements in respect of appraisal, selection, and implementation of externally financed and other projects of a vote.

(4) The guidelines of the Minister mentioned in paragraph (3) shall be consistent with the

[Public-Private Partnership Act, 2014] in respect of appraisal, selection, and implementation of PPP projects of a vote.

X. Projects implemented by nongovernmental organizations

(1) A project of a vote, extrabudgetary fund, other local government, or public enterprise shall not be implemented by a nongovernmental organization, unless the nongovernmental organization –

- (a) is registered under the Nongovernmental Organizations Registration Act, 1989 or by a foreign government authority;
- (b) has an effective governance structure;
- (c) is financially viable; and
- (d) has expertise and resources sufficient to implement the project.

(2) A nongovernmental organization implementing a project of a vote, extrabudgetary fund, other local government, or social security fund shall submit to the Accounting Officer responsible for the project –

- (a) the audited annual financial statements;
- (b) the articles of association or other constituent document and any revision thereof; and
- (c) any other information relating to its financial performance and governance as may be required by the Accounting Officer.

Custody of public money and handing over procedures

X. Provision of security facilities

(Current regulation 81 with necessary amendments)

X. Handing over procedures

(Current regulations 86 to 87 with necessary amendments)

Financial assets management

X. Financial assets management

[to be filled – a reference could be made to Part VII of this Regulation]

X. Audit of public enterprises by the Auditor-General

[The Auditor-General shall be an auditor of all public enterprise. **Note:** the law or regulation which restricts the Auditor-General’s audit of public enterprises needs to be also amended.]

Fixed asset management

X. Non-current assets

(Current regulations 100 to 106 with necessary amendments – the specific oversight arrangements for larger fixed assets would need to be established)

X. Boards of Survey

(Current regulations 84 and 85 with necessary amendments)

X. Public stores and inventories

(Current regulations 89 and 99 with necessary amendments)

Losses of public money and resources

X. Losses

(Current regulations 16 to 26 with necessary amendments)

Remission and write-off of claims

X. Exclusion of certain claims from remission and abandonment powers

The Minister hereby excludes from the application of his abandonment and remission powers under section 44(1) of the Act the following claims of the Government:

(a) tax claims;

(b) fines, penalties, forfeitures, and other claims of a similar nature; and

(c) ...[*to be filled*].

X. Criteria on remission, abandonment, and write-off of claims

[*To be filled*]

X. Procedures for remission, abandonment, and write-off of claims

[*To be filled*]

X. Reporting and recording of remission, abandonment, and write-off of claims

[*To be filled*]

Surcharges against loss of public money or resources

X. Surcharges

(Current regulation 108 with necessary amendments)

Part V – Accounting and Auditing

Accounting Officer

X. Accounting Officer

(1) In addition to the responsibilities assigned to him under sections 45(1) and (2) of the

Act, an Accounting Officer of a vote shall –

- (a) advise the head of the vote on formulation and preparation of its objectives, strategies, policies, estimates, and work plans;
- (b) ensure proper costing and appraisal of projects and PPP projects and monitor their implementation;
- (c) certify a payment voucher or electronic request of payment for expenditure of a vote from the Government budget;
- (d) safeguard and manage assets and public money under the responsibilities of the vote;
- (e) make commitments within available provisions and expenditure limits in accordance with this Regulation;
- (f) submit to the Secretary to Treasury or Accountant-General in- and end-year reports, such as cash flow plans, monthly and quarterly budget reports, quarterly expenditure commitment reports, half-year financial statements, half-year performance reports, and annual accounts;
- (g) institute investigation of, and initiate the disciplinary process against, loss of public money or assets, illegal payments, or non-compliance with the Act, this Regulation, or instructions or directives issued thereunder; and
- (h) reply in a timely manner to any queries addressed by the Auditor-General and ensure implementation of audit recommendations of the Auditor-General through preparation of [statements of actions mentioned in regulation X].

(2) An extrabudgetary entity, local government which is not a vote, and public enterprise shall have an Accounting Officer who has, in respect of the entity, the same responsibilities as those of an Accounting Officer of a vote mentioned in section 45 of the Act and regulation X.

(3) An Accounting Officer of an entity mentioned in paragraph (1) shall be appointed by the Secretary to Treasury.

(4) An extrabudgetary entity, local government which is not a vote, and public enterprise shall annually notify the Secretary to Treasury of the name and position of the Accounting Officer of the entity.

(5) The Accounting Officer of a vote shall perform his responsibilities in accordance with the Act, this Regulation, instructions or directives issued thereunder.

X. Management of subvention by an Accounting Officer of a vote

(1) For the purpose of section 45(4) of the Act, an Accounting Officer of a vote shall maintain appropriate arrangements to ensure that subvention and grants given by the vote to other entities and persons are applied for the intended purposes.

(2) The arrangements mentioned in paragraph (1) shall be established in accordance with instructions and guidelines of the Accountant-General.

Accounting and financial reporting

X. Accounting standards

(1) Subject to section 51(3)(a) of the Act, the annual financial statements of the following entities shall be prepared in accordance with generally accepted accounting practice approved by the Accountant-General:

- (a) a vote;
- (b) an extrabudgetary entity;
- (c) [a district hospital, health unit, secondary or primary school, or other local government which is not a vote]; and
- (d) a public enterprise.

(2) Generally accepted accounting practice to be prescribed by the Accountant-General under section 4 of the Act shall be internationally accepted accounting standards by having due regard to relevant guidance provide by the Institute of Certified Public Accountants of Uganda.

(3) For the purpose of section 46(7) of the Act, the Accountant-General shall make instructions or guidelines to prescribe –

- (a) the processes, data standards, and forms to be used when making financial reporting required under the Act and this Regulation;
- (b) the accounting policies to support application of generally accepted accounting practice;
- (c) the requirements relating to operations of accounting and financial management systems; and
- (d) any other matters necessary for accounting and recording of financial transactions.

(5) The instructions and guidelines mentioned in paragraph (4) shall be in accordance with generally accepted accounting practice and may apply to any entities listed in paragraph (3).

X. Chart of Accounts

(1) For the purpose of section 46(4)(a), the Accountant General shall determine and publish in the website of the Ministry the chart of accounts which is uniformly applied to recording of financial transactions of the following entities:

- (a) votes;
- (b) extrabudgetary entities; and
- (c) local governments which are not votes.

(2) The classification of revenues, expenditures, and other financial transactions under the Government budget and the estimates of revenues and expenditures of the entities listed in paragraph (1) shall be the same as that under the chart of accounts.

(3) For the purpose of section 46(4)(a), the Accountant-General may determine and publish in the website of the Ministry a chart or charts of accounts which are applied to recording of financial transactions of public enterprises.

(4) The Accountant-General may, on the proposal of an Accounting Officer of a vote, extrabudgetary entity, other local government, or public enterprise, modify the chart of accounts determined under paragraph (1) or (3).

X. Monthly and quarterly financial reporting

(1) For the purpose of section 50(1) of the Act, an Accounting Officer of a vote shall, by [10th day] of every month, submit to the Accountant-General a monthly budget report in such form and manner as prescribed in instructions and guidelines of the Accountant-General under regulation X(4).

(2) A monthly budget report of a vote mentioned in paragraph (1) shall include –

- (a) actual monthly revenues and expenditures;
- (b) forecasts of monthly revenues and expenditures for the remainder of the financial year; and
- (c) any other information as prescribed by the Accountant-General.

(3) Submission of a quarterly report on activities and budget execution of a vote required under section 18(3) of the Act may be replaced by submission of a monthly budget report under paragraph (1).

(4) For the purpose of sections 29(9) and 50(1) of the Act, an Accounting Officer of a subvented entity, extrabudgetary entity, or local government shall, within [one month] after the end of every quarter, submit to the Accountant-General a quarterly budget report in such form and manner as prescribed in instructions and guidelines of the Accountant-General under regulation X(4).

(5) A quarterly budget report of an entity mentioned in paragraph (3) shall include –

- (a) actual quarterly revenues and expenditures, which are accounted for in the Consolidated Fund or any other funds under the entity's responsibility;
- (b) forecasts of quarterly revenues and expenditures for the remainder of the financial year, which are accounted for in the Consolidated Fund or any other funds under the entity's responsibility; and
- (c) any other information as prescribed by the Accountant-General.

(6) For the purpose of section 50(1) of the Act, an Accounting Officer of a public enterprise shall, within [one month] after the end of every quarter, submit to the Accountant-General a quarterly financial report in such form and manner as prescribed in instructions and guidelines of the Accountant-General under regulation X(4).

(7) A quarterly financial report of a public enterprise mentioned in paragraph (3) shall

include –

- (a) actual financial outcomes per quarter; and
- (b) any other information as prescribed by the Accountant-General.

X. Responsibilities for compilation and dissemination of financial statistics

In relation to his responsibilities under section 46(1) of the Act, the Minister shall ensure that consolidated financial statistics covering the general government and public sector are compiled at least annually in accordance with internationally accepted standards in an area of financial statistics.

X. Half-year financial statements

(1) For the purpose of section 50(1) of the Act, by 15th February of each financial year, an Accounting Officer of each vote shall prepare and submit to the Accountant General the half-year financial statements.

(2) The half-year financial statements of a vote mentioned in paragraph (1) shall be submitted in such form and manner as prescribed in instructions and guidelines of the Accountant-General under regulation X(4).

(3) For the purpose of section 50(3) of the Act, the Accountant-General shall prepare and submit to the Secretary to Treasury the half-year consolidated financial statements which have the same coverage as the annual consolidated financial statements mentioned in section 52(1) of the Act.

X. Submission of annual financial statements

(1) Subject to sections 51(1) of the Act, within two months after the end of each financial year, an Accounting Officer of a vote shall submit to the Accountant General financial statements and information specified in Schedule 5, paragraph 2, of the Act in respect of financial transactions accounted for in the Consolidated Fund.

(2) Subject to section 51(2) of the Act, within two months after the end of each financial year, an Accounting Officer of a public enterprise shall submit to the Accountant-General a summary statement of financial performance mentioned in the said section of the Act.

(3) Subject to section 29(9) of the Act, within [three] months after the end of each financial year, an Accounting Officer of the following entity shall submit to the Accountant-General and the Auditor-General for his audit the annual financial statements:

- (a) a subvented entity;
- (b) an extrabudgetary entity;
- (c) a local government; and
- (d) a public enterprise.

X. Consolidated annual financial statements

(1) Subject to section 52(1) of the Act, within three months after the end of each financial year, the Accountant-General shall prepare and submit to the Minister and the Auditor-General for his audit the annual consolidated financial statements mentioned in the said section of the Act.

(3) Within [six] months after the end of each financial year, the Accountant-General shall submit to the Minister and the Auditor-General for his audit the consolidated financial statements of the central government which consolidate financial statements of the self-accounting departments, commissions, and organizations, departments, subvented entities, and extrabudgetary entities.

(4) Subject to section 52(1)(c) of the Act, within three months after the end of each financial year, the Accountant-General shall submit to the Minister the consolidated summary statement of financial performance of public enterprises, which shall be immediately published by the Minister in the website of the Ministry.

(5) The consolidated summary statement of financial performance shall include –

- (a) aggregate actual financial outcomes of all public enterprises;
- (b) aggregate financial positions of all public enterprises;
- (c) information on grants, transfers subvention, guarantees, and other financial assistance provided under the Government budget; and
- (d) any other information as may be deemed appropriate by the Accountant-General.

X. Publication of audited financial statements

(1) Subject to section 51(4) of the Act and section 19(2) of the National Audit Act, 2008, within nine months, or such longer period as Parliament by resolution appoint, after the end of each financial year, an Accounting Officer of the following entities shall submit to the Accountant-General the audited annual financial statements and publish them in such manner as prescribed in instructions and guidelines of the Accountant-General under regulation X(4):

- (a) a subvented entity;
- (b) an extrabudgetary entity;
- (c) a local government; and
- (d) a public enterprise.

(2) Subject to section 19(2) of the National Audit Act, 2008, within six months after the end of each financial year, the Accountant-General shall submit to the Minister the audited financial statements of the Consolidated Fund, which shall be immediately published by the Minister in the website of the Ministry.

(3) The consolidated financial statements of the central government mentioned in regulation X(3) shall be audited by the Auditor-General in accordance with the National Audit

Act, 2008.

(4) Within [twelve] months after the end of each financial year, the Accountant-General shall submit to the Minister the audited consolidated financial statements of the central government, which shall be immediately published by the Minister in the website of the Ministry.

[X. Treasury Memorandum]

[to be filled]

[X. Statement of actions taken for audit recommendations]

[to be filled]

X. Accounting and bookkeeping

(Current regulations 73 to 80 with necessary amendments)

Internal audit and Audit Committees

X. Internal audit and Audit Committee

(Current regulations 27 and 30 with necessary amendments)

Part VI – Petroleum Revenue Management

Interpretation

X. Interpretation under this Part

In this Part, –

“classes of assets” exclude in any case acquisition or creation of any asset listed in regulation X(1);

“Fund” means the Petroleum Fund established under section 54(1) of the Act;

“infrastructure and development project” mean a project or PPP project which –

(a) is included in a Public Investment Plan; and

(b) has objectives for infrastructure or economic development prioritized under the National Development Plan;

“petroleum revenue” includes any revenues of the Government named in Schedule X;

“investment” excludes in any case acquisition or creation of any asset listed in regulation X(1);

The Fund

X. Establishment of the Fund

(1) For the purpose of section 54(1) of the Act, the Fund is a pool of assets and does not have a legal personality or its own estimates of revenue or expenditure.

(2) For the purpose of sections 54(3) and 57(1) of the Act, the Fund shall be a vote, and

the Secretary to Treasury shall be the Accounting Officer of the Fund.

(3) For the purpose of section 54(1) of the Act, the Fund consists of –

- (a) public money and petroleum received as petroleum revenue;
- (b) investments of public money mentioned in paragraph (a); and
- (c) public money accruing as interest, dividends, returns, and profits of investments mentioned in paragraph (b).

(4) For the purpose of section 54(1) of the Act, the Government shall be the legal and beneficial owner of the Fund.

(5) For the purpose of sections 54(3) and 60(1) of the Act, the Fund shall be accounted for in separate financial accounts comprising –

- (a) the Petroleum Revenue Holding Account; and
- (b) the Petroleum Revenue Investment Account.

(6) For the purpose of sections 54(3) and 57(7) of the Act, the following assets of the Fund shall be accounted for in the Petroleum Revenue Holding Account:

- (a) public money and other assets received as petroleum revenue and deposited under regulation X(1);
- (b) investments of public money mentioned in paragraph (a) under section 57(6) of the Act; and
- (c) public money accruing as interest, dividends, returns, and profits of investments mentioned in paragraph (b).

(7) For the purpose of sections 60(1) and 61(1) of the Act, the following assets of the Fund shall be accounted for in the Petroleum Revenue Investment Account:

- (a) public money transferred from the Petroleum Revenue Holding Account under section 60(1) of the Act;
- (b) investments of public money mentioned in paragraph (a) under section 61(1) of the Act; and
- (c) public money accruing as interest, dividends, returns, and profits of investments mentioned in paragraph (b).

X. Objectives of the Fund

The objective of the Fund is to –

- (a) insulate expenditure for infrastructure and development projects under the Government budget from large fluctuations in petroleum revenue; and
- (b) without prejudice to paragraph (a), provide a heritage for future generations from savings and investment income derived from petroleum revenue.

X. Deposits into the Fund

(1) For the purpose of section 54(2) of the Act, all public money and other assets received as petroleum revenue shall be deposited, on a gross basis and without any deduction, into the Fund.

(2) For the purpose of section 55(5) of the Act and subject to section 55(4) of the Act, petroleum received as petroleum revenue shall be, until the petroleum is sold or disposed of under section 55(6), –

- (a) held by the National Oil Company in trust for the Fund; and
- (b) recorded and safeguarded by the National Oil Company in accordance with instructions and guidelines of the Accountant-General.

X. Withdrawal of the Fund

(1) For the purpose of section 56 of the Act, the Fund shall not be withdrawn, unless –

- (a) the withdrawal is authorized by an appropriation under an Appropriation Act; and
- (b) the withdrawal is within the balance of the Petroleum Revenue Holding Account.

(2) For the purpose of sections 57(1) and (3) of the Act, the amount withdrawn from the Fund under paragraph (1) may be –

- (a) transferred only to the Consolidated Fund; and
- (b) spent only for meeting capital expenditure for infrastructure and development projects under the Government budget.

(3) The amount withdrawn from the Fund under paragraph (1) shall be determined in accordance with –

- (a) the objectives of the Fund;
- (b) the fiscal policy objectives under the Charter of Fiscal Responsibility; and
- (c) the fiscal responsibility principles under section 5(2) of the Act.

(4) For the purpose of Schedule 3, paragraphs 5(c) and 7, of the Act, the National Budget Framework Paper shall include –

- (a) ceilings on annual withdrawal from the Fund for the next five years;
- (b) a description of how the ceilings on annual withdrawal under paragraph (a) accord to the objectives of the Fund, the fiscal policy objectives, and the fiscal responsibility principles;
- (c) macroeconomic and fiscal forecasts, data, and assumptions which support the description mentioned in paragraph (b); and
- (d) medium term estimates for the amount of royalties allocated to local governments under section 73(1) of the Act.

X. Assessment of projects and PPP projects financed by transfers from the Fund

(1) For the purpose of section 57(3) of the Act, the public investment management guidelines mentioned in regulation X shall prescribe the procedures, criteria, methodologies, and information requirements for assessment of economic and social impacts of projects and PPP projects to be financed by transfers from the Fund.

(2) The results of the assessment under paragraph (1) shall be included in a Public Investment Plan in accordance with regulation X(2)(f).

X. Operations of the Petroleum Revenue Holding Account

(1) Any deposits of petroleum revenues into the Fund under regulation X(1) shall be made to the Petroleum Revenue Holding Account.

(2) For the purpose of sections 54(2) and 55(6) of the Act, all public money received as petroleum revenue or proceeds of sale of crude petroleum received as petroleum revenue shall be deposited into a single bank account opened with the Bank of Uganda for the Petroleum Revenue Holding Account.

(3) The single bank account opened for the Petroleum Revenue Holding Account shall be included in the Treasury Single Account.

(4) For the purpose of section 57(6) of the Act, an idle balance in the single bank account opened for the Petroleum Revenue Holding Account shall be invested in accordance with section 30 of the Act and regulation X.

(5) For the purpose of section 56 of the Act, any withdrawal of the Fund under regulation X(1) shall be made from the Petroleum Revenue Holding Account.

(6) For the purpose of sections 56 and 57(5) of the Act, a transfer of public money from the single bank account opened for the Petroleum Revenue Holding Account to other bank account opened for the Consolidated Fund shall be made –

(a) within an authority of a warrant of the Minister issued under section 32(1) of the Act; and

(b) in accordance with a consolidated cash flow plan issued and revised under regulations X(1) and X(2).

(7) Regulations X, X, and X shall apply to the operations of the single bank account opened for the Petroleum Revenue Holding Account.

(8) The Fund may not borrow in any case on account of the Petroleum Revenue Holding Account.

X. Transfers to and from the Petroleum Revenue Investment Account

(1) For the purpose of section 60(3) of the Act, when the amount of petroleum revenues deposited into the Fund under regulation X(1) exceeds the amount withdrawn from the Fund under regulation X(1)(a), the amount of the excess shall be transferred from the Petroleum

Revenue Holding Account to the Petroleum Revenue Investment Account.

(2) For the purpose of section 60(1) of the Act, the amount of an appropriation under an Appropriation Act for transfers from the Petroleum Revenue Holding Account to the Petroleum Revenue Investment Account shall be sufficient to cover the amount of the excess mentioned in paragraph (1).

(3) For the purpose of section 60 (2) of the Act, a transfer of public money from the single bank account opened for the Petroleum Revenue Holding Account to a bank account opened for the Petroleum Revenue Investment Account shall be made –

(a) within an authority of a warrant of the Minister issued under section 32(1) of the Act; and

(b) in accordance with a consolidated cash flow plan issued and revised under regulations X(1) and X(2).

(4) Regulations X, X, and X shall apply to the operations of bank accounts opened for the Petroleum Revenue Investment Account.

(5) Any assets of the Petroleum Revenue Investment Account shall not be transferred or withdrawn to the Petroleum Revenue Holding Account or any other fund or account, unless the Act is amended.

The management of the Petroleum Revenue Investment Account

X. Responsibilities of the Minister

For the purpose of section 54(3) of the Act, the Minister shall, in respect of the investment and management of the Petroleum Revenue Investment Account, –

(a) issue the petroleum revenue investment policy mentioned in section 61(1) of the Act;

(b) oversee the implementation of the petroleum revenue investment policy and the compliance with the Act and this Regulation by the Bank of Uganda particularly through the approval of an annual plan mentioned in section 69(1) of the Act;

(c) review the investment, management, and performance of the Petroleum Revenue Investment Account through monthly, half-year, and annual reports submitted under sections 68(1) and (2) and 70(1) of the Act and other reports submitted under section 69(5) of the Act;

(d) submit an annual plan and report of the Petroleum Revenue Investment Account to Parliament under sections 69(3) and 70(3) of the Act; and

(e) appoint the members of the Investment Advisory Committee under section 65(2) of the Act.

X. Responsibilities of the Bank of Uganda

For the purpose of section 62(1) of the Act, the Bank of Uganda shall, in respect of the investment and management of the Petroleum Revenue Investment Account, –

- (a) manage and invest assets of the Petroleum Revenue Investment Account in accordance with the petroleum revenue investment policy, the Act, and this Regulation;
- (b) advise the Minister on determining the petroleum revenue investment policy;
- (c) appoint, oversee, and evaluate external investment managers and custodians for the Petroleum Revenue Investment Account;
- (d) formulate detailed policies necessary for the investment and management of the Petroleum Revenue Investment Account, including, without limitation, policies on –
 - (i) risk management mentioned in section 62(6)(a) of the Act;
 - (ii) compliance;
 - (iii) internal controls and audits;
 - (iv) accountabilities; and
 - (v) the code of conduct;
- (e) maintain records and accounts of the Petroleum Revenue Investment Account in accordance with section 67(1) of the Act;
- (f) prepare and submit to the Minister an annual plan mentioned in section 69(1) of the Act, monthly, half-year, and annual reports submitted under sections 68(1) and (2) and 70(1) of the Act, and other reports submitted under section 69(5) of the Act;
- (g) publish an annual plan and half-year and annual reports in its website in accordance with sections 68(2) and 69(4) of the Act and regulation X(1); and
- (h) perform any other functions as may be assigned to the Bank of Uganda by an agreement between the Minister and the Governor of the Bank of Uganda mentioned in section 62(3).

X. Independence of the operational management by the Bank of Uganda

(1) Except through the issuance of the petroleum revenue investment policy under section 61(1) of the Act and the approval of an annual plan under section 69(1) of the Act, –

- (a) the Bank of Uganda, its Board directors, officers, or employees, in the performance of the Bank of Uganda’s responsibilities as an operational manager of the Petroleum Revenue Investment Account, shall not take instructions from the Minister, Secretary to Treasury, any public officer, or any other person or entity; and
- (b) no person or entity shall seek to interfere in the activities of the Bank or to influence its Board directors, officers, or employees in the performance of the Bank of Uganda’s responsibilities as an operational manager of the Petroleum Revenue Investment Account.

(2) The Minister shall not issue a policy guideline to the Bank of Uganda under section

63(1) of the Act, unless such policy guideline is issued –

- (a) as part of the petroleum revenue investment policy; or
- (b) to direct the Bank of Uganda to revise an annual plan.

(3) The Minister shall not, through issuance of the petroleum revenue investment policy or a policy guideline, approval of an annual plan, or otherwise, direct or require or recommend, directly or indirectly, the Bank of Uganda to invest the Petroleum Revenue Investment Account in a particular instrument, asset, or derivative.

X. Investment of the Petroleum Revenue Investment Account

(1) [insert restrictions on investment] (2) The Petroleum Revenue Investment Account shall not hold, directly or indirectly, more than [three] percent of the voting rights in a single company, body, or entity.

(3) When a contravention of paragraph (2) arises, the Bank of Uganda shall take all reasonable steps to remedy the contravention as soon as practicable.

(4) Subject to section 62(6)(b) of the Act, the Bank of Uganda may use leverage and derivatives for investment and management of the Petroleum Revenue Investment Account in accordance with the petroleum revenue investment policy and any other policies and rules established by the Bank of Uganda.

(5) The Fund may not borrow on account of the Petroleum Revenue Investment Account, except to the extent permitted under paragraph (5).

(6) Subject to section 72(1) of the Act, any assets of the Petroleum Revenue Investment Account shall not be, in any case, earmarked, pledged, committed, loaned out, or otherwise encumbered within the meaning of section 72(2) of the Act.

X. Petroleum revenue investment policy

(1) For the purpose of section 61(1) of the Act, the Minister shall issue, review at least annually, and revise as he deems appropriate, the petroleum revenue investment policy in consultation with the Secretary to Treasury and on the advice of the Investment Advisory Committee.

(2) Prior to issuing, reviewing, or revising the petroleum revenue investment policy under paragraph (1), the Minister shall consult with the Bank of Uganda.

(3) The Bank of Uganda may, on its initiative, provide the Minister with recommendations on issuance or revision of the petroleum revenue investment policy at any time.

- (4) The petroleum revenue investment policy mentioned in paragraph (1) shall specify –
 - (a) the classes of investment assets in which the Petroleum Revenue Investment Account is to be invested and the selection criteria for investment assets within those classes;
 - (b) the determination of benchmarks or standards against which the performance of the Petroleum Revenue Investment Account as a whole and the classes of, and individual,

investment assets will be assessed;

- (c) the balance between risk and return in the overall investment portfolio of the Petroleum Revenue Investment Account;
- (d) the constraints on investment of the Petroleum Revenue Investment Account, including the concentration risk limits;
- (e) the organizational structure for the investment and management of the Petroleum Revenue Investment Account, including the policies for the appointment and oversight of the external investment managers;
- (f) the use of derivative financial instruments and leverage, including principles covering implicit leverage achieved through the use of derivatives and reinvestment of cash collateral provided in connection with securities lending or repurchase agreements;
- (g) the management of credit, liquidity, operational, currency, market, and other risks;
- (h) the guidelines on retention, exercise, or delegation of exercise, of voting rights in companies and entities held by the Petroleum Revenue Investment Account; and
- (i) any other matters as the Minister deems necessary for the management of the Petroleum Revenue Investment Account.

(5) Whenever it is issued or revised under paragraph (1), the petroleum revenue investment policy shall be immediately published by the Minister in the website of the Ministry.

X. Approval of an annual plan for the Petroleum Revenue Investment Account

For the purpose of sections 69(1) and (4) of the Act, Parliament and the Minister shall approve an annual plan for the Petroleum Revenue Investment Account submitted by the Bank of Uganda under section 69(1), if the annual plan is consistent with the petroleum revenue investment policy, the Act, and this Regulation.

X. External investment managers

(1) Subject to section 62(7) of the Act, the Bank of Uganda may appoint, on such terms and conditions as the Bank of Uganda determines, one or more persons as external investment managers who undertake the investment of any part of the Petroleum Revenue Investment Account.

(2) The Bank of Uganda may appoint only public international financial institutions as external investment managers of the Petroleum Revenue Investment Account under paragraph (1).

(3) The Bank of Uganda shall state, in each instrument of appointment, the powers, rights, and obligations of the external investment managers appointed under paragraph (1).

(4) In determining the powers, rights, and obligations under paragraph (3), the Bank of Uganda shall ensure that the external investment manager –

- (a) undertakes the investments of the Petroleum Revenue Investment Account in

accordance with the Act, this Regulation, the petroleum revenue investment policy, and any other applicable policies and rules of the Bank of Uganda; and

- (b) reports to the Bank of Uganda on the state of the investments of the Petroleum Revenue Investment Account which the external investment manager undertakes at such times and in such manner as the Bank of Uganda determines.

X. Custodians

(1) The Bank of Uganda may appoint, on such terms and conditions as the Bank of Uganda determines, one or more persons as custodians of the Petroleum Revenue Investment Account.

(2) The person appointed as a custodian under subsection (1) shall hold any part of the property of the Petroleum Revenue Investment Account for which they have been appointed, in their name or, if the Bank of Uganda approves it, in the name of one or more nominees.

(3) The Bank of Uganda shall state, in each instrument of appointment, the powers, rights, and obligations of the custodians appointed under subsection (1).

(4) In determining the powers, rights, and obligations under subsection (3), the Bank of Uganda shall ensure that the custodian –

- (a) holds any property of the Petroleum Revenue Investment Account for which they have been appointed in accordance with the Act, this Regulation, the petroleum revenue investment policy, and any other applicable policies and rules of the Bank of Uganda; and
- (b) provides the Bank of Uganda with information in respect of any property of the Petroleum Revenue Investment Account for which they have been appointed at such times and in such manner as the Bank of Uganda determines.

[X. Application of the Public Procurement and Disposal of Public Assets Act, 2003]

[For the purpose of section 62(7), [a direct procurement mentioned in section 85(1)/restricted international bidding mentioned in section 83(1)/*any other appropriate method?*] of the Public Procurement and Disposal of Public Assets Act, 2003 is hereby designated as a procurement method within the meaning of section 79 of the said Act for the appointment of the external investment managers and custodians under regulations X(1) and X(1).]

X. In-year and end-year reporting

(1) Under the Act and this Regulation, the following in-year and end-year reporting requirements shall apply to the Fund.

Reports	Deadline	Prepared by:	Submitted to:	Contents	Publication
An annual cash flow plan of the Petroleum Fund	By such date as determined by the Secretary to Treasury	Secretary to Treasury as an Accounting Officer	Secretary to Treasury	As specified in regulation X(1)	Not required

Reports	Deadline	Prepared by:	Submitted to:	Contents	Publication
An [monthly/ quarterly] cash flow plan of the Petroleum Fund	By such date as determined by the Secretary to Treasury	Secretary to Treasury as an Accounting Officer	Secretary to Treasury	As specified in regulation X(2)	Not required
A monthly budget report of the Petroleum Fund	[10th day] of every month	Secretary to Treasury as an Accounting Officer	Accountant-General	As specified in regulation X(2)	Not required
A report on estimated petroleum revenue	September 30th of each financial year	Minister	Parliament	As specified in section 59(1)(a) of the Act	To be published in the website of the Ministry
A in-year report of the Petroleum Revenue Holding Account	April 1st of each financial year	Minister	Parliament	As specified in section 59(1)(b) of the Act	To be published in the website of the Ministry
An end-year report of the Petroleum Revenue Holding Account	December 31st of each financial year	Minister	Parliament	As specified in section 59(1)(b) of the Act	To be published in the website of the Ministry
Monthly performance reports of the Petroleum Revenue Investment Account	15 days after the end of each month	Bank of Uganda	Minister	To be specified by the Minister under section 68(1) of the Act	Not required
In-year performance reports of the Petroleum Revenue Investment Account	February 15th of each financial year	Bank of Uganda	Minister, Auditor-General, Secretary to Treasury, and Accountant-General	To be specified by the Minister under section 68(2) of the Act To include Half-year financial statements required under section 67(2) of the Act	To be published in the website of the Bank of Uganda
Annual report of the Petroleum Revenue Investment Account	Three months after the end of the financial year	Bank of Uganda	Minister, Auditor-General, Secretary to Treasury, and Accountant-General Subsequently to Parliament by the Minister	As specified in section 70(2) of the Act	To be published in the website of the Bank of Uganda
A quarterly report of the Investment Advisory Committee	30 working days after every quarter	Investment Advisory Committee	Minister	As specified in section 66(4) of the Act	To be published in the website of the Ministry

(2) The Fund is hereby excluded from the following reporting requirements:

- (a) In-year and end-year performance reports mentioned in regulations X(1) and (3);
- (b) Half-year financial statements mentioned regulation X(2); and
- (c) Annual accounts and information mentioned in Schedule 5, paragraph 2, of the Act.

(3) The following reporting requirements in respect of the Fund under the Act shall be combined with the reporting requirements respectively specified:

- (a) Half-year financial statements of the Petroleum Revenue Investment Account required under section 67(2) of the Act with in-year performance reports of the Petroleum Revenue Investment Account required under section 68(2) of the Act;
- (b) End-year financial statements of the Petroleum Revenue Investment Account required under section 67(2) of the Act with an annual report of the Petroleum Revenue Investment Account required under section 70(1) of the Act;
- (c) End-year performance reports of the Petroleum Revenue Investment Account required under section 68(2) of the Act with an annual report of the Petroleum Revenue Investment Account required under section 70(1) of the Act.

X. Legal protection

(1) The Bank of Uganda or a Board director, officer, employee, or agent of the Bank of Uganda, including a person previously holding such position, shall not be liable for acts or omissions performed in pursuant to his or her duties and responsibilities on behalf of the Bank of Uganda in respect of its responsibilities as an operational manager of the Petroleum Revenue Investment Account, unless it has been proven by the plaintiff that such acts or omissions constitute intentional wrongful conduct or gross neglect.

(2) In particular, the Bank of Uganda shall not be liable for any loss incurred in connection with the investment and management of the Petroleum Revenue Investment Account, unless it has been proven by the plaintiff that such loss results from gross negligence or willful misconduct of the Bank of Uganda in the performance of its responsibilities as an operational manager of the Petroleum Revenue Investment Account.

(3) The Bank shall indemnify a Board director, officer, employee, and agent of the Bank of Uganda, including a person previously holding such position, against costs incurred in the defense of a legal action brought against such person in connection with the discharge or purported discharge of official functions within the scope of his or her employment or engagement in respect of the Bank of Uganda's responsibilities as an operational manager of the Petroleum Revenue Investment Account:

Provided that no such indemnification shall apply if such person has been convicted of a crime arising out of the activities that are covered by such legal action.

(4) When any provision of liabilities under an agreement between the Minister and the Governor of the Bank of Uganda mentioned in section 62(4)(a) of the Act is inconsistent with paragraph (1), (2), or (3), the provision is void and does not have any legal effect.

X. Compensation of operational expenses

(1) Notwithstanding regulation X(5), operational expenses incurred by the Bank of Uganda for the investment and management of the Petroleum Revenue Investment Account

shall be charged to the Petroleum Revenue Investment Account.

(2) Subject to section 62(4)(b) of the Act, the scope and amount of, and the manner of payment for, operational expenses to be charged to the Petroleum Revenue Investment Account under paragraph (1) shall be prescribed by an agreement between the Minister and the Governor of the Bank of Uganda under section 62(3) of the Act.

X. Qualification of Investment Advisory Committee members

To avoid doubt, for the purpose of section 65(4) of the Act, all members of the Investment Advisory Committee shall have substantial experience, training, and expertise in financial investments, portfolio management, or investment law.

Collection and deposit of petroleum revenues

X. Collection and deposit of petroleum revenues

[To be filled – the reference to the laws on petroleum revenues could be made. The reference to regulations on TSA could also be added.]

Sharing of royalties

X. Sharing of royalties

[To be filled]

Part VII – Oversight of Subsectors and Public Enterprises

Local governments

X. Borrowings by local governments

(1) For the purpose of section 34(1) of the Act, a local government council shall not raise loans, obtain overdraft, issue bonds or other debt instruments, or provide other person with guarantees, without prior approval of the Minister.

(2) The Minister shall not grant approval under paragraph (1), if the loans, overdraft, bonds, debt instruments, or guarantees have any risks of causing non-compliance with the fiscal responsibility principles, the Charter of Fiscal Responsibility, or the medium-term debt management strategy.

X. Budgetary and financial management of local governments

The budgetary and financial management of local governments shall be conducted in accordance with the Local Government Act, 1997 and the Local Governments (Financial and Accounting) Regulations 2007.

Subvented entities and extrabudgetary entities

X. Establishment of a new subvented entity and extrabudgetary entity

(1) For the purpose of section 86(1) of the Act, when a responsible Minister intends to

introduce a Bill to create a new subvented entity or extrabudgetary entity, the Accounting Officer of the responsible Ministry shall request the Minister to issue a certificate of financial implications of the Bill.

(2) For the purpose of sections 86(2) and (3) of the Act, a request for a certificate of financial implications under paragraph (1) shall be accompanied by –

- (a) a draft Bill to establish the subvented entity or extrabudgetary entity;
- (b) a feasibility assessment of the entity;
- (c) explanation of how the objectives and functions of the entity contribute to achievement of the objectives, functions, and work plans of the responsible Ministry;
- (d) explanation of the reason why the services of the entity cannot be delivered by the responsible Ministry or any other existing entity;
- (e) an expected duration of the entity;
- (f) estimates of revenue and expenditure of the entity and its projected financial statements over the medium term;
- (g) estimates of fiscal impact of the entity on the Government budget and the fiscal position of the general government;
- (h) assessment of fiscal risks which may arise from the entity;
- (i) work plans of the entity, including the objectives, outputs, targets, and performance indicators;
- (j) explanation of the governance structure of the entity;
- (k) explanation of the internal control, accounting and financial management systems, and banking arrangements of the entity; and
- (l) any other information as may be required by the Minister.

(3) The Minister shall not issue a certificate of financial implications under paragraph (1), unless he is satisfied, through the documents submitted under paragraph (2), that –

- (a) the fiscal impact of the establishment of the subvented entity or extrabudgetary entity does not include any risks of causing non-compliance with the fiscal responsibility principles, the Charter of Fiscal Responsibility, the National Budget Framework Paper, the medium-term debt management strategy, the Act, this Regulation, or any other instructions or guidelines made thereunder;
- (b) the accounting and financial management and banking arrangements of the entity does not include any risks of causing non-compliance with the Act, this Regulation, or any other instructions or guidelines made thereunder;
- (c) the financial year of the entity is the same as that of the Government; and
- (d) any other criteria in respect of the budgetary and financial management of the entity

as may be specified by the Minister.

(4) For the purpose of section 86(1), the Cabinet shall not approve a Bill to create a new subvented entity or extrabudgetary entity, unless the Bill is accompanied by a certificate of financial implications issued under paragraph (1).

(5) Subject to sections 86(1) to (3), a Bill to create a subvented entity or extrabudgetary entity shall be submitted by a responsible Minister to Parliament together with –

(a) all documents listed in paragraph (2); and

(b) a certificate of financial implications issued under paragraph (1).

(6) The Minister may make instruments and guidelines to prescribe the methodologies, forms, procedures, and any other matters necessary for implementation of this regulation.

X. Borrowings by a sub-vented entity or other extrabudgetary entity

(1) For the purpose of section 34(1) of the Act, a subvented entity or extrabudgetary entity shall not raise loans, obtain overdraft, issue bonds or other debt instruments, or provide other person with guarantees, without prior approval of the Minister.

(2) The Minister shall not grant approval under paragraph (1), if the loans, overdraft, bonds, debt instruments, or guarantees have any risks of causing non-compliance with the fiscal responsibility principles, the Charter of Fiscal Responsibility, or the medium-term debt management strategy.

X. Budget preparation and submission of draft estimates

(1) Estimates of revenues and expenditures of a subvented entity or extrabudgetary entity and its work plan shall be prepared in such form and manner as specified by instructions or guidelines of the Secretary to Treasury.

(2) By the end of [every February], an Accounting Officer of every subvented entity or extrabudgetary entity shall submit to the Secretary to Treasury a work plan and draft estimates of revenues and expenditures for the next financial year.

(3) The Secretary to Treasury shall prepare the consolidated budget of the central government mentioned in regulation X based on the draft estimates.

X. Submission and publication of approved estimates

(1) When the estimates of revenues and expenditures of a subvented entity or extrabudgetary entity are approved under applicable legislation, the estimates shall be –

(a) submitted by the Accounting Officer of the entity to the Secretary to Treasury for information; and

(b) published, together with work plans of the entity, in the website of [the entity/the Ministry].

(2) When the supplementary estimates of revenues and expenditures of a subvented

entity or extrabudgetary entity are approved under applicable legislation, the supplementary estimates shall be submitted by the Accounting Officer of the entity to the Secretary to Treasury for information and published in the website of [the entity/the Ministry].

X. Budgeting on a gross basis

Any revenues and expenditures shall be entered in the estimates of a subvented entity or extrabudgetary entity on a gross basis without being netted with each other.

X. Instructions on budget execution

The Secretary to Treasury may make instructions to Accounting Officers of subvented entities and extrabudgetary entities on in-year adjustments and execution of the estimates of the entities.

X. In-year and end-year reporting

(1) An Accounting Officer of every subvented entity or extrabudgetary entity shall submit in-year and end-year reports and financial statements to the Accountant-General and Auditor-General, as the case may be, in accordance with regulations X(4), X(3), and X(1).

(2) The audited annual financial statements of every subvented entity or extrabudgetary entity shall be published in accordance with regulation X(1).

X. Financial corrective actions

When a subvented entity or extrabudgetary entity contravenes the Act or this Regulation or instructions issued thereunder, the Secretary to Treasury may, in consultation with the relevant responsible Ministry, –

- (a) require the Accounting Officer of the entity to submit an action plan to resolve underlying problems within a specific period of time;
- (b) require prior approval of the Secretary to Treasury for such key financial decisions of the entity as specified by the Secretary to Treasury;
- (c) reduce or suspend grants or transfers from the Government budget to the entity; and
- (d) appoint for a specific period of time a financial administrator who would advise the Accounting Officer of the entity on corrective actions.

Public enterprises and special funds

X. Acquisition of shares and ownership interests in public enterprises

(1) A vote or extrabudgetary entity shall not make acquisition of a share or ownership interest in a company or other body corporate which causes the company or body corporate to be a public enterprise, unless the acquisition is approved by Parliament under this regulation.

(2) When an Accounting Officer of a vote or extrabudgetary entity intends to make acquisition of a share or ownership interest in a company or other body corporate which causes the company or body corporate to be a public enterprise, the Accounting Officer shall, in respect

of the acquisition, submit to the Secretary to Treasury all documents listed in regulations X(2)(b) to (l).

(3) The Secretary to Treasury shall not include any acquisition of a share or ownership interest proposed under paragraph (2) in a schedule mentioned in paragraph (4), unless the Secretary to Treasury is satisfied, through the documents submitted under paragraph (2), that all conditions mentioned in regulations X(3)(a) to (d) are met.

(4) The Minister shall, as part of the Government budget documents, submit to Parliament for its approval a schedule which includes a list of proposed acquisitions of shares and ownership interests in companies or other body corporates which cause the companies or body corporates to be public enterprises.

(5) The Minister may make instruments and guidelines to prescribe the methodologies, forms, procedures, and any other matters necessary for implementation of this regulation.

X. Establishment of a new public enterprise through an Act of Parliament

(1) For the purpose of section 86(1), when a responsible Minister intends to introduce a Bill to create a new public enterprise, the Accounting Officer of the responsible Ministry shall request the Minister to issue a certificate of financial implications of the Bill.

(2) For the purpose of sections 86(2) and (3), a request for a certificate of financial implications under paragraph (1) shall be accompanied by all documents listed in regulations X(2)(a) to (l).

(3) The Minister shall not issue a certificate of financial implications under paragraph (1), unless he is satisfied, through the documents submitted under paragraph (2), that all conditions mentioned in regulations X(3)(a) to (d) are met.

(4) For the purpose of section 86(1), the Cabinet shall not approve a Bill to create a new public enterprise, unless the Bill is accompanied by a certificate of financial implications issued under paragraph (1).

(5) Subject to sections 86(1) to (3), the Bill to create a new public enterprise shall be submitted by a responsible Minister to Parliament together with –

(a) all documents listed in paragraph (2); and

(b) a certificate of financial implications issued under paragraph (1).

(6) The Minister may make instruments and guidelines to prescribe the methodologies, forms, procedures, and any other matters necessary for implementation of this regulation.

X. Establishment of a special fund

(1) For the purpose of section 29(1) of the Act, only the Minister may establish a special fund.

(2) When an Accounting Officer of a vote requests the Minister to establish a special fund under paragraph (1), the Accounting Officer shall, in respect of the special fund, submit to the

Minister all documents listed in regulations X(2)(b) to (l).

(3) The Minister shall not establish a special fund, unless he is satisfied, through the documents submitted under paragraph (2), that all conditions mentioned in regulations X(3)(a) to (d) are met.

(4) A duration of a special fund established under paragraph (1) shall not exceed [ten] years, and may be extended by the Minister for additional [five] years.

(5) The Minister may make instruments and guidelines to prescribe the methodologies, forms, procedures, and any other matters necessary for implementation of this regulation.

[X. Financial year of a special fund]

[For the purpose of section 29(5), a financial year of a special fund shall be the same as that of the Government.]

X. Reorganization assessment of public enterprises

(1) For the purpose of section 29(5), at least every [three years], the Accounting Officer of the responsible Ministry of every public enterprise shall prepare and submit to the Secretary to Treasury a reorganization assessment report which includes –

- (a) updates of all documents listed in regulations X(2)(b) to (l); and
- (b) evaluation of whether the public enterprise should continue to exist or be reorganized, dissolved, or disposed of.

(2) The Minister shall dissolve a special fund under section 29(6) of the Act, when –

- (a) the duration of the special fund under regulation X(4) expires; or
- (b) the Minister determines, through a reorganization assessment report submitted under paragraph (1), that the special fund no longer satisfies any condition mentioned in regulation X(3)(a), (b) or (d).

(3) When the Minister determines, through a reorganization assessment report submitted under paragraph (1), that a public enterprise which is not a special fund no longer satisfies any condition mentioned in regulation X(3)(a), (b) or (d), the Minister shall recommend the Cabinet to decide on reorganization, dissolution, or disposition of the public enterprise.

(4) A public enterprise which is not a special fund shall not be reorganized, dissolved, or disposed of, unless the Cabinet so decides.

(5) When the Cabinet decides reorganization, dissolution, or disposition of a public enterprise which is not a special fund, the responsible Ministry shall, in consultation with the Secretary to Treasury, do whatever is necessary to reorganize, dissolve, or dispose of, the public enterprise, including preparation of a necessary Bill.

(6) The Minister may make instruments and guidelines to prescribe –

- (a) the methodologies, forms, procedures, and any other matters necessary for

- preparation of reorganization assessment reports under paragraph (1); and
- (b) the procedures for reorganization, dissolution, and disposition of public enterprises.

X. Borrowings by a public enterprise

(1) The Minister hereby excludes all public enterprises from the application of the requirement of his prior-approval for borrowing or providing guarantees under section 34(1) of the Act.

(2) Notwithstanding paragraph (1), the Minister may subject a public enterprise to the requirement of his prior-approval for borrowing or providing guarantees under section 34(1) of the Act, whenever he deems it necessary.

X. Budget preparation and submission

(1) Estimates of revenues and expenditures of a public enterprise and its work plans shall

–

(a) be prepared in such form and manner as specified by the instructions or guidelines of the Secretary to Treasury; and

(b) specify financial targets for the financial year.

(2) For the purpose of section 29(5) of the Act, by the end of [every February], an Accounting Officer of every special fund shall submit to the Secretary to Treasury draft estimates of revenues and expenditures and work plans for the next financial year.

(3) For the purpose of section 29(5) of the Act, when the Government budget for the next financial year is submitted to Parliament by April 1st and approved by Parliament by May 31st of the present financial year under sections 9(4) and (5) of the Act, the Secretary to Treasury may require an Accounting Officer of a special fund to revise its draft estimates and work plans for the next financial year in accordance with the Government budget.

(4) For the purpose of section 29(5) of the Act, by [June 1st] of every year the Secretary to Treasury shall submit to Parliament the estimates of all special funds for its approval, and Parliament shall approve them by the end of every June.

(5) The estimates of special funds approved by Parliament under paragraph (4) shall be published, together with their work plans, in the website of [the special fund/the Ministry].

(6) For the purpose of section 29(5) of the Act, the supplementary estimates of a special fund shall obtain the prior-approval of Parliament and published in the website of [the special fund/the Ministry].

(6) No later than [one] month before the beginning of its financial year, an Accounting Officer of every public enterprise, which is not a special fund, shall submit to the Minister for information the approved estimates and work plans of the public enterprise for the financial year which shall be published in the website of [the public enterprise/the Ministry].

(7) When the supplementary estimates of a public enterprise, which is not a special fund,

are approved, the supplementary estimates shall be submitted by the Accounting Officer of the public enterprise to the Secretary to Treasury for information and published in the website of [the public enterprise/the Ministry].

X. Budgeting on a gross basis

Any revenues and expenditures shall be entered in the estimates of a public enterprise on a gross basis without being netted with each other.

X. Dividends policy of a public enterprise

[to be filled]

X. Instructions on budget execution

The Secretary to Treasury may make instructions to Accounting Officers of public enterprises on in-year adjustments and execution of the estimates of the public enterprises.

X. In-year and end-year reporting

(1) An Accounting Officer of every public enterprise shall submit in-year and end-year reports and financial statements to the Accountant-General and Auditor-General, as the case may be, in accordance with regulations X(6), X(3), and X(1).

(2) The audited annual financial statements of every public enterprise shall be published in accordance with regulation X(1).

X. Financial corrective actions

When a public enterprise contravenes the Act or this Regulation or instructions issued thereunder or its actual financial outcome deviates significantly from the financial targets specified in its estimates, the Secretary to Treasury may, in consultation with the relevant responsible Ministry, –

- (a) require the Accounting Officer of the public enterprise to submit or resubmit an action plan to resolve underlying problems within a specific period of time;
- (b) require prior approval of the Secretary to Treasury for such key financial decisions of the public enterprise as specified by the Secretary to Treasury;
- (c) reduce or suspend grants or transfers from the Government budget to the public enterprise; and
- (d) appoint for a specific period of time a financial administrator who would advise the Accounting Officer of the public enterprise on corrective actions.

Part VIII – Miscellaneous

X. Financial corrective actions against a vote

(1) The Secretary to Treasury may take against a vote any of the actions mentioned in paragraph (2), when –

- (a) the vote made an excess expenditure which cannot be regularized by use of the Contingencies Fund under regulation X(3) or (5); or
 - (b) the vote or its Accounting Officer or other public officer or employee contravenes the Act, this Regulation, or instructions made thereunder.
- (2) The actions mentioned in paragraph (1) include –
- (a) laying before Parliament and publicly disclosing information about the occurrence of the grounds mentioned in paragraph (1) and the actions taken by the Minister under this regulation;
 - (b) requiring the Accounting Officer of the vote to submit to the Secretary to Treasury for approval an action plan to resolve underlying problems within a specific period of time;
 - (c) suspending, in whole or in part, for a specific period of time, –
 - (i) execution of provisions of the annual or supplementary estimates; and
 - (ii) the power of the Accounting Officer of the vote to reallocate provisions of the annual or supplementary estimates under regulation X(3);
 - (d) suspending, closing, or imposing conditions on, a bank account opened for a vote through the Accountant-General under regulation X(2);
 - (e) requesting the Minister to suspend, withdraw, limit, or place conditions on, his warrant issued under section 32(1); and
 - (f) requiring prior-approval of the Secretary to Treasury for assuming commitments under regulation X(1) in respect of expenditures for such provisions of the annual or supplementary estimates as specified by the Secretary to Treasury.

X. Offences

(Current regulation 107 with necessary amendments)

X. Surcharges

(Current regulation 108 with necessary amendments)

X. Revocation

(1) The Public Finance and Accountability Regulations, 2003 are revoked.

(2) The Public Finance and Accountability (Classified Expenditure) Regulations, 2003 are revoked.

(3) *[Any other regulations made under the PFAA 2003, BA 2001, or the Companies (Government and Public Bodies Participation) Act?]*

SCHEDULE 1 *Regulation 2(1)*

Department

[to be filled]

SCHEDULE 2 *Regulation 2(1)*

Self-accounting department, commission, or organization

[to be filled]

SCHEDULE 3 *Regulation 2(1)*

Subvented entity

[to be filled]

SCHEDULE 4 *Regulation 2(1)*

Extrabudgetary entity

[to be filled]

SCHEDULE 5 *Regulation 2(1)*

Local government

[to be filled]

SCHEDULE 6 *Regulation 2(1)*

Public enterprise

[to be filled]

SCHEDULE 7 *Regulation X*

Agencies authorized for classified expenditure

[to be filled]

SCHEDULE 8 *Regulation X*

Petroleum revenue

- [1. Royalties and petroleum resource rent tax as imposed by the *[name of the law]*];
- [2. Income tax as imposed by the *[name of the law]*];
- [3. Annual charges and other amounts payable under the *[name of the law]*];
- [4. All other applicable taxes, fees and charges mentioned in the *[name of the law]*];
- [5. Profits arising from the Government's carried interest with respect to a petroleum license defined in the *[name of the law]*]

Fiscal Affairs Department

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<http://www.imf.org/capacitydevelopment>