

GAZETTE EXTRAORDINARY

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Regulations, Rules, etc. (No. 36A)

GOVERNMENT NOTICE NO. 61

PUBLIC FINANCE MANAGEMENT ACT

(No. 4 OF 2022)

**PUBLIC FINANCE MANAGEMENT (TREASURY AND TRUST FUNDS)
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 (Treasury and Trust Funds) Regulations, 2023. Citation

2.—(1) A controlling officer shall, three months before the beginning of the ensuing financial year, submit to the Secretary to the Treasury a budget for the operations of the Treasury or Trust Fund. Preparation and approval of budgets

(2) A submission under subregulation (1) shall be in the format as may be prescribed in the Treasury Instructions.

(3) The Secretary to the Treasury shall, upon receipt of a budget, review and—

(a) approve the budget; or

(b) make changes for incorporation before approval.

(4) The Secretary to the Treasury shall use the approved budget as the basis for assessment of performance of the Treasury or Trust Fund.

3. The Secretary to the Treasury shall, three months after the end of the financial year, prepare and submit a Treasury or Trust Fund report to the Minister. Treasury or Trust Fund report

4.—(1) The Secretary to the Treasury shall keep and maintain a register of Treasury and Trust Funds for purposes tracking validity of the Fund Orders. Register of Treasury and Trust Funds

(2) A register kept and maintained under subregulation (1) shall be open for inspection during government working hours.

Made this 31st day of October, 2023.

S. CHITHYOLA

Minister of Finance and Economic Affairs

GOVERNMENT NOTICE NO. 62

PUBLIC FINANCE MANAGEMENT ACT

(No. 4 OF 2022)

PUBLIC FINANCE MANAGEMENT (STATUTORY BODIES AND
STATE-OWNED ENTERPRISES) 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—

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| Citation | 1. These Regulations may be cited as the Public Finance Management (Statutory Bodies and State-Owned Enterprises) Regulations, 2023. |
| Capitalization of statutory bodies and state-owned enterprise | 2. The Secretary to the Treasury may, where necessary, capitalize a statutory body or a state-owned enterprise through—
(a) capital injection from the national budget;
(b) strategic partnerships;
(c) guaranteed borrowing; and
(d) any other means as the Secretary to the Treasury may deem appropriate. |
| Recapitalization of statutory bodies and state-owned enterprises | 3.—(1) A controlling officer may submit to the Secretary to the Treasury a request, in writing, for recapitalization.
(2) The request for recapitalization under subregulation (1) shall include a—
(a) detailed explanation of the proposed scheme of the recapitalization;
(b) detailed justification for the recapitalization, including a fiscal impact analysis;
(c) business plan of the statutory body or state-owned enterprise; and
(d) restructuring plan of the statutory body or state-owned enterprise, including the—
(i) detailed financial projections for five outer years;
(ii) restructuring measures to be taken for the projected five years;
(iii) financial targets for the projected five years; and
(iv) repayment period of the costs of the recapitalization.
(3) The Secretary to the Treasury shall, upon approval of the request under subregulation (1), recapitalize a statutory body or a state-owned enterprise through—
(a) capital injection from the national budget;
(b) strategic partnerships;
(c) guaranteed borrowing; |

- (d) government securities;
- (e) transfer of government assets;
- (f) debt equity swap; and
- (g) any other means as the Secretary to the Treasury may deem necessary.

4.—(1) The Secretary to the Treasury shall, where a statutory body or state-owned enterprise has deviated from any financial targets included in the annual performance contract by thirty percent or more—

Deviation from financial targets

- (a) require a controlling officer to submit a revised financial plan and collective action plan;
- (b) investigate the cause of the deviation; and
- (c) make recommendations to the Minister to take appropriate action as he or she may deem necessary.

5.—(1) A controlling officer shall disclose to the Secretary to the Treasury all outstanding statutory obligations, actual amounts due, penalties, and reasons for the accumulation of those statutory obligations.

Disclosure of statutory obligations

(2) A controlling officer shall, in addition to the disclosure under subregulation (1), submit a repayment plan with a timeframe within which the statutory obligations shall be settled.

(3) For purposes of this regulation, “statutory obligations” means any financial obligation placed on a public body by an Act of Parliament.

6.—(1) A controlling officer shall submit to the Secretary to the Treasury a request, in writing, for approval to borrow money by way of a loan or overdraft.

Request for approval to borrow

(2) The request under subregulation (1) shall be accompanied by a —

(a) board resolution approving the intention to borrow money by way of loan or overdraft;

(b) detailed project proposal replete with its objectives and justification in line with the mandate of the statutory body or state-owned enterprise, including—

(i) economic and financial impact; and

(ii) cash flow forecast for the period of borrowing;

(c) term sheet setting out the terms and conditions of the loan or overdraft, including the proposed repayment schedule and liquidation model;

(d) certified copy of audited financial statements for the immediate past financial year; and

(e) copy of the approved performance management plans and budgets for that financial year.

(3) The Secretary to the Treasury shall, upon receipt of the request under subregulation (1), review and make recommendations to the Minister.

Accounting
for loans and
overdrafts

7.— (1) A controlling officer shall recognize a loan or overdraft as debt and account for it on an accrual basis.

(2) A loan shall be recognized as received when a transfer or remittance advice has been received from a lender by a controlling officer.

(3) An overdraft shall be considered as received on the date a lender authorized a controlling officer to start withdrawing the money.

(4) A controlling officer shall utilize proceeds from a loan or overdraft for the intended purpose.

Reporting on
loans and
overdrafts

8.— (1) A controlling officer, who has obtained a loan or overdraft facility, shall submit quarterly progress reports to the Secretary to the Treasury on the status of loan servicing and the performance of the project or activity.

(2) The progress report under subregulation (1) shall be submitted—

(a) in the format as may be prescribed, from time to time, in the Treasury Instructions; and

(b) within thirty days after the end of the quarter.

(3) A controlling officer shall, promptly, inform the Secretary to the Treasury, in writing, of an event which may result in a statutory body or state-owned enterprise defaulting on its obligations under a loan or overdraft facility.

(4) A report under subregulation (3) shall state the nature of the event, its cause, its likely impact and proposed solution.

(5) The Secretary to the Treasury may take such measures as may be necessary to deal with the event effectively and efficiently.

Limits on
loans and
overdrafts

9.— (1) The Secretary to the Treasury shall set a limit on a loan or overdraft which a statutory body or state-owned enterprise may obtain.

(2) The Secretary to the Treasury shall, in setting limits under subregulation (1), consider the—

(a) nature of the proposed project or activity;

(b) terms and conditions of the facility;

(c) recent financial performance of the statutory body or state-owned enterprise;

(d) impact of the loan or overdraft facility on the cash flow projections for the term of the facility;

(e) prevailing economic factors; and

(f) past history of the statutory body or state-owned enterprise in respect of debt management.

Public
investment
and minority
shares

10.— (1) The Secretary to the Treasury shall keep and maintain a register of all public investments, including minority shareholding, in a private corporation or body.

(2) The register under subregulation (1) shall include—

- (a) the name of the entity;
- (b) the nature of investment;
- (c) the shareholding structure;
- (d) the amount of money invested;
- (e) the list of material resources provided by the government and their estimated monetary value; and
- (f) such other details as may be prescribed, from time to time, in the Treasury Instructions.

(3) The Secretary to the Treasury shall conduct periodic assessment of every public investment.

11.—(1) The Secretary to the Treasury shall keep and maintain a register of statutory bodies and state-owned enterprises in accordance with their classification. Register of statutory bodies and state-owned enterprises

(2) A register kept and maintained under subregulation (1) shall be—

- (a) updated annually to ensure that it provides accurate and reliable information; and
- (b) open for inspection during government working hours.

Made this 31st day of October, 2023.

(FILE NO. PFMS/2/1)

S. CHITHYOLA
Minister of Finance and Economic Affairs

GOVERNMENT NOTICE NO. 63

PUBLIC FINANCE MANAGEMENT ACT

(No. 4 of 2022)

PUBLIC FINANCE MANAGEMENT (DOMESTIC REVENUE) 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 (Domestic Revenue) Regulations, 2023. Citation

2. In these Regulations, unless the context otherwise requires—

Interpretation

“domestic revenue” means tax and non-tax revenues collected by public bodies; and

“non-tax revenue” includes fines, penalties, forfeitures, royalties, levies, fees and charges, rent on government lands and buildings, interest on government investments and dividends.

List of
domestic
revenue

3. The Secretary to the Treasury shall, before the commencement of each financial year, circulate a list of domestic revenue collectable in the ensuing financial year, to all revenue collecting public bodies.

Preparation of
domestic
revenue
collection
strategy

4. A controlling officer of a revenue collecting public body shall, upon receipt of the list of collectable domestic revenue from the Secretary to the Treasury, prepare and submit to the Secretary to the Treasury—

- (a) medium term domestic revenue collection strategy; and
- (b) annual projected domestic revenue collections.

Setting
domestic
revenue
targets

5.— (1) The Secretary to the Treasury shall, after consulting controlling officers of revenue collecting public bodies, set domestic revenue collection targets for respective public bodies.

(2) The Secretary to the Treasury shall, in setting the domestic revenue collection targets for the public bodies in subregulation (1), consider—

- (a) the amount of domestic revenue collected by each public body in the past two financial years;
- (b) the economic growth projections;
- (c) the projected domestic revenues by each public body;
- (d) the potential and ability of the public body to collect the revenue;
- and
- (e) any other factors as the Secretary to the Treasury may deem appropriate.

Domestic
revenue
collection
reporting

6.— (1) A controlling officer of a revenue collecting public body shall submit to the Secretary to the Treasury monthly cashflow forecasts which shall include—

- (a) actual domestic revenue for the past month;
- (b) projected domestic revenue for the ensuing month;
- (c) projected domestic revenue collection for the remainder of the current financial year;
- (d) domestic revenue arrears; and
- (e) any other data or information the Secretary to the Treasury may require.

(2) The Secretary to the Treasury may, where necessary, convene meetings with a controlling officer of a revenue collecting public body to—

- (a) reconcile the information submitted under subregulation (1) with the data obtained from the integrated financial management information system;
- (b) review the projection of domestic revenue collection and the collection of domestic revenue arrears; and
- (c) discuss and agree on effective strategies for overcoming any challenges experienced in domestic revenue collection.

31st October, 2023

7. The Secretary to the Treasury, in consultation with the Accountant General; shall, from time to time, prescribe acceptable means of collecting, recording, receipting, custody, banking and transmission of domestic revenue. Managing domestic revenue
8. A controlling officer of a revenue collecting public body shall— Record of domestic revenue
- (a) record domestic revenue in the integrated financial management information system; and
- (b) interface other revenue management systems with the integrated financial management information system.
- 9.— (1) A controlling officer shall, within twenty four hours of collection of any domestic revenue, deposit the revenue into a revenue collecting account. Deposit of domestic revenue
- (2) Where a controlling officer receives money as part of a public or official ceremony, the controlling officer shall, within forty-eight hours, cause such money to be deposited into the appropriate revenue collecting account.
- (3) A controlling officer shall not accept a symbolic cheque if that cheque is not supported with an actual cheque.
- 10.— (1) A controlling officer shall acknowledge receipt of money from a person by issuing— Official receipts
- (a) a general receipt; and
- (b) any official receipt issued by a cashier as approved by the Secretary to the Treasury.
- (2) A controlling officer of a revenue collecting public body shall, by notice published in a newspaper of wide circulation, inform the public that a pre-numbered official receipt shall be obtained for any money paid and that the public is entitled to demand a receipt.
11. A commercial bank, where a revenue collecting account is domiciled, shall, on demand, provide the Secretary to the Treasury and the Accountant General with— Domestic revenue bank statement
- (a) a bank statement; and
- (b) any other information concerning the account and revenue in respect of that account.
- 12.— (1) A controlling officer of a revenue collecting public body shall— Designation of domestic revenue collecting officers
- (a) designate specific officers for the collection of domestic revenue; and
- (b) issue the officers such official identification documents as approved by the Secretary to the Treasury.
- (2) A person who is not designated to collect revenue, shall not—
- (a) demand payment;
- (b) receive payment; or
- (c) demand and receive payment.

from any other person in respect of any domestic revenue.

Monthly
reports

13.— (1) A controlling officer of a revenue collecting public body shall submit a monthly report to the Secretary to the Treasury, with a copy to the Accountant General.

(2) The monthly report under subregulation (1) shall include all non-tax revenues collected, deposited, or retained.

Periodic
adjustment of
rates, fees and
charges

14.— (1) A controlling officer of a revenue collecting public body shall, annually, review the—

- (a) effectiveness of domestic revenue collection strategies;
- (b) domestic revenue collection administrative structures;
- (c) accuracy of past estimates and actual domestic revenues collected; and
- (d) relevance of the rates, fees, and charges to current economic conditions.

(2) Based on the review under subregulation (1), a controlling officer may make and submit such proposals for the improvement of domestic revenue collection to the Secretary to the Treasury for consideration.

(3) The Secretary to the Treasury shall make recommendations to the Minister to implement the proposals under subregulation (2), upon being satisfied that the proposed interventions are necessary.

Notice of
liability

15.— (1) A controlling officer of a revenue collecting public body may notify, in writing, any person who is liable for a tax or non-tax obligation to pay within a given time.

(2) The notice under subregulation (1) shall clearly state—

- (a) the place and time for making the payment;
- (b) acceptable means of payment; and
- (c) any other information necessary to enable the person to effect the payment.

Refunds

16.— (1) A controlling officer responsible for non-tax revenue collection may refund payment where—

- (a) the payment was made in error; and
- (b) the controlling officer has not yet transferred the funds to the revenue collecting account.

(2) Where a controlling officer responsible for non-tax revenue collection has already transferred the funds to the revenue collecting account, the controlling officer shall request the Secretary to the Treasury, in writing, for a refund.

(3) A controlling officer or the Secretary to the Treasury shall, pursuant to subregulation (1) or (2) as the case may be, make such entries in the relevant records reflecting the refund.

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.

S. CHITHYOLA

(FILE NO. PFMS/2/1)

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.

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—

Commence-
ment 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.

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. Funding of budgets

(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.

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. Submission of payroll information

(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.

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. Unforeseen expenditure

(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—

31st October, 2023

- (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.

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.

(FILE NO. PFMS/2/1)

S. CHITHYOLA
Minister of Finance and Economic Affairs