17.—(1) The Secretary to the Treasury may inspect the records, accounts, safes, strongrooms, premises, equipment, tool or facility used by a revenue collecting public body to assess the integrity of the internal control systems in place. Inspection by the Secretary to the Treasury

(2) A controlling officer shall give full access to the Secretary to the Treasury, or a delegated officer, to documentation, systems, stores, officials, safes, and other relevant information that are necessary for an inspection.

(3) Where the Secretary to the Treasury forms the opinion that a revenue collecting public body has weak internal control systems, he or she may direct the Comptroller of Internal Audit to conduct an internal audit of the public body and make necessary recommendations.

Made this 31st day of October, 2023.

(FILE NO. PFMS/2/1)

S. CHITHYOLA
Minister of Finance and Economic Affairs

GOVERNMENT NOTICE NO. 64

PUBLIC FINANCE MANAGEMENT ACT

(No. 4 OF 2022)

PUBLIC FINANCE MANAGEMENT (NATIONAL BUDGET) REGULATIONS, 2023

IN EXERCISE of the powers conferred by section 115 of the Public Finance Management Act, 2022, I, SIMPLEX CHITHYOLA, Minister of Finance and Economic Affairs, make the following Regulations—

1. These Regulations may be cited as the Public Finance Management (National Budget) Regulations, 2023. Citation

2. The Secretary to the Treasury shall formulate a medium-term national budget calendar which shall provide guidance on all budgeting processes throughout the financial year. National budget calendar

3. The Secretary to the Treasury shall issue an annual national budget circular which shall— Commencement of national budget calendar

(*a*) outline instructions for the national budget process for the ensuing financial year and the following two outer financial years; and

(*b*) set out national budget guidelines and any other measures as the Secretary to the Treasury may deem necessary.

4.—(1) A controlling officer shall, by 30th November of each year, prepare and submit to the Secretary to the Treasury draft annual budget estimates for the ensuing financial year, based on the indicative medium-term fiscal framework. Preparation of draft budget estimates

(2) The draft annual budget estimates shall, at the minimum, consist of—

(*a*) consolidated cash flow for revenue, personal emoluments, other recurrent transactions and development budget estimates;

(*b*) schedule of works for domestically funded projects, which shall be in line with an agreed medium-term fiscal framework; and

(*c*) non-tax revenue projections to be generated internally by the ministry, department or agency in the ensuing financial year.

(3) A person who contravenes subregulation (1) shall be guilty of misconduct.

(4) For purposes of this regulation, "medium-term fiscal framework" means annual budget estimates consisting of the budget for the ensuing financial year and budgets for the following two outer financial years.

Consolidation of draft budget estimates.

5.—(1) The Secretary to the Treasury shall, based on the draft budget estimates submitted pursuant to regulation 4, prepare the consolidated draft national budget estimates before the 15th January of each year.

(2) The Secretary to the Treasury shall prepare the consolidated draft national budget estimates in compliance with Government's overall policy direction and priorities.

(3) The Secretary to the Treasury shall, within seven days of preparing the consolidated draft national budget estimates, submit the consolidated draft national budget estimates to the Minister.

Circulation of final ceilings

6.—(1) The Secretary to the Treasury shall, upon Cabinet approval of the consolidated national budget, circulate the final ceilings to all controlling officers.

(2) A controlling officer shall, upon receipt of the approved final ceilings, prepare and submit to the Secretary to the Treasury final draft annual budget estimates before the 31st of January of each year.

(3) The Secretary to the Treasury shall consolidate all the final draft annual budget estimates from the ministries, departments and agencies and prepare the consolidated national budget and submit to the Minister for presentation to the National Assembly.

National budget upload into the integrated financial management information system

7. The Secretary to the Treasury shall, upon the enactment of the Appropriation Act, upload the national budget onto the integrated financial management information system as follows—

(*a*) recurrent and capital expenditure financed by the Consolidated Fund;

(*b*) compensation of employees financed by the Consolidated Fund;

(*c*) recurrent and capital expenditure, including compensation of employees, financed by domestic resources;

(*d*) recurrent and capital expenditure, including compensation of employees, financed by statutory funds;

(*e*) recurrent and capital expenditure, including compensation of employees, financed by donor funds;

(*f*) advance payments regardless of the funding source; and

(*g*) advances and payments to create and replenish imprest.

Funding of budgets

8.—(1) The Secretary to the Treasury shall, by a treasury circular, and at least seven days prior to the commencement of each financial year, issue national budget implementation instructions to ministries, departments and agencies, detailing the procedures and requirements in implementing the approved national budget.

(2) The Secretary to the Treasury shall fund the respective votes according to—

(*a*) revenue performance;

(*b*) agreed cash flow forecasts;

(*c*) progress reports on project implementation and certificates of works completed, where applicable; and

(*d*) any other criteria, as the Secretary to the Treasury may deem necessary.

(3) Where a controlling officer fails to comply with any funding requirements in subregulation (2)(c), the Secretary to the Treasury may—

(*a*) withhold funding; or

(*b*) vary the amount based on the nature of such failure.

Submission of payroll information

9.—(1) A controlling officer shall, on the 10th day of every month, submit to the Secretary to the Treasury payroll information, to ensure timely funding and tracking of wage bill movements, in the format as may be prescribed in the Treasury Instructions.

(2) The payroll information submitted under subregulation (1) shall include—

(*a*) the amount of the wage bill for the month and the previous month broken down by cost centre, programme, and chapter as defined by government financial statistics;

(*b*) the total number of employees to be paid in the month and the number paid in the previous month broken down by cost centre, programme and grade;

(*c*) explanations for any variances between the figures of the previous month and the current month; and

(*d*) one off payments and reasons thereof.

(3) A controlling officer shall, where there is a variance in the payroll information between two subsequent months due to newly recruited employees, attach a copy of authority to recruit issued by the department responsible for human resources management and development.

Unforeseen expenditure

10.—(1) Where a controlling officer needs to spend on an activity which is not included in the appropriated national budget, he or she may request the Secretary to the Treasury to fund the activity out of the unforeseen expenditure vote.

(2) The request made by the controlling officer under subregulation (1), shall be reviewed and assessed to determine if the activity in question—

(*a*) could not be foreseen or anticipated by the controlling officer using common diligence and past experience;

(*b*) has been caused by natural disaster, public health emergency, or such other events as could not have been foreseen; and

(*c*) is necessary and urgent.

(3) Where the request made under subregulation (1) does not meet the criteria in subregulation (2), the request shall be rejected for funding out of the unforeseen expenditure vote.

Restriction on transfers of budget provisions

11.—(1) The Secretary to the Treasury shall not approve any request for transfer of funds from one activity to another if the request—

(*a*) is made within three months from the date on which the Appropriation Act came into force;

(*b*) seeks to transfer funds between different votes; or

(*c*) affects budget categories.

(2) The Secretary shall, upon approval of a request to transfer funds between activities, issue a numbered virement warrant authorizing a controlling officer to effect and implement the transfer.

(3) Where during the implementation of the current budget there is need for the creation of a new programme, the programme shall be funded through transfer of funds from other programmes in the same vote.

(4) A controlling officer shall make a request to the Secretary to the Treasury for transfer of funds caused by the creation of a new programme.

(5) The request under subregulation (4) shall be accompanied by—

(*a*) title of the new programme, its objectives, outcomes, outputs, activities and its associated items;

(*b*) description of the new service and justification of its urgency; and

(*c*) estimated cost of the new service during that financial year.

(6) The Secretary to the Treasury shall, upon approval of a request for transfer of funds to a new programme, issue a numbered virement warrant to effect and implement the transfer.

Expenditure reports

12.—(1) A controlling officer shall prepare and submit to the Secretary to the Treasury monthly expenditure reports not later than the 15th day of the month immediately preceding the month under review.

(2) A monthly expenditure report referred to under subregulation (1) shall be in the format as may be prescribed in the Treasury Instructions.

(3) The Secretary to the Treasury shall, where a controlling officer fails to comply with the requirements in subregulation (1), order the controlling officer, in writing, to—

(*a*) submit the monthly expenditure report within the next ten days;

(*b*) provide a written explanation for the non-compliance;

(*c*) make an undertaking as to future compliance with the requirement; and

(*d*) state measures put in place to avoid the recurrence of the non-compliance.

(4) The Secretary to the Treasury may, where a controlling officer fails to comply with subregulation (3), withhold funding to the ministry, department or agency until the controlling officer fully complies with the reporting requirements.

National budget performance tracking

13.—(1) The Secretary to the Treasury shall continuously track the national budget performance by assessing—

(*a*) revenue performance;

(*b*) budget absorption;

(*c*) project implementation progress; and

(*d*) adherence to the agreed cash flows, work plans and activities.

(2) The Secretary to the Treasury shall, where there is a negative variance of ten percent or more in implementation of the national budget, recommend to the Minister measures to address the situation.

Made this 31st day of October, 2023.

S. CHITHYOLA
Minister of Finance and Economic Affairs

(FILE NO. PFMS/2/1)

Printed and published by THE GOVERNMENT PRINTER, Lilongwe, Malawi—(*Price K1,800.00*)