

Annex - C

ACCOUNTING LEGISLATION

Extracts from the Financial Regulations:

- 1.1.2.3 Government accounting shall be maintained on cash basis.
- 1.3.6.1 The Government shall hold Government Consolidated Account at the RMA as the Principal account for the budgetary operations of the Government. The daily cash position of the budgetary operations of the Government shall be ascertained from this account.
- 5.1.1.1 An expenditure shall be recognised immediately upon making payment in cash or signing a cheque in case of a Disbursement Voucher and on authorization of a Journal Voucher subject to the following:
 - a. In the case of payments made from Permanent or Temporary Advances, the expenditure shall be recognised when an account together with the relevant supporting documents are approved and authorized for adjustment.
 - b. Direct disbursements from a loan account shall be recognised on the dates of such disbursements irrespective of the actual date of receipt of the goods or services in the project.
 - c. Direct disbursements from grant accounts shall be recognised only after the receipt of goods or services in the project.
- 5.1.1.2 Fiscal Year of a payment shall be determined by the issue date of the cheque or the date of payment in cash.
- 5.1.2.1 Every unit incurring expenditure shall maintain proper books of accounts.....
- 11.1.1.1 The Department of Budget & Accounts shall prepare the Annual Financial Statements of the budgetary operations for each fiscal year within six months after the close of the fiscal year.
- 11.1.1.2 The statements shall be audited and certified by the Royal Audit Authority before submission to the Government. The audit shall be completed within four months after preparation of the statement



- 11.1.1.3 The total receipts and expenditures of the Government during a fiscal year shall be the basis for preparation of the Annual Financial Statements.
- 11.1.1.4 The Annual Financial Statements shall include the following statements and schedules:
- a. Consolidated receipts & payments statement (FAM – 11.1);
 - b. Summary of original and revised budget estimates and variations with actual outcome (FAM – 11.2);
 - c. Statement of outstanding loans (FAM – 11.3);
 - d. Statement of equity portfolio of the Government (FAM – 11.4);
 - e. Statement of operations on Refundable Deposit Account, Revolving and Trust Funds (FAM – 11.5);
 - f. Government Consolidated Account Reconciliation Statement;
 - g. Schedules giving details of Internal Revenue, Grant assistance, Borrowings, Loan recoveries and Other Receipts;
 - h. Schedules of Budgetary Expenditure by object, by administrative agencies at programme level compared with budget provisions and by function;
 - i. Schedules of loan principals repaid and lending made;
 - j. Any other information/report as may be decided by the Ministry of Finance.