

Rwanda

Ministerial Order relating to Financial Regulations

Ministerial Order 1 of 2016

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Ministerial Order relating to Financial Regulations

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The Minister of Finance and Economic Planning;

Pursuant to the Constitution of the Republic of 2003 revised in 2015, especially in Articles 121, 122 and 176;

Pursuant to the Organic Law n° 12/2013/OL of 12/09/2013 on State finances and property, especially in Articles 16, 19, 30, 42, 50, 58, 59, 60, 61, 62, 63, 65, 66 and 68;

Having reviewed the Ministerial Order n° 002/07 of 09/02/2007 relating to financial regulations;

After consideration and approval by the Cabinet in its session of 09/09/2015;

HEREBY ORDERS:

Chapter One General provisions

Article One – Purpose of this Order

This Order prescribes the following, line with the service delivery objectives covered in the Government plans and programmes:

- 1° the structure and functioning of public financial management;
- 2° preparation and implementation of the State budget;
- 3° accounting and reporting of all financial transactions;
- 4° financial control.

Article 2 – Scope of application

This Order shall apply to the management of public finances of all public entities including the Central Government entities, decentralised entities, public institutions and subsidiary entities.

Article 3 – Definitions

In this Order, the following terms shall have the following meanings:

- 1° **Accountant General:** the responsible staff in the Ministry designated as the Accountant-General basing on Article 63 of the Organic Law;
- 2° **Accountants staff:** public servants employed by public entities to support Chief Budget Managers in carrying out public financial management responsibilities relating to planning, budgeting, revenue collection, procurement award, payments, accounting and reporting;

- 3° In relation to special public funds, Administrator shall mean:
- a. the head of a special public fund operating within the administration of a public entity;
 - b. the Chief Budget Manager of a public entity in cases where a dedicated administrator has not been provided for in the instrument establishing the special public fund; or
 - c. an official assigned to head a special public fund by the Chief Budget Manager of a public entity responsible for the special public fund;
- 4° **appropriation:** an approval of the maximum amount that a public entity may allocated in making commitments and payments for specific purposes during a twelve (12) month period starting on 01 July and ending on 30 June of each year as provided for by the State finance law;
- 5° **budget deficit:** amount of budget expenditure, as provided for in Article 31 of the Organic Law, exceeding budget revenues as provided for in Article 30 of the Organic Law;
- 6° **Central Government entity:** a public entity to which the State allocates every year funds in the annual State finance law and which is wholly funded by the national budget;
- 7° **Chief Budget Manager:** administrative head of the public entity as provided for in Article 18 of the Organic Law, or any other competent public officer as provided for in Article 20 of the Organic Law;
- 8° **commitment:** obligation which arises when an agreement, contract or a purchase order has been duly concluded for the supply of goods or services to a public entity or where such an agreement binds the public entity to make future disbursements to the other contracting party;
- 9° **compulsory payments:** payments by the Central Government for contractual obligations, permanent agreements or special laws. Such payments shall also comprise payments for servicing public debt, refunds of taxes and other revenues in case they are provided for by law and court-issued legal claims on the State. For the purpose of this Order, contractual obligations for ordinary supply of goods and services are excluded;
- 10° **consolidation:** channelling public funds through the Treasury Single Account system and making payments according to the procedure prescribed in the Organic Law;
- 11° **consolidated financial statements:** financial statement of public entities prepared as one entity in which a controlling entity has one or several controlled entities;
- 12° **consolidated Fund:** the fund that includes all the revenues and other funds of the State;
- 13° **decentralized entity:** local administrative entity with legal personality, administrative and financial autonomy and whose budget is partially financed by the Central Government;
- 14° disposal in relation to a capital asset includes:
- a. the sale, donation, demolition, dismantling or destruction of the capital asset; or
 - b. any other process applied to a capital asset which results into loss of ownership of the capital other asset than by way of transfer of ownership;
- 15° **donation:** a gift given by a person or entity, typically for charitable purposes and to benefit a cause;
- 16° **economy:** minimising the cost of resources used or required to achieve priority objectives;
- 17° **effectiveness:** the extent to which a programme intervention has attained, or is expected to attain, its objectives efficiently in a sustainable manner;
- 18° **efficiency:** a measure of how economic resources are converted to results;
- 19° **Executive Authority:** Board of Directors, a Council, a Commission, a Board of Trustees, a Management Board or any governing body of a public entity;
- 20° **Executive Head:** a Head who coordinates all the activities of a public entity;

- 21° **financial instrument:** a tradable assets of any kind, either cash, evidence of an ownership interest in shares, or a contractual right to receive or deliver cash or cash equivalent;
- 22° **financial statements:** reports defined in the Article 113 of this Order;
- 23° **fiscal year:** the period of twelve (12) months from 01 July to 30th June of the following year;
- 24° **Integrated Financial Management Information System (IFMIS):** an application for the Government financial management system that combines together planning, budget preparation, budget execution, accounting, financial management and reporting activities for the Government of Rwanda. The system is integrated in nature and it ensures that data entered at one point is electronically availed to the next stage without duplication of data entry activities;
- 25° **irregular expenditure:** expenditure incurred which contravenes the Organic Law, or Regulations or any other law relating to State Finances and Property;
- 26° **Medium Term Expenditure Framework:** a rolling medium term which determines source of funds and expenditure in the budget plan of Government covering a period of three (3) to five (5) years;
- 27° **Ministry:** the Ministry in charge of finance;
- 28° **Minister:** the Minister in charge of finance;
- 29° **Organic Law:** the Organic Law on State Finances and Property;
- 30° **Public Institution:** institution with legal personality, managed in accordance with laws governing public administrative entities and using the State finances and property for carrying out its specific activities for public interest;
- 31° **public debt:** any State monetary liability or treasury bills issued by Central Government or Decentralized entity or any other debt the State may take on;
- 32° **public entity:** an entity with a legal personality managed in accordance with laws governing public entities and which is entitled to a budget for fulfilling its mission;
- 33° **public funds:** all state monies received or to be received by the Minister, a public servant or any other authorized person including revenues collected by designated Government departments, donations, loans for the Government, and any other money that the Minister may direct to be paid into the accounts of the consolidated fund;
- 34° **public property:** movable and immoveable assets of a public entity;
- 35° **public servant:** person in the employment of a public entity to carry out duties provided within the public service and paid out of public funds;
- 36° **publish:** making the document available for reference at the public entity's office, on the public entity website, in *Official Gazette*, in a newspaper or any other other publication;
- 37° **programme:** group of independent, but closely-related activities and projects within a defined entity designed to achieve a common set of outputs, objectives and outcomes;
- 38° **Secretary to the Treasury:** officer in the Ministry designated as the Secretary to the Treasury as provided for by Article 16 of the Organic Law;
- 39° **subsidiary entity:** public entity without legal personality and administrative and financial autonomy supervised and funded through the Central Government or a decentralised entity to which it is affiliated to;
- 40° **transparency:** openness and information to the public on matters relating to public finance management;
- 41° **treasury single account:** Central Government main bank account and its sub accounts maintained at the National Bank of Rwanda.

Chapter II

Powers and responsibilities in public finance management

Article 4 – Enforcement directives with financial implications

Any directive by the Executive Head to the Chief Budget Manager in accordance with provisions of Article 22 of the Organic Law, having financial implications shall be in writing.

If the implementation of the directive mentioned in Paragraph One of this Article is likely to result into an irregular expenditure, the Chief Budget Manager shall inform the Executive Head in writing.

If the Executive Head takes a decision to proceed with the implementation of the directive against the advice of the Chief Budget Manager, the latter shall keep a complete record of the decision for reference during audit.

Article 5 – Delegation of powers by the Chief Budget Manager

Delegation of powers in relation to financial management authority in accordance powers in relation to provisions of Article 20 of the Organic Law shall be in writing specifying among others, the name of the public servant and his or her rank, period of delegation, and the powers delegated.

In exercising the delegated powers the public servant must comply with instructions of the Chief Budget Manager.

The Chief Budget Manager may withdraw delegated powers in writing.

Article 6 – Powers and responsibilities of the Executive Authority of a decentralized entity

The Executive Authority of a decentralized entity shall have the following powers and responsibilities:

- 1° to provide guidance on broad strategic objectives and priorities for annual planning, budgeting, and medium term expenditure framework for the decentralized entity;
- 2° to approve draft budget proposal for the decentralized entity before submission to the Council;
- 3° to appear before the Council and explain policies, programmes and utilization of the budget;
- 4° to consider comments received from the Council on the budget plans as part of improving budget credibility;
- 5° to submit quarterly and annual budget execution reports to the Council and the Minister;
- 6° to examine and approve monthly and quarterly financial statements;
- 7° to examine and approve annual financial statements of the decentralized entity before submission to the Minister and the Auditor General for state finances for audit;
- 8° to examine and submit to the Council, annual audit reports from the Auditor General for State Finances as part of an annual report;
- 9° to provide oversight over the financial management of the decentralized entity and their subsidiary entities without interfering with the exercise of the responsibilities of the Chief Budget Manager;
- 10° to approve the quarterly budget execution reports before submission to the Council;
- 11° to have mutual understanding with a commercial bank or a financial institution on the receipt, custody, and payment of money pertaining to the Decentralized Entity subject to the approval of the Minister;
- 12° to request the subsidiary entities to prepare and submit expenditure plans;

- 13° to transfer funds in the approved annual budget to the subsidiary entities within the decentralized entities;
- 14° to make public the approved budget of a decentralized entity through an appropriate media;
- 15° to present to the Council for approval the borrowing and investment plan for the decentralized entity;
- 16° in case of any reason related to financial exigencies, to suspend withdrawal, or prohibit authorization to payment from the Consolidated Fund, except for authorization granted by law on compulsory payments;
- 17° to ensure that all payments required to meet debt obligations emanating from loans approved by the Council of the decentralized entity are budgeted for and payments made to creditors according to the repayment provisions of the loan agreements;

If the Council of a decentralized entity does not approve the annual budget before 30th June, or if its signature is delayed, the Chairperson of the Executive Authority, in accordance with instructions of the Council, shall authorize monthly expenditure on provisional basis of an amount equal to one-twelfth ($\frac{1}{12}$) of the budget of the preceding year.

Article 7 – Powers and responsibilities of a Council of a decentralised entity

The Council of a decentralised entity shall be responsible for adopting the budget for the Decentralized Entity before beginning of the new fiscal year without altering the fiscal balance and it shall also consider revised budgets.

The adoption of a budget of a decentralized entity by a council shall be by a resolution of the Council.

The Council shall establish a consolidated fund to be managed in accordance with the principles for public financial management provided for in Article 4 of the Organic Law.

The Council shall be the sole authority to approve withdrawal of money out of the consolidated fund of the decentralized entity through the adoption of the budget.

The Council shall have the sole authority to approve re-allocations between employees' costs and expenditure categories.

The Council shall provide comments in writing on the budget preparation of the Decentralized Entity before submission to the Minister.

The Council shall examine quarterly and annual budget execution reports submitted by the Executive Head and shall submit a report to the Minister in charge of decentralized entities through the Provincial Governor or the Mayor of the City of Kigali, with a copy to the Minister.

The Council may establish a budgetary line to cover urgent and unexpected expenditure which does not exceed three percent (3%) of the decentralized entity's own revenues.

The Council may authorize a Decentralized Entity to apply for a loan with the approval of the Minister. The Council shall ensure that the loan is repayable and amounts due to creditors are budgeted for in accordance with loan agreement.

The council may summon members of the Executive Authority and/or a Chief Budget Manager to appear and explain policies, programs, and expenditures in connection with the budget of the decentralized entity.

The Council shall examine and adopt the annual audit report of the Auditor General of State Finances and the Audit Committee's report and make recommendations for implementation by the Executive Authority.

The Council shall review recommendations of the Audit Committee on internal audit reports, and risk management reports for implementation by the Executive Authority.

Article 8 – Responsibilities of the Director General of National Budget

The specific responsibilities and functioning of the office of the Director General for national budget includes the following:

- 1° to advise the Minister on matters that enhance effective budget management to meet national priorities;
- 2° to develop budget policies, guidelines, and procedures for effective budget preparation and management by Central Government, decentralized entities, public institutions, and subsidiary entities for the approval by the Minister;
- 3° to coordinate preparation of budget framework papers, budget call circulars, and any other documents to guide public entities in preparing budgets;
- 4° to develop budget guidelines, promote compliance, and coordinate the budget processes;
- 5° to develop medium term expenditure framework and ensure that the budget process is consistent with it;
- 6° to monitor and review budget submissions by public entities and compile national budget estimates and a finance bill;
- 7° to coordinate budget re-allocations to ensure full compliance with the provisions of the Organic Law;
- 8° to monitor submission of budget execution reports by public entities and review them for compliance to the law;
- 9° to compile quarterly, bi-annual and annual consolidated budget execution reports as required by the Organic Law for their submission to the Minister;
- 10° to develop and implement capacity building plan for all officers involved in budget process;
- 11° to monitor the implementation of the fiscal decentralization strategy in order to strength fiscal decentralization;
- 12° to initiate sanctions against officials for non-compliance with approved budget policies and procedures;

The Director General for National Budget shall perform, subject to approval by the Minister, any other functions necessary for the effective implementation of the Organic Law with emphasis on the national budget.

Article 9 – Responsibilities of Chief Economist in the Ministry

The Chief Economist in the Ministry shall have the following responsibilities:

- 1° to ensure economic planning and develop appropriate economic policies for the Country;
- 2° to advise the Minister on matters that enhance effective economic management and revenue mobilisation;
- 3° to develop and advise the Minister appropriate macroeconomic and macrofiscal framework for the Country;
- 4° to develop policies and strategies for debt management;
- 5° to contribute on macroeconomic aspects for the budget framework papers including economic outlook;
- 6° to develop public investment policies, programmes, strategies, and advise the Minister on resource allocations to strategic priorities of the economy in accordance with national development plans;
- 7° to coordinate external funds including mobilization of external assistance, monitoring disbursements and reporting

The Chief Economist in the Ministry shall perform, subject to approval by the Minister, any other necessary functions for promoting economic development and implementation of realistic economic policies.

Chapter III

Planning, preparation and approval of the budget

Article 10 – General planning and budgeting principles for public entities

Planning and budgeting within public entities shall be as follows:

- 1° participatory, consultative, transparent and inclusiveness of all stakeholders;
- 2° comprehensiveness and inclusiveness of all fiscal operations of the public entity;
- 3° informative, disciplined, and encompassing analysis of the current situation, current strategies, set goals and objectives;
- 4° predictable to ensure stability in macro and strategic policy;
- 5° policy-based with clear linkage between annual action plans and budgets to medium term strategies and investment plans;
- 6° developed through a rigorous prioritization process that ensure sectors are adequately resourced based on their contribution to policy objectives as well as current progress within each sector;
- 7° gender responsiveness that ensure gender balance in resource allocation;
- 8° sensitive to private sector participation where demands are strictly composed of activities and interventions that are appropriate to be funded by public resources and the rest is availed to the private sector;
- 9° based on uniform budget classification of the chart of accounts;
- 10° arrived from realistic projections of revenue and expenditure.

The draft budget proposal submitted to the Ministry shall:

- 1° have been prior approved by the Executive Head of the public entity for ownership and accountability;
- 2° ensure that expenditure estimates are based on Government priorities;
- 3° be in accordance with approved budget programme structure that includes performance targets and indicators;
- 4° promote Government policy on budget decentralisation.

The following principles must be observed at all times during budget formulation:

- 1° Rwanda Franc shall be the unit of account for elaborating and implementing the budget;
- 2° all revenues and expenditures shall be included in the Government budget estimates;
- 3° expenditures entered in budget estimates shall be authorised for only one (1) fiscal year;
- 4° budget estimates for revenues and expenditures must be balanced;
- 5° appropriations must be by programmed activities and by items for expenditure.

Article 11 – Strategic planning for public entities

Every Chief Budget Manager shall prepare strategic plans in order to:

- 1° ensure achievement of the vision, mission and goals of the public entity;
- 2° identify appropriate programmes together with their goals, objectives and target for implementation;

- 3° provide an objective basis for their budget requests and a basis for the budget programme structure;
- 4° provide a basis to measure performance according to pre-determined targets.

The Chief Budget Manager shall revise strategic plans basing on evolution of changes in the medium term macroeconomic framework or for any other reasonable circumstances.

Any review of the strategic plan shall be guided by a designed performance management and reporting framework.

The executive authority of a Central Government entity or the Council of the decentralized entity shall approve the strategic plan before official submission to the Ministry;

The Chief Budget Manager shall prepare annual action plan and budget in line with the approved strategic plan.

Article 12 – Medium term expenditure framework

The Ministry shall prepare a medium term expenditure framework.

There must be an approved medium term expenditure plan updated annually according to the approved macroeconomic framework.

The medium term expenditure framework must be derived from the medium term plan of public entities through their sectors, and the macroeconomic framework.

The objectives of medium term expenditure framework must be linked to the planned expenditure at the level of activity programme and expected to outcome within a three (3) year planning.

The medium term expenditure framework must also indicate all sources of funding and expenditure be it ordinary or development budget.

A three-year rolling medium term expenditure framework must be presented annually to the Cabinet as a part of the budget framework paper by 30 April.

The annual budget must be consistent with the first year of the rolling three (3) year -medium term expenditure framework.

Article 13 – Medium term macroeconomic framework and fiscal strategy

The macroeconomic framework shall set out Government economic and financial policies and highlight the tools to be used to achieve these objectives.

The macroeconomic framework has the following four (4) sectors:

- 1° the real sector including output and prices;
- 2° external sector;
- 3° fiscal sector;
- 4° monetary sector.

The macroeconomic framework shall contain the following:

- 1° recent macroeconomic performance assessment and outlook over the medium term starting from the following fiscal year;
- 2° actual outturns for the two (2) previous years;
- 3° forecasts for the following three (3) years.

Article 14 – Budget preparation process

Each public entity shall, through information gathered from their relevant joint sector review meetings and such similar meetings, prepare and submit proposed budget estimate which shall include the following:

- 1° the current fiscal year;
- 2° new activities and programs that require expenditures within the medium-term as a result of a new Government policy or legislation;
- 3° any new capital project investment covering one-time expenditures;
- 4° any internal, inter-entity reallocations and budget reductions.

The budget estimates shall be based on the pre-determined objectives and output as provided in the relevant sector strategic plans and institutional medium term strategic plan of the public entity.

Public entities shall prepare their budget estimates on the basis of the planning and budget call circulars and other guidelines issued by the Minister.

The budget preparation process follows the timeframe in the budget call circular on planning and budget call circulars issued by the Minister.

Lead Ministry in each sector shall facilitate joint sector reviews and set priorities for the coming fiscal year (N) by the dates specified in planning and budget call circulars.

Sectoral and inter agency planning consultations shall be held before issuance of indicative ceilings in order to facilitate resource prioritization and shall be organized in accordance with instructions issued by the Minister.

Priorities of each public entity shall be validated in the planning consultations and submitted to cabinet for approval and which form the basis for budget and medium term expenditure framework requests.

Joint Action Development Forum meetings for decentralized entities shall facilitate selection of priorities for the coming fiscal year by the dates specified in planning and budget call circulars;

Budget submissions shall be prepared in the formats prescribed in the budget call circulars.

The Ministry shall facilitate budget consultative meetings on budget priorities and resource allocations, for public entities to justify the submitted budget estimates.

The National Budget Department of the Ministry shall review the submitted budget requests and formulate recommendations and submit them to the Minister.

The Minister may require a public entity to make adjustments to its strategic plans and budget estimates in order to fulfil the requirements of the macroeconomic framework and fiscal strategy.

Article 15 – Budget framework paper of the State finance bill

Pursuant to Article 32 of the Organic Law, the budget framework paper shall contain an assessment of recent economic performance and the outlook over the medium term, including macroeconomic indicators on the current fiscal year, actual outturns for the two (2) previous fiscal years, and forecasts for the following year in accordance with the macroeconomic framework as provided for in Article 16 of this order.

The Budget framework paper of the State Finance Bill shall also contain assumptions underpinning the expenditure and revenue forecasts and an explanation of the Government's expenditure and public investment priorities, providing the following details:

- 1° the aggregate resource envelope and medium term expenditure projections;
- 2° the overall fiscal balance and financing mechanisms, if any;
- 3° an update to the medium term of public debt strategy.

The State Finance Bill shall contain at least the following annexes:

- 1° Amount of dividends paid by companies in which the State holds shares and the part of the amount allocated to the budget;
- 2° securities issued by the Government;
- 3° the gender budget statement;
- 4° debt strategy;
- 5° the guidelines on earmarked transfers to decentralised entities;
- 6° the projected internally generated revenues and related expenditures by Central Government entities;
- 7° the consolidated summaries of revenue and expenditure of decentralized entities;
- 8° the revenue and expenditure projections by public institutions;
- 9° any other information considered required.

Article 16 – Role of executive heads in budget planning

Executive heads of public entities shall have the following responsibilities:

- 1° coordinating the preparation of appropriate strategic plans and budgets of public entities which they are responsible for, and ensuring that the plans support and are consistent with national plans;
- 2° ensuring that strategic plans are supported by adequate budgets for implementing the plans;
- 3° ensuring that strategic plans are implemented on time and as designed to achieve agreed targets, objectives and outcomes;
- 4° working closely with the Minister and cooperating with other public entities.

Executive heads of public entities shall be accountable to the Cabinet or their respective Councils as the case may be, for oversight to ensure effective, economic and efficient utilization of public resources.

Article 17 – Planning and budget call circulars and calendar

Annually, planning and budget call circulars shall be issued to provide guidance to public entities on planning and preparation of annual budgets and medium term expenditure framework.

The planning and budget preparation calendar shall be the following:

- 1° the budget outlook paper containing information about macroeconomic indicators and aggregate resource envelope shall be issued by the Minister not later than end of September;
- 2° the first planning and budget call circular, for budget planning purposes shall be issued to all public entities by the end of October;
- 3° submission of planning documents by public entities as specified in the first planning and budget call circular shall not be later than end of November;
- 4° planning consultations to agree on broad priority areas to inform development of indicative ceilings shall be held not later than mid January;
- 5° the budget framework paper shall be submitted to the cabinet for approval and shall be submitted to both Chambers of Parliament not later than 30th April as per the Organic Law;
- 6° the approved budget framework paper and budget ceilings of each entity shall be published;
- 7° the second budget call circular, containing the indicative ceilings, shall be issued to all public entities by end of January;

- 8° public entities shall revise their budget estimates to conform to the approved ceilings;
- 9° the draft budget estimates shall be submitted to Cabinet not later than end of March for approval;
- 10° draft budget estimates together with Finance Bill shall be submitted to the Chamber of Deputies before 30 April.

Public institutions shall also establish a budget calendar in order to meet their obligations under the Organic Law and this Order.

Article 18 – Budget documentation

To facilitate the compilation of documentation required by both Chambers of Parliament under Articles 36 and 37 of the Organic Law, public entities shall submit the following documents to the Ministry by the date provided for in the budget calendar:

- 1° strategic plan with key performance targets for each public entity;
- 2° expenditure estimates as per the approved budget programme structure for three (3) consecutive fiscal years;
- 3° detailed current year budget execution, performance highlights, and projected budget outturn for current fiscal year;
- 4° for decentralized entities, projections of own revenues, including external financing provided directly;
- 5° for Central Government entities, details of all own revenues, including external financing;
- 6° the gender budget statement;
- 7° aggregate details of the compensation of employees and their grades of remuneration.

The following documents shall be submitted to Cabinet:

- 1° summary document of plans for the upcoming fiscal year;
- 2° a budget framework paper;
- 3° draft state finance law showing the proposed three (3) years summary projections in its final format, including annexes covering the accounts and proposed budgets of other public bodies, irrespective of whether they require funds from the budget or not, the accounts and estimated budgets of decentralized entities, and a statement of all outstanding debt and Central Government guarantees;
- 4° new fiscal measures to support the budget, including amendments to fiscal laws, if required;
- 5° any other financial issues requiring annual approval by the Chamber of Deputies, such as general borrowing limits;

The budget documentation used by Chief Budget Managers shall be in a form that facilitates annual expenditure appropriation at a programme level in accordance with the approved chart of accounts.

Article 19 – Budget formats, classifications and changes to formats

The Central Government budget estimates and each decentralized entity budget estimates shall be prepared, executed and reported in accordance with approved budget classification and chart of accounts.

The budget revenue and expenditure classifications shall be designed to meet financial and economic reporting requirements in accordance with internationally recognized standards.

The budget programme structure for a public entity shall be approved by the Ministry using a template designed for the purpose.

For any changes to the budget programme structure that may alter the presentation of budget documentation and reports sent to the Chamber of Deputies or Council, the relevant Chief Budget Manager shall present the need for changes to the Minister for approval together with budget submission.

Changes in the budget programme structure of a public entity shall be considered necessary when new policy options are introduced or where Government functions have been restructured and assigned to different public entities.

Article 20 – Preparation of revised budget estimates

The Chief Budget Manager, based on the circular and guidelines issued by the Ministry, shall prepare revised budget estimates taking into account their execution and performance of the previous six (6) months.

The revised budget estimates must be consistent with the approved medium-term plan and budget framework.

The Chief Budget Manager shall justify the revised budget estimates.

The revised budget estimates shall be submitted to the cabinet by 15th January for approval before submission to the Chamber of Deputies not later than 31st January.

The revised budget estimates submitted to the Chamber of Deputies shall also provide details on how the emergency reserve budget has been utilized.

In the case of decentralized entities, the Executive Authority shall submit revised budget estimates to the Council for approval not later than 31 January.

The revised budget estimates submitted to the Council shall also provide details on how the emergency reserve budget has been utilized.

Article 21 – Contracts with multi-year budget implications

A public entity may enter into a contract which imposes financial obligations on that entity beyond the fiscal year only with a formal approval by the Minister.

Expenditures relating to development projects shall be provided for in the State budget in the form of multi-year allocations and implemented through annual payments drawn from allocated funds.

The allocated funds to development projects, if any, shall be earmarked in the budget.

The Chief Budget Manager shall ensure that such contracts and development projects are included in their budget estimates within allocated budget ceilings.

Article 22 – Budget reallocation in Central Government entities

A Chief Budget Manager may reallocate funds between programmes subject to the following conditions:

- 1° from one programme to another within the same entity to a cumulative maximum of twenty percent (20%) of total budget for the programme on his or her discretion;
- 2° from one programme to another in excess of twenty percent (20%) of total programme budget with the approval of the Minister.
- 3° between recurrent and development expenditure budget with the approval of the Minister.

A Chief Budget Manager is prohibited from reallocating funds to and from employee costs to other expenditure categories unless approved by the Chamber of Deputies.

No funds shall be reallocated from one public entity to another without the approval of the Chamber of Deputies.

Proposals for reallocations provided for in Paragraph two and three of this Article shall be included as part of mid-year revision of the state budget or in exceptional cases and presented to the Chamber of Deputies through cabinet.

The Chief Budget Manager shall report all reallocations of funds in the monthly, quarterly and annual budget execution reports.

The quarterly budget execution reports submitted to Cabinet shall include a summary of all reallocations of funds for the period.

The mid-year budget execution report submitted to the Chamber of Deputies shall include a summary of reallocations of funds for the period.

The Chief Budget Manager must keep a record of all reallocations of funds together with supporting documentations.

Article 23 – Budget reallocation in decentralised entities

The following guidelines shall be followed in reallocation of funds in a decentralised entity:

- 1° the budget reallocation from one programme to another within the same entity shall be effected if it does not exceed an accumulative maximum of twenty percent (20%) of total budget for the programme;
- 2° the budget reallocation from one programme to another in excess of twenty percent (20%) of total programme budget shall be effected with the approval of the Executive Authority;
- 3° the budget reallocations between recurrent and development expenditure budget with the approval of the Executive Authority;

The reallocation of funds from one budgetary line to another shall not be allowed between the employee costs and other expenditure categories except where approved by the Council of the decentralized entity and authorized by the Minister.

The Chief Budget Manager shall report all reallocations of funds in the monthly, quarterly, mid-year and annual budget execution reports to the Minister and provide a copy to the Executive authority and the Council.

The Chief Budget Manager shall keep a record of all reallocations of funds together with supporting documentations.

Article 24 – Public Investment Committee

The Public Investment Committee shall be chaired by the Permanent Secretary and Secretary to the Treasury with the following responsibilities:

- 1° approving criteria for selection of projects or investments for funding in the Public Investment Program (PIP) which forms the basis for the development budget;
- 2° approving projects and investments for continued funding in the Public Investment Program;
- 3° deciding on projects and investments to be discontinued from the Public Investment Program;
- 4° approving new projects or investments to be funded through the Public Investment Program;
- 5° approving the draft proposals of projects or investments for which feasibility studies have to be conducted;
- 6° approving financing sources for selected development projects and Government investments.

Members of the Public Investment Committee shall be composed of:

- 1° the Permanent Secretary of Ministry of Agriculture and Animal Resources;
- 2° the Permanent Secretary of Ministry of Commerce and Trade;

- 3° the Permanent Secretary of Ministry of Infrastructure;
- 4° the Permanent Secretary of Ministry of Local Government;
- 5° the Permanent Secretary of Ministry of Education;
- 6° the Chief Operating Officer of Rwanda Development Board;
- 7° respective Director Generals in charge of National Budget and National Development Planning in the Ministry;
- 8° Government Chief Economist;
- 9° Directors of External Finance, Macro, Public Investment (Secretary to the committee) and Project Management and Monitoring Unit;

The committee in charge of Government Investment shall meet every six (6) months and whenever necessary.

Chapter IV

Revenue management

Article 25 – Authority for revenue management

For effective management of the budget in the Central Government, the consolidated fund shall constitute all revenues, including loans and grants.

All taxes established by Law for decentralized entities and other public funds, including resources from Central Government, loans and grants shall constitute the Consolidated Fund established by the Council for the Decentralized Entity.

The State finance law or decision of the Council determining the budget of a decentralized entity forms the basis for a public entity, to collect revenues.

In accordance with Article 7 of the Organic Law, all revenues, including grants and loans shall be included in the budget of the respective public entity.

The Chief Budget Manager of a public entity shall not charge fees, rates or tariffs for services rendered that are not fixed by any Law or without the approval of the Minister or the Council in case of the decentralized entities.

Revenues received by public entities as “own revenues” in exchange for services rendered by public entities must be included in the budget and shall not be spent by the receiving public entity at source without prior approval of the Minister.

The Minister in charge of decentralised entities may issue other instructions to determine and to collect revenues for various services rendered by public entities.

The sharing of revenues collected by Central Government shall be effected within an approved framework for fiscal decentralization.

Article 26 – Responsibility for revenue management

The Chief Budget Manager of a public entity has the responsibility for revenue management including source identification, billing, collection, recording, banking, accounting and reporting.

The Chief Budget Manager shall ensure that all revenues due are collected, banked promptly and accounted for in compliance with the laid down procedures.

The Accountant General may delegate responsibility for revenue management to the Head of Finance, Revenue Collection Officer or any other officer in writing.

Decentralized entities must comply with the relevant law determining revenue collection.

Article 27 – Documentation of revenue

In respect to the source of revenues, the prescribed revenue receipts and registers must be used to show details of revenue due, revenue collected and arrears, including a record of modalities used to collect all arrears. Such records may be maintained in electronic form, where appropriate.

Information on the structure of cost must be disclosed in the annual report of the public entity, including information on exemptions, discounts, free services and any other aspect of material influence on the revenue earning level.

Details of the format of accounting documents relating to various types of revenues must be elaborated in the accounting manual.

Article 28 – Classification of revenues

The revenue estimates of Central Government and Decentralized entities must adhere to the approved uniform Chart of Accounts.

The uniform chart of accounts shall indicate at least the title, chapters and subchapters of each chapter, item as source of revenues and parts of its composition.

Details of the uniform chart of accounts shall be provided in a manual issued by the Ministry.

Article 29 – Revenues in the form of grants

Any unconditional grant from Government or from other sources shall be considered as part of public entity's revenue and shall be included in the public entity's budget, to be spent on priorities determined by the public entity taking into consideration national priorities.

Conditional or earmarked grants shall form part of revenue of a public entity and shall be planned for, recorded and accounted for according to grant conditions.

Conditional or earmarked grants from Government or from other sources shall be budgeted for following an agreement between Government or donor and the public entity and accountability and reporting for such grants shall be approved by the line Ministry or donor.

All grants must be reserved on accounts and audited in accordance with the reporting requirements stipulated in the Organic Law and this Order.

Article 30 – Revenue from external donors

Negotiations for grants and loans from development partners or any other source to a public entity shall require involvement and prior approval of the Minister.

Any agreement and other instruments relating to grants and or loans from development partners shall require a signature of the Minister or his/her delegate to be legally operational.

Copies of agreements and any other instruments relating to grants and or loans to a public entity or public institution or to a decentralised entity shall be submitted to the Ministry as soon as they are executed and not later than one (1) month.

Grants to a public entity or public institution or to a decentralised entity, unless otherwise authorised by the Minister, shall be deposited into the consolidated fund of the Central Government or the consolidated fund of a decentralised entity.

The Chief Budget Manager shall ensure that grants and any other donor funds are spent wholly and exclusively for the objectives and activities specified in the agreements.

All expenditure payments made out of grants shall be in accordance with the Organic Law and this Order unless there is a special waiver by the Minister in writing, and shall be reserved on accounts and audited by the Office of the Auditor General of State Finances.

Article 31 – Donations

A Chief Budget Manager may authorize acceptance of any gift, donation, sponsorship made in favour of the public entity where such gifts, donations or sponsorships do not require signing of agreements irrespective of whether such sponsorship or gift or donation is in cash or in kind.

All public entities that receive cash gifts, donations or sponsorships in liquid cash must account for them in accordance with the Organic Law and this Order.

Where the purpose of a gift, donation, or sponsorship is not evident, the Chief Budget Manager shall ensure that the gift, donation, or sponsorship is used in public interest subject to the approval of Executive Authority.

Public institutions shall not be allowed to give Central Government and decentralized entities cash donations, gifts or sponsorships to augment the budgetary resources outside budgetary procedures stipulated in the Organic Law or in this Order.

Gifts, donations or sponsorships received during the financial year must be disclosed in the financial statements of the receiving public entity or public institution.

When a donor seeks to remain anonymous, the Chief Budget Manager shall submit the details that confirm the identity to the Auditor General and the Minister.

Article 32 – Coordination of external assistance

The external assistance coordination function at the Ministry shall be responsible for coordinating, mobilizing and reporting on foreign aid in form of grants and donations.

Apart from other planning responsibilities, the aid coordination function mentioned in Paragraph One of this Article shall be responsible for the following:

- 1° assessment, mobilization, negotiation and allocation of all multilateral and bilateral foreign aid for implementation of development projects including the consolidation of the donor commitment register in the annual national budget;
- 2° coordination of the process for approval of all grant programmes including technical assistance with bilateral donors and multilateral agencies;
- 3° coordination, review and monitoring foreign aid including joint programming, joint work plans, joint visits, joint implementation and monitoring and evaluation;
- 4° ensuring harmonization, alignment and coordination of foreign aid in line with international conventions ratified by Rwanda;
- 5° monitoring disbursement of foreign aid including their reports by public bodies in the Central Government and decentralized entities;
- 6° promoting use of country systems in the management of foreign aid and formulate a resource mobilization strategy to guide external resource mobilization

Article 33 – Management of accounts receivables

The Chief Budget Manager of a public entity is responsible for management of receivables and other amounts due to the public entity including maintaining proper records for follow up and recovery of outstanding amounts.

The Chief Budget Manager may, where necessary, refer a debt recovery matter to the legal advisor of the entity to take legal demand actions and possible legal proceedings in a competent Court of Law.

Chapter V

Expenditure management

Article 34 – Preparation and approval of expenditure plan at the Central Government

After the submission of the Finance Bill to the Parliament, the Secretary to the Treasury shall require Chief Budget Managers to prepare and submit to the Ministry on the basis of the draft budget, provisional annual expenditure plans broken down by month and quarter consistent with the public entity procurement plan.

Chief Budget Managers shall submit provisional annual expenditure plan broken down by month and quarter and consistent with entity's procurement plan not later than 15th June and the final expenditure plan not later than 30th June.

Upon the adoption of the annual budget, the Minister shall inform the Chief Budget Managers of each public entity its approved budgets and request for a detailed final annual expenditure plans based on the approved budget.

The Secretary to the Treasury shall prepare a consolidated expenditure plan based on final submissions by the Chief Budget Managers and present it to Treasury Management Committee for approval.

Based on the consolidated expenditure plan, the Minister shall issue to each Chief Budget Manager authorization for the execution of budget allocated to his/her institution.

Taking into account the available financial resources, the Minister may issue the authorization mentioned in Paragraph five of this Article either on a monthly or on quarterly basis.

The Chief Budget Manager may, if necessary or upon request by the Secretary to the Treasury, submit revised expenditure plan to the Ministry by the end of the last month of the quarter.

Article 35 – Commitments and disbursement made in accordance with appropriation

In accordance with the authorization issued by the Minister, a Chief Budget Manager may make commitments for the purchase of goods and services and request for payment once those goods and services have been received or satisfactorily rendered.

All commitments for the purchase of goods and services must be recorded at the time they are made. Commitment of funds must be based on approved quarterly expenditure plans.

Any multi-year contract for goods and services shall be within the Medium Term Plan and Medium Term Expenditure Framework of the entity and shall require approval of the Minister.

No new commitment shall be made after 15th May of each financial year.

No payment may be made outside properly authorized commitment.

No payment shall be made without adequate supporting documents.

Adequate supporting documents of payment include the following:

- 1° originals of invoices;
- 2° goods delivery note;
- 3° good received notes;
- 4° certificates of completion of works;
- 5° any other documents in support of a payment request as may be appropriate.

Where original documents are not available, certified copies may be accepted subject to approval by the Secretary to the Treasury.

Each Chief Budget Manager shall ensure that a register containing particulars of all payment requests including invoices is maintained and kept updated.

All unpaid invoices from suppliers shall be reported at the end of each month as an integral part of the financial statements submitted to the Ministry by Chief Budget Managers.

Chief Budget Managers shall ensure that all invoices received by the entity are acknowledged and recorded as soon as they are received and that all requests for direct payment are submitted to the Ministry before the due date indicated on the invoices.

In the case where a due date is not indicated in a contract document, the payment shall be made within forty five (45) days from the date of receipt of the claim.

Article 36 – Preparation and approval of expenditure plan at the decentralised entities

After the submission of draft budget to the Council, the Executive Secretary shall prepare and submit to the Ministry, on the basis of the draft budget, provisional annual expenditure plans broken down by month and quarter consistent with the decentralized entity procurement plan.

Upon the adoption of the annual budget by the Council, the Chairperson of the Council shall inform the Executive Secretary of the adoption of the budget and request for a detailed final annual expenditure plan based on the adopted budget.

The Executive Secretary shall submit to the Ministry provisional annual expenditure plans broken down by month and quarter consistent with decentralized entity's procurement plan not later than 15th June and the final expenditure plan not later than 30th June.

Based on the authorization issued by Minister in response to the submitted annual expenditure plan, the Executive Secretary shall execute the budget as adopted.

Subject to available resources, the Minister may issue the authorization to spend only the monthly or quarterly budget.

The Executive Secretary shall require subsidiary entities that are entitled to the budget to prepare and submit a detailed annual expenditure plan.

Subject to available resources the Executive Secretary may require subsidiary entities to revise their expenditure plans.

Article 37 – Procurement of goods and services by public entities

Procurement of goods and services by a public entity must be made in accordance with the requirements of procurement law and regulations in force.

Procurement of goods and services must be based on approved budget and expenditure plan.

For a multi-year procurement, the amount payable within a fiscal year shall be provided in the annual budget and subsequent amounts included in the Medium Term Expenditure Framework.

Article 38 – Mode of payment from the Consolidated Fund

All payments from the Consolidated Fund of the Central Government to *bonafide* suppliers established in vendor master file in the integrated financial management system shall be made directly to the credit of the suppliers' bank accounts.

All cash transfers from the Consolidated Fund of the Central Government to public entities shall be transferred to their bank accounts in the National Bank of Rwanda.

For decentralised entities and projects, payments to suppliers other than those paid by Treasury single account may be paid by cheque or bank transfer or any other payment instrument determined by the Secretary to the Treasury.

All international payments by public entities shall be made through the National Bank of Rwanda or a commercial bank, subject to approval by the Secretary to the Treasury.

The National Bank of Rwanda is the only authorised bank to process monetary transactions from the Consolidated Fund of the Central Government and decentralized entity.

All public entities must consult the Ministry before committing to provide letter of credits, guarantees or promissory note in any contractual agreement.

The Minister is the sole authority to instruct the National Bank of Rwanda to issue the letter of credit, guarantees or promissory note.

Article 39 – Responsibilities of a finance function in a public entity on processing payments

In order for the Minister to perform his/her responsibilities as provided for by article 13 of the Organic Law, he or she shall ensure, in collaboration with other Ministers and Chief Budget Managers, the establishment of a finance function in each public entity responsible for processing its financial payments in a timely and reliable manner.

The finance function in a public entity shall undertake the following responsibilities for the control of payments of state finances:

- 1° to put in place and implement an appropriate financial, accounting and internal control system in accordance with the Organic Law, this Order, other guidelines and instructions;
- 2° to ensure that revenue due, transfers from treasury and other public entities are collected, banked and accounted for;
- 3° to ensure that taxes, deductions and other dues to the Central Government are collected, banked and transferred promptly to Rwanda Revenue Authority and other authorised agencies;
- 4° to ensure that public procurements are undertaken in accordance with procurement Law and regulations;
- 5° to make payments in accordance with the Organic Law and this Order;
- 6° to facilitate audit processes and implement audit recommendations.

Article 40 – Responsibilities of the Treasury Management Function in processing payments and transfers

The Treasury Management Function in the Ministry shall undertake the following responsibilities in the control of Government payments and transfers:

- 1° to process all payments and transfers from the Consolidated Fund bank account and special bank accounts maintained at the National Bank of Rwanda;
- 2° to ensure all payments and transfers are within the adopted budget of the public entity, *bonafide* and adequately supported;
- 3° to ensure all payments and transfers are within the cash limits set by the Treasury Management Committee;
- 4° to process payments and transfers by direct payments, and any other means in the most efficient manner to *bonafide* payees without loss to the Government;

- 5° to manage Treasury Single Account, its sub-accounts, special bank accounts and any other Government accounts in the most efficient manner;
- 6° to prepare monthly bank reconciliations in respect of the treasury single account and take remedial action on outstanding items;
- 7° to prepare monthly, quarterly and annual Treasury Reports containing all transactions through the consolidated fund account and special bank accounts with the National Bank of Rwanda indicating all revenues, all payments and transfers, opening and closing balances by the 15th of the following month;
- 8° to perform closing procedures of budgetary exercise to ensure that the budget balance falls within the cancellation of the fiscal year and to transfer any balances to the special accounts of the Consolidated Fund, excluding balances of decentralised entities and extra-budgetary entities;
- 9° to keep all transaction documents in accordance with Government policies and regulations.

Article 41 – Special imprest

With the exception of petty cash imprest, any special imprest arrangement shall require a written approval of the Secretary to the Treasury.

A special imprest shall be issued to a senior officer of the administration for a specific purpose and time, including the duration of a project, official function or visit.

Each imprest request must be approved by the Chief Budget Manager based on activity budget within overall approved budget and expenditure plan of the entity. The approval by Chief Budget Manager must indicate when the imprest shall be retired.

The imprest holder shall be responsible for the full amount of the imprest until it has been properly accounted for and retired.

Any payment from the imprest must be made against approved activity budget and supported with adequate documents and receipts as required by the Organic Law and this Order.

Any payment from the imprest must be made against approved activity budget and supported with a listing of disbursements for approval of the Chief Budget Manager.

The imprest holder shall be personally accountable for the imprest and must take all precautions to secure its safe custody.

The imprest shall be withdrawn on or before the date specified by the Chief Budget Manager unless otherwise sanctioned in writing by the Chief Budget Manager.

On retirement of the imprest, the imprest holder shall give full account in writing to the Head of Finance on the use of the imprest, supported by adequate documents and receipts as required by the Organic Law and this Order.

Any balance arising from the imprest shall be remitted and banked on due date of retirement and a receipt issued in the name of the imprest holder.

In the event where the activity does not commence as planned, the imprest shall be retired immediately by banking the intact amount and a receipt issued in the name of the imprest holder.

Any imprest holder who does not retire any imprest or fails to bank any unspent balances by the due dates shall be surcharged and shall not be given a new imprest until the previous imprest has been accounted for to the satisfaction of the Chief Budget Manager and any balances thereof re-banked.

The Chief Budget Manager may also apply other sanctions in accordance with the Organic Law.

Article 42 – Petty cash imprest

The petty cash imprest shall be restricted to petty cash payments for official purposes.

The Chief Budget Manager shall designate an officer to be responsible for the petty cash under the general supervision of the Head of Finance.

The petty cash shall be maintained at all times at a level not exceeding five hundred thousand Rwandan francs (500,000 Frw) and no single expenditure shall be made out of petty cash exceeding fifty thousand Rwandan francs (50,000 Frw).

A Public Entity may seek approval of the Secretary to the Treasury for a higher limit of petty cash where the set limits are deemed inadequate.

All petty cash payments must be fully supported, reviewed, and authorized before payments are effected.

All petty cash payments and replenishments must be authorized by the Chief Budget Manager or by an officer he/she has delegated.

All petty cash payments, including those made through debit cards at embassies shall be within the approved budget and expenditure plan.

No staff shall be allowed to borrow from petty cash personally using a cheque.

The Head of Finance or his /her delegate shall conduct a periodic petty cash audit and reconcile with petty cash records the results of which shall be documented in a petty cash certificate.

Article 43 – Payment of salaries

There must be an Officer in charge of Human Resource Management function in each public entity responsible for the maintenance of personnel records of all staff employed by the entity.

At the end of each month, the Officer in charge of Human Resource shall make a report to the Chief Budget Manager indicating the number of staff, salary grades and details of staff who have left the entity including those who have absconded from duty.

The officer in-charge of the Human Resource function shall prepare, on a monthly basis, a payroll in accordance with the laws and regulations as required by the Ministry in charge of public service.

The payroll shall be approved by the Chief Budget Manager before deductions and payments are effected.

All staff shall be paid their monthly salaries by direct bank transfer through their bank accounts.

In case of unclaimed salaries, the intact amount shall be banked onto the account of the public entity and the Head of Finance is promptly notified.

Payments for terminal benefits and compensation shall be in accordance with rules and regulations issued by the Ministry in charge of public service.

Taxes and other deductions shall be remitted to relevant authorities by the due date or within ten (10) days from the end of the month where due dates are not determined.

Article 44 – Contributions and compulsory payments

Unless authorized by the Minister, no payments shall be made without first establishing the commitment to pay, except for compulsory payments, direct debits and other urgent payments.

Compulsory payments are payments by Government for contractual obligations, permanent agreements or special laws, excluding contractual obligations for the supply of goods and services. Such payments shall also comprise payments for public debt, refunds of taxes and other revenues in case they are provided for by law and court-issued legal claims on the State.

Compulsory payments may be made without establishing prior commitments for them.

In the case where the Chief Budget Manager becomes aware of a compulsory payment not provided for in the expenditure plan, he/she informs the Secretary to the Treasury with all necessary supporting documents.

No payment of contributions to international organizations shall be made without a ratified agreement.

Payment of contributions to local organizations or individuals shall only be made with the approval of Cabinet.

Article 45 – Unspent budget balances

Expenditure commitments shall end on 15th May of the same fiscal year, unless otherwise authorized by the Minister. Payments in respect of committed funds are allowed until 30th June of the year.

At the end of the last working day of each fiscal year, all appropriations and other authorizations for expenditures shall immediately lapse.

All unused funds of public entities shall be transferred to the treasury with the exception of the following funds:

- 1° funds of decentralized entities from their own revenues;
- 2° public institutions funds;
- 3° funds of public entities with funds from externally funded development projects;
- 4° any other funds of a public entity the Minister may specify in writing.

Any outstanding payment order by 30th June relating to funds transferred to the Treasury, shall be sent to the Treasury with necessary support documents and shall be paid not later than end of July.

Funds carried forward shall be included in the budget estimates of the public entity for the following year;

The Minister may issue specific instructions concerning transfers of unused funds and payment of commitments that remain unpaid as at 30th June.

Article 46 – Utilisation of emergency budget reserve

For Central Government entities, a budget line shall be provided in the budget of the Ministry to meet urgent and unexpected expenditure. An amount, not exceeding three percent (3%) of the current budget, shall be set aside for the emergency budget reserve.

The Minister may authorize the use of funds from the Emergency Reserve to defray urgent, unforeseen and unavoidable expenditure that were not provided for in budget and which do not exceed available funds.

Before funds from the Emergency Budget Reserve are used, the Minister shall transfer the required amount to the relevant budget line under the budget of the public entity which will use it and specify the purpose of the emergency expenditure.

The Chief Budget Manager of the public entity which has received funds from the Emergency Budget Reserve shall provide quarterly reports to the Minister on the use of the funds.

Any imprest authorized and transferred to the Public entity shall be reported to Chamber of Deputies on a quarterly basis

Article 47 – Decentralised entities emergency budget reserve

For decentralized entities, a budget line shall provide an amount not exceeding three (3%) of the entity's own revenues of the current budget for urgent and unexpected expenditures.

The Chairperson of the Executive Committee may authorize the use of funds from the Emergency Budget Reserve to defray urgent, unforeseen and unavoidable expenditure that were not provided for and which do not exceed available funds.

Before funds from the Emergency Budget Reserves are used, the required amount shall be transferred from the emergency budget reserve budget line to an appropriate expenditure line clearly indicating the purpose and nature of the expenditure to be met out of the emergency budget reserve.

The Chief Budget Manager of the decentralized entity shall provide quarterly reports to the Council on the use of the funds from the emergency budget reserve.

Article 48 – Monitoring of budget execution report

Budget execution report shall include programme activities carried out during the period and the execution of the approved budget.

Monitoring performance of the budget shall be based, among others, on budget execution reports, activity reports and any other available information.

All Chief Budget Managers shall prepare and submit monthly budget execution reports to the Ministry and in the case of decentralized entities, they shall also submit a copy to the Minister in charge of Local Governments not later than 15th of the following month.

All Chief Budget Managers shall prepare and submit their quarterly budget execution reports to the Minister and in the case of decentralized entities; they shall also submit a copy to the Chairperson of the Executive Committee not later than 15th of the month following the end of the quarter.

The Director General for National Budget under the Ministry shall issue instructions to Chief Budget Managers on the format, modalities and timelines for preparing and submission of quarterly budget execution reports.

The budget execution report shall at least contain the following:

- 1° the budget execution information for the quarter showing approved or revised budget, actual revenues and expenditures;
- 2° a projection of expected expenditure and revenue collection for the remaining period of the current fiscal year;
- 3° an explanation of any material variances;
- 4° measures taken to ensure that the projected expenditure and revenue remain within budget.

The Director General of the National Budget shall prepare consolidated quarterly execution report for the Minister to submit to cabinet not later than thirty (30) days following the end of the preceding quarter.

In the case of a decentralized entity, the Executive Committee shall submit quarterly and annual budget execution reports to the Council.

The Council, after examination of the report submitted by the Executive Committee of the decentralized entity, shall submit it to the Minister in charge of decentralized entities through the Provincial Governor or the Mayor of the City of Kigali with a copy to the Minister.

The Minister shall prepare and submit through Cabinet, a mid-year consolidated budget execution report to the Chamber of Deputies not later than the end of January.

Chapter VI

Loan, debt, investment and banking arrangements

Article 49 – Purpose of and authority for public debt management

The objectives of public debt management are:

- 1° to ensure that the Government's financing needs and settling of obligations meet the medium term objective of low borrowing costs;

- 2° prudent risk exposure;
- 3° to promote an active domestic debt market.

The Minister shall be the sole authority:

- 1° to borrow or to permit borrowing for purposes of financing the Central Government budget deficit;
- 2° to request loans for other public entities;
- 3° to give and approve guarantees and security for the loans granted to public institutions by financial institutions.

Public institutions may borrow but with written authorization of the Minister.

For decentralized entities, the Council of each entity may borrow only for development projects and upon authorization of the Minister.

However, the Minister may, through instructions, determine the maximum amount that the Council may borrow without prior authorization from the Minister.

Article 50 – Public debt management

The Secretary to the Treasury shall constitute, subject to approval of the Minister, a debt management committee.

The Debt Management Committee shall meet quarterly to examine and advice on the following:

- 1° debt issues;
- 2° debt restructuring;
- 3° Government borrowing programmes;

The Debt Management Committee shall be responsible for the following:

- 1° to review liquidity position and funding requirements of Government, advise on financing by debt options.
- 2° to propose debt policies and guidelines for the approval of the Minister;
- 3° to develop debt policy and strategy for the short, medium and long term for the approval of the Minister;
- 4° to develop debt management guidelines on the methodology and key considerations for undertaking debt sustainability analysis;
- 5° to review, monitor and advise the Minister on the implementation of the debt strategy;
- 6° to review debt financing operations such as:
 - a. issuance of short and long term public debt instruments;
 - b. selection of bond types and structure;
 - c. methods of sale and marketing of bonds;
 - d. debt restructuring options and advise the Minister where necessary;
- 7° to ensure a Debt Management Manual is in place which documents key procedures for securing development loan financing;
- 8° to monitor and report to the Minister on all public debt held by public entities and public institutions;
- 9° to advise the Minister on any external loan contracting and guaranteeing;
- 10° to review institutional arrangements including management structures, job descriptions for debt managers in the Ministry in accordance with international best practice;

11° to perform any functions relating to debt management upon requested by the Minister.

Membership of the Debt Management Committee shall be the following:

- 1° Chief Economist in the Ministry, Chairperson and in charge of the rapporteur;
- 2° Deputy Accountant General-Treasury Management in the Ministry;
- 3° Director General of National Development in the Ministry;
- 4° Director General of National Budget in the Ministry;
- 5° Director of Macroeconomic Unit in the Ministry;
- 6° Director of External Finance Unit in the Ministry;
- 7° Director of Financial Markets in the National Bank of Rwanda, Vice-Chairperson;
- 8° Any other suitable person as the Minister may consider

Article 51 – Debt management function in the Ministry

The Minister shall establish a dedicated function in the Ministry to be responsible for public debt management whose responsibilities shall include the following:

- 1° to prepare a medium-term debt management strategy, prepare borrowing plans to facilitate auction of Government debt securities;
- 2° to participate in negotiation meetings with Government creditors, and provide technical support to the attention of the Minister;
- 3° to facilitate the recovery of any payments including interest and other costs incurred by Government resulting from outstanding guarantees;
- 4° to prepare quarterly, semestrial and annual reports for the Minister on outstanding loan and guarantees by Central Government entities and decentralised entities;
- 5° to timely keep comprehensive and accurate records of outstanding public debt including information about capital and interest, guarantees and loan in an appropriate database;
- 6° to advise the Minister on all debt obligations and limits of Government;
- 7° to prepare and publish regularly debt statistical bulletins;
- 8° to prepare forecasts on public debt service disbursements and revenues from loan as part of the annual budget preparation;
- 9° to prepare debt data as required for reporting purposes to international organizations;
- 10° to compile, verify and report on all Government domestic arrears and design a strategy for their repayments;
- 11° to monitor if the disbursements of loans acquired by Government are in accordance with agreed disbursement schedules;
- 12° to prepare necessary securitization whenever it is deemed expedient within borrowing limits for outstanding arrears or any other liability that shall be settled by securitization;
- 13° to perform any other functions relating to debt management as may be determined by the Minister.

Article 52 – Loans by a decentralised entity and Council resolutions on debt

For decentralized entities, the Council of each entity may secure loans only for development projects on authorization by the Minister.

However, the Minister may, by use of instruction, determine the maximum amount that the Council may borrow without prior authorization from the Minister.

The Chairperson of the Council shall request for adoption of a resolution for a debt programme of a decentralised entity as part of an integrated development plan of the decentralised entity for approval.

A resolution of the council adopted for a debt programme shall be supported by the following documents:

- 1° a medium term development plan containing decentralised entity's capital projects for service delivery domain;
- 2° a full description of the capital projects of projects to be funded by debt;
- 3° a description of financial parameters of the capital projects and audited financial statements for the preceding three (3) years.

Recommendation to the Minister seeking approval of a debt programme must include the following:

- 1° a certified copy of a resolution of the Council;
- 2° a full description of the capital projects to be funded by the debt;
- 3° a description of financial parameters of the capital projects;
- 4° the development plan for which the debt is requested for;
- 5° the purpose for which the debt is requested for;
- 6° the economic life of the capital projects financed from the debt;
- 7° the maximum principal amount of the debt requested for;
- 8° the maximum interest rate, charges and commission fees;
- 9° the maturity and repayment terms;
- 10° cash flow projections based on generated revenues;
- 11° audited financial statements for the preceding three (3) years;
- 12° source of security for the repayment of the debt;
- 13° status of outstanding loans;
- 14° any other relevant information the Minister may require.

A debt proposal for a decentralized entity shall be reviewed by the Ministry and reported every year to the meetings of Intergovernmental Fiscal Relations Forum.

Debts of a decentralized entity shall remain the sole obligation of the Council and the decentralized entity.

Decentralized entities shall submit quarterly report to the Ministry on the debt repayment status.

Decentralized entities shall be required to submit to the Minister the proposed debt restructuring for approval.

Article 53 – Restrictions on pledging of securities by decentralised entities

The members of organs of decentralized entities shall not have powers to give guarantees but may pledge securities for a debt.

The Minister may determine in writing the procedures for pledging securities by decentralised entities.

A decentralized entity may pledge securities when raising loan capital for development projects.

A decentralized entity shall pledge securities for debt on the basis of terms and conditions that the Minister may impose.

Loan security pledges for decentralized entity's shall consider the following:

- 1° immovable property owned by a decentralized entity;
- 2° financial assets;
- 3° a share of own revenues, excluding block and conditional grants from the Central Government.

Article 54 – Loan by public institutions

A public institution may, with the approval of the Minister and its decision making organ, borrows money, issue indemnity or security, or enters into any other transaction that binds or may bind that public institution to any future financial commitment.

A public institutions shall submit a three (3) year loan proposal beginning with the first financial year of the corporate plan, with their corporate plan to the Ministry and submit quarterly reports on the loan to the Ministry, reflecting actual loan for that quarter and cumulative balance to date and schedule of loan repayments.

Article 55 – Loan by Central Government entities

The Chief Budget Manager of a Central Government entity shall ensure that no public servant borrows money on behalf of the entity or issues an unauthorized guarantee, security or indemnity.

The Chief Budget Manager shall report all contingent liabilities, and approved commitments contracted or un-contracted of the Central Government entity in its financial statements, budget execution reports and in its annual report.

Article 56 – Consolidated Fund for Central Government

Subject to provisions of Article 8 of the Organic Law, the following guidance is provided for management of the Consolidated Fund of the Central Government:

- 1° it shall comprise of all revenues and other public money, including external loans and grants received by the Government;
- 2° no money shall be withdrawn from the Fund except in case of an appropriation by a law or as a compulsory payment against the Fund;
- 3° money due to the Fund shall be paid into the treasury single account maintained in the National Bank of Rwanda.

Article 57 – Consolidated fund of a decentralized entity

Subject to provisions of Article 9 of the Organic Law:

- 1° all revenues and other public money received by a decentralized entity in accordance with the law defining sources of revenue and their management in decentralized entities are included in the consolidated fund of the decentralized entity;
- 2° revenues or public money received in accordance with any other legislation or through agreement between the decentralized entity and donors are excluded from the consolidated fund of the decentralized entity.

Article 58 – Governance structures for Treasury Management Committee

Upon approval by the Minister, The Secretary to the Treasury shall constitute a Treasury Management Committee, CGT in french abbreviation.

CGT shall ensure that the annual macroeconomic programme of Government is implemented and monitored diligently using all targets and benchmarks.

The macroeconomic programme shall contain necessary benchmarks, targets, modalities, and data reporting requirements for the monitoring of the programme.

CGT shall comprise of the following:

- 1° the Secretary to the Treasury, Chairperson;
- 2° the Chief Economist at National Bank of Rwanda, Deputy Chairperson;
- 3° Director of Monetary Operations, at the National Bank of Rwanda;
- 4° Director of Payments at the National Bank of Rwanda;
- 5° Government Chief Cashier, at the National Bank of Rwanda;
- 6° the Accountant General, at the Ministry;
- 7° the Chief Economist, at the Ministry;
- 8° Head of cash planning at the Ministry's Treasury Management Function-Secretary to the Committee;
- 9° Director of Planning, at the Rwanda Revenue Authority;
- 10° Director of Macroeconomic Department at the Ministry;
- 11° Director General of National Budget Department, at the Ministry;
- 12° Director of External Finance at the Ministry;
- 13° Deputy Accountant General, Treasury Management Function at the Ministry;
- 14° Deputy Accountant General in charge of Public Accounts Unit at the Ministry;
- 15° any other public officer the Secretary to the Treasury considers suitable.

CGT shall perform the following duties:

- 1° to oversee, monitor, and advise the Secretary to the Treasury on in-year budget execution on a periodic basis and on cash flow planning and expenditures in public entities;
- 2° to approve and conduct regular review of consolidated revenue and expenditure plans;
- 3° to ensure effective coordination between key stakeholders responsible for collecting and spending public money;
- 4° to analyse and approve loan plans submitted by Debt Management Committee;
- 5° to advise on any related matters to ensure stable macroeconomic framework.

Article 59 – Control of the consolidated funds

The Secretary to the Treasury is responsible for the effective and efficient management of the Central Government Consolidated Fund and shall ensure that the Fund has enough moneys to meet cash requirements.

The Executive Secretary of a decentralized entity is responsible for efficient management of the Consolidated Fund and ensure that the consolidated fund of the decentralized entity has sufficient money for approved expenditure and for meeting other bank charges.

Article 60 – Fundamental principles for cash management

In order to ensure sound cash management, the Chief Budget Manager shall put in place mechanisms to ensure that the public entity:

- 1° collects revenue when it is due and banking it promptly;

- 2° provides payments, including transfers to other levels of Government and non-Government entities, as soon as warranted;
- 3° avoids prepayments for goods or services, unless required by the contractual arrangements with the supplier;
- 4° takes advantage of any discounts offered provided early payments were included in the expenditure plans;
- 5° pursues debtors with rigour to ensure that amounts receivable are collected and banked promptly;
- 6° provides realistic cash flow forecasting in order to optimise cash management responsibilities;
- 7° recognises the time value of money principles as part of cash management;
- 8° takes any other action that avoids locking up money unnecessarily and inefficiently, such as managing inventories to the minimum level necessary for efficient and effective programme delivery, and selling surplus or under-utilised assets;
- 9° performs bank reconciliation on a daily basis to detect any unauthorised entries;
- 10° ensures that dishonoured cheques are followed up immediately;
- 11° puts in place adequate mechanism to separate duties in order to minimise opportunities for fraud, errors and omissions.

Article 61 – Cash management and banking arrangements

Banking arrangements for public entities shall comply with the banking system and the principles of the treasury single account system.

The bank account configuration for the Consolidated Fund shall include the main bank account with the National Bank of Rwanda, sub-accounts and special accounts as may be appropriate to facilitate the management of the Fund.

The Accountant General may authorize additional sub-accounts and determine terms and conditions as he or she considers necessary.

Each public entity's consolidated fund shall have a bank account configuration that consists of a main bank account with the National Bank of Rwanda.

All fiscal transfers from the Central Government shall be deposited into the designated bank account of the consolidated fund of the decentralized entity.

If the financial management operations of a public entity necessitate a separate bank account, the Minister may approve opening of a sub account within the treasury single account arrangement of the consolidated fund.

Article 62 – Responsibility for opening of bank accounts

The Accountant General is the sole delegated authority with the responsibility for authorizing the opening and closing of bank accounts of public entities.

No public entity shall open a bank account in the National Bank of Rwanda or in any financial institution including making changes to the bank account signatories without written authorization of the Accountant General.

Opening of bank account outside the country by a public entity and public institution shall require prior approval of the Accountant General.

Article 63 – Oversight of banking correlations

The Accountant General shall maintain a record of all bank accounts for all public entities.

Upon the request of the Accountant General, the National Bank of Rwanda shall provide a list of Government accounts it maintains.

Each Chief Budget Manager shall provide in a financial report details of all bank accounts an entity holds.

Bank accounts of a public entity shall not issue out loans or effect any temporary advances without prior permission of the Minister.

Article 64 – Establishment of treasury management function in the Ministry

A treasury management function under the supervision of an Accountant General shall be established in the Ministry.

With regards to cash management, the function shall ensure efficient management of Government cash resources in line with the principles outlined in this Order, by performing the following functions:

- 1° to prepare an annual consolidated expenditure plan considering the adopted annual budget, based on inputs provided by public entities whose projected cash inflows and cash outflows on a monthly or quarterly basis shall include contingency measures, outlining what the consequences of shortfalls or surpluses would be to the expenditure plan;
- 2° to consolidate revenues and expenditures of public entities in order to provide a reliable and forward-looking information that forms the basis for decision making processes;
- 3° to prepare, on a monthly basis, a consolidated monthly cash flow plan based on data expenditures from spending entities;
- 4° to produce a quarterly rolling cash flow or expenditure projections of the first month in advance as an operational cash or expenditure plan;
- 5° to maintain liaison with the National Bank of Rwanda and advise the Secretary to the treasury on adequacy of balance in the treasury single account;
- 6° to submit a regular report to the Treasury Management Committee showing actual outturn compared to the planned cash flows, showing variances and remedial measures in case of negative variances;
- 7° to monitor bank balances and major cash movements in the Consolidated Fund Account to ensure that they are managed in an efficient manner;
- 8° to monitor receipts, payments and the daily cash position.

Article 65 – Collection and deposit of public funds

All money received by a public entity shall be paid into a consolidated fund by depositing it into a bank account designated as the consolidated fund or its sub accounts and recorded in accordance with the coding specified in the approved Chart of Accounts.

All revenues received by a public entity shall be deposited daily on a designated bank account.

Every public officer who collects or receives public fund shall record the following information in a cash book:

- 1° the date of every receipt and deposit;
- 2° the amount received or deposited;
- 3° the source or type of public fund;
- 4° all other information required for identification, accounting or audit purposes.

Every public entity shall issue an official pre-numbered receipt or promptly acknowledge any public fund collected or received.

No decentralized entity may receive a transfer payment from a Central Government entity directly. Such funds shall be processed as a budgetary appropriation to the decentralized entity from the Consolidated Fund on request by a transfer from the Central Government entity.

Money collected by a public entity, not classified as revenue in the state finance law, shall also be paid into the public entity's main account and accounted for in its ledger. This includes fund received for agency services provided to another public entity.

Article 66 – Investment of surplus funds

The Accountant General may prepare a liquidity position and determine quarterly surplus balances in the treasury single account system for investment in accordance with approved investment framework.

The Accountant General may prepare a short term investment plan on the basis of the liquidity position assessment report and investment framework for consideration by the Treasury Management Committee.

The short term investment plan referred to in Paragraph two of this Article shall seek to make the most efficient use of unplanned for surplus cash in accordance with principles provided in the investment framework.

The short term plan may include the repurchase of Treasury bills or other financial instruments issued by the National Bank of Rwanda on behalf of the Government or investment in short term financial instruments recommended by the Treasury Management Committee.

The approval of the Minister shall be obtained before implementation of the short term investment plan provided for in this Order.

Article 67 – Investment of surplus funds by decentralised entities

Decentralized entities may temporarily invest surplus funds.

The periodic unplanned for surplus amount shall be utilized on approval by Executive Committee after consultation and advice of the Executive Secretary.

Investments by decentralized entity shall be in accordance with the investment plan developed by the Executive Committee and approved by the Council and the Minister.

The Minister shall provide general guidelines on investments by decentralized entities,

Article 68 – Signatories to bank accounts

A public entity must have a sufficient number and categories of authorized signatories for its bank accounts to prevent the possibility of operational paralysis due to absence of one or more signatories, without compromising the internal controls over the financial resources of the entity.

No person shall act as a signatory to a Government bank account without an appointment to that effect.

The Accountant General shall appoint signatories to the account in Central Government on recommendation of the relevant Chief Budget Manager.

For decentralized entities, the Executive Secretary with the approval of the Executive Committee, shall recommend signatories to the accounts for their appointment by the Accountant General.

Any payment order or cheque shall be signed by at least two (2) authorized signatories and all cheques shall be non-negotiable.

Article 69 – Revenue bank accounts

Unless exempted by law or by judicial order, all revenue bank accounts of the public entities shall be sub-accounts of the treasury single account.

The Minister may authorize opening of revenue accounts with commercial banks.

When commercial banks are involved in Government revenue collection or expenditure payments, the banking arrangements shall be negotiated and contracted by the Minister, in order to ensure that requirements for cash and budget management are appropriately taken into account.

Payment transactions shall not be processed through revenue bank accounts.

Article 70 – Responsibility for fund and property in trust

For purposes of this Order, trust fund or property is money or property that does not belong to the State and that is held by a public entity on behalf of other persons or entities in accordance with a deed of trust or equivalent instrument that details the specific purposes for which it may be used.

The Chief Budget Manager is responsible for the maintenance and proper use of trust fund and property, in accordance with the relevant deed of trust or establishes legal instrument.

The public entity may charge a trust management fee at rates approved by the Board of trustees or as may be approved by the Minister.

Trust management fees are revenues accruing to the consolidated fund.

The Chief Budget Manager shall, for each separate portion of trust fund or property:

- 1° open and maintain a separate bank account, called a trust account;
- 2° assign to the trust account a name or title that clearly identifies the account;
- 3° maintain appropriate accounting records for each trust account;
- 4° include the trust account in the annual financial statements of the public entity.

The Chief Budget Manager shall, provided that it does not conflict with the terms of the trust arrangement, invest any trust fund on such terms and conditions specified in the approved investment framework:

- 1° on deposit with any bank within or outside Rwanda as approved by the Secretary to the Treasury;
- 2° in public securities issued by the Government;
- 3° in other securities approved by the Secretary to the Treasury.

The proceeds of sale of an investment, investment interest earned, realized capital gains, and all funds received from the realization of investment securities, shall accrue to the trust.

Article 71 – Protection of cash in transit

The Chief Budget Manager shall ensure that adequate arrangements are made to protect both cash and staff for cash in transit and such measures may include security escorts, suitable transport and variation of movement, times and routes and other measures that may be considered appropriate.

Article 72 – Reconciliation of bank accounts

Chief Budget Managers shall ensure that bank reconciliations are done for each bank account held in the name of public entity every month and submit a bank reconciliation statement along with financial statements to the Ministry no later than the 15th day of the subsequent month.

Bank reconciliations shall be done during handover of any bank account or cheque book from one officer to another.

Chief Budget Managers shall ensure that any discrepancies noted during bank reconciliation exercise are investigated immediately and appropriate action taken including updating the relevant cash books.

Where items of expenditure such as direct debits, bank charges and overdraft interest are found on the bank statements, the accounting officer undertaking the reconciliation shall immediately update expenditure in the books of account.

In case of other unidentified payments or receipts or where there is a difference in amount between the cash book and the bank statement in respect of a particular entry, the officer undertaking the reconciliation shall immediately bring them to the attention of a duly authorized officer.

Chapter VII

Management of State property

Article 73 – Responsibility for public property management

Public property includes movable and immovable assets of a public entity. For the purposes of this Order, both tangible or physical and intangible assets are included.

The Minister shall ensure that policies and procedures are in place so that all public property is well maintained, recorded, accounted for and reported.

Every Chief Budget Manager of a public entity shall have full responsibility for acquisition, use, maintenance, and disposal of public property under his/her control in accordance with the Organic Law, other relevant laws and regulations.

The Chief Budget Manager shall ensure public property under his/her control is properly safeguarded against theft, wastage, misuse or any other loss.

Article 74 – Management functions for custodial State assets

The Chief Budget Manager shall ensure the following regarding the custody of assets:

- 1° that items of public property are properly recorded in an asset register in a format prescribed by the Minister containing at least:
 - a. the date of acquisition;
 - b. the description;
 - c. the code;
 - d. the quantity;
 - e. the location;
 - f. the cost for acquisition and disposals;
- 2° that the custodial responsibility for each asset acquired is assigned to the officer primarily responsible for its use and that there is a central record of the names of the custodians and the locations of the assets assigned to them.
- 3° that there is adequate maintenance of the assets, by including in annual budget submissions all estimated maintenance and running costs of such public property;
- 4° that conducts periodic physical verification of public property against asset registers at least annually are done and included in the financial statements;
- 5° that other items acquired but not required for immediate use or consumption form part of inventories for which proper records shall be maintained;
- 6° that information and records on all public property are retained in accordance with rules on filing of national records;

- 7° that policies Ministerial orders and instructions regarding acquisition, management and disposal of such assets are complied with.

Article 75 – Chief Budget Managers’ responsibilities on transfer of public property

When a public property which has a liability, like leased assets, the corresponding liability must also be transferred together with the relevant public property.

Public property may be transferred from one public entity to another if and only if it has been authorized by:

- 1° a law;
- 2° the Cabinet;
- 3° Minister; or
- 4° a lawful authority.

When assets of a public entity are transferred to another public entity or other institution together with any associated liabilities as a result of a legislation or following a restructuring of Government functions, the Chief Budget Manager of a transferring public entity shall be required to:

- 1° identify an inventory of such assets and liabilities;
- 2° provide the Chief Budget Manager of the receiving public entity with all relevant records, titles, including human resource records of staff to be transferred.

Both the Chief Budget Managers of the transferring public entity and the receiving Chief Budget Manager must sign a hand over report to legally effect the transfer.

The Chief Budget Manager of the transferring public entity shall file a copy of the signed handover report with the Ministry and the Auditor General of State Finance within fourteen (14) days of the transfer.

Article 76 – Disposal and lease of public assets

Disposal of movable assets shall be in accordance with laws, regulations and policies on disposal of public property.

Lease of public property shall be in accordance with Government policies and guidelines.

The Chief Budget Manager shall include in the annual budget expected income from sale and letting of public property.

Article 77 – Property acquired through operation of the law, donations and bequests

The Chief Budget Manager shall keep a complete record of all property acquired through operation of law, donations and bequests.

The Chief Budget Manager shall assign values to property acquired through operation of law, donations and bequests either at cost or its equivalent or in accordance of any relevant policies or guidelines issued by the Minister.

The Chief Budget Manager shall submit regular report, identifying property acquired through operation of law, donations and bequests separately, alongside other reports on public property.

Article 78 – Losses of public property

Any public servant who discovers a loss of or damage to a public property shall report immediately to the Chief Budget Manager.

The Chief Budget Manager must ensure that any loss or damage to public property through a suspected criminal act is reported to the police, the Minister and the Executive Head of the entity.

The loss or damage shall be investigated promptly and appropriate actions taken in accordance with the laws of public service, the penal code and any other relevant laws.

All losses or damage of public property shall be reported in the financial reports.

The Chief Budget Manager shall seek approval from the Executive Head of the Central Government entity or the Executive Committee in the case of a decentralized entity, to write off losses or damages if, after a thorough investigation, it is found that the loss or damage is irrecoverable. Such approval must be in writing with a copy to the Accountant General.

When movable assets are written off, it must be noted in the asset register.

Article 79 – Managing asset losses and insurance compensation

Public property shall be insured in accordance with Government policies and guidelines.

Unless otherwise provided in a Government policy and guidelines, the selection of an insurance provider of a public property shall be undertaken in accordance with the procurement laws.

In the event of an insurable loss of public property, the necessary steps shall be taken to promptly seek compensation.

The compensation arising from insurance claims of a public property shall be promptly reported and remitted to the Ministry.

If the Government sustains a loss or damage and the other party denies liability, the Chief Budget Manager shall, if deemed economical, refer the matter to the Prosecutor General for legal action, including the recovery of the value of the loss or damage.

Article 80 – Losses and damages through acts committed or omitted by public servants

Losses or damages suffered by a public entity because of an act committed or omitted by a public servant, must be recovered from such an official if that official is liable in law.

The Chief Budget Manager shall determine the amount of the loss or damage suffered by the public entity and, in writing, requests that public servant to pay the amount within thirty (30) days or in reasonable instalments. If the public servant fails to comply with the request, the matter must be handed to the Prosecutor General for the recovery of the loss or damage.

The Chief Budget Manager may write off losses and damages that result from other unavoidable causes subject to approval by the Executive Head of the Central Government entity or the Executive Committee in the case of a decentralized entity with a copy to the Accountant General.

Article 81 – Responsibility of public servants to report loss of public fund and property

Any public servant who discovers or suspects that a loss has occurred shall report it immediately to the Head of his or her Department, and the later shall then report the losses in writing within seven days to the Department of Administration or directly to the Chief Budget Manager.

All Chief Budget Managers shall ensure that all their staff is aware of their responsibility to report all losses.

All losses of public fund and public property, even if they are reported, shall require full investigation with the complete cooperation of all employees of the public entity.

Any preliminary examination by a public entity shall be limited to ascertaining whether there is a possible basis to an allegation of criminal act that requires to be reported to the police.

The Chief Budget Manager may seek legal opinion from the legal advisor of the entity on the seriousness of the incident of loss involving a public servant before any other action is taken.

Article 82 – Admission of liability

An employee shall not admit liability or take any action or enter into any correspondence admitting liability on behalf of the public entity without approval of the Chief Budget Manager.

Chapter VIII Special funds

Article 83 – Establishment of special funds

No special fund shall be established without prior approval of the cabinet for a specific purpose and desired outcomes for a specified period.

The establishment of a special fund shall be initiated, through a letter submitted to the cabinet by the responsible line Minister, on the public policy outcomes to be executed through the proposed special fund.

Each special fund approved by the cabinet shall have a designated administrator who shall be accountable to the Chief Budget Manager of a relevant line Ministry or decentralized entity.

All special funds shall be included on budget, account, they are audited and managed in accordance with the Organic Law and this Order.

Article 84 – Requirements for the establishment of a special fund

The establishment of each special fund must:

- 1° be initiated by the responsible line Minister or a chairperson of an Executive Committee of a decentralized entity under which the special fund is to be administered;
- 2° provide a clear justification as to why a special fund is deemed appropriate for improved service delivery given the legislative and policy mandate of the controlling public entity or decentralized entity;
- 3° indicate how the activities of the proposed special fund will facilitate implementation of the controlling entity's medium term strategy;
- 4° demonstrate how the activities of the proposed special fund will fit in the overall medium term plan.

The request to establish a special fund shall be addressed to the Minister or the Chairperson of the Executive Committee, who shall submit to Cabinet or the Council for approval in the case of Central Government and decentralized entity respectively.

Article 85 – Administrator of a special fund

Each special fund operating under the control of a public entity or a decentralized entity shall be headed by an administrator designated by the Minister or Chairperson of the Executive Committee of a decentralized entity.

The administrator of the special fund shall administer the fund and be responsible for its daily management.

The administrator of a special fund shall ensure that money held in the fund, including any earnings or accruals thereof is spent only for the purposes for which the special fund is established.

The administrator of the special fund shall be accountable to the Chief Budget Manager of the relevant public entity for the implementation of assigned public services and programmes.

Article 86 – Policy and reporting framework that provide guidance to administrators

The policy and reporting framework which provide guidance to administrators shall be composed of the following:

- 1° the Chief Budget Manager of a public entity operating a special fund shall formulate, at the time of applying for the establishment of a special fund, a policy and reporting framework for the administrator's use subject to the approval of the Minister;
- 2° the administrator is accountable to the Chief Budget Manager of the controlling public entity of the special fund and must forward budget, plans and reports or approvals required through the Chief Budget Manager of the controlling public entity;
- 3° a policy and reporting framework shall specify the manner in which the special fund shall also be dissolved.
- 4° the budget allocations to a special fund shall be adequately motivated in the Government budget under the responsible controlling entity together with a description of services provided by the special fund.

Article 87 – Bank accounts of Special funds

Bank accounts for special funds shall be operated like any other bank account of a public entity as provided for in the Organic Law and this Order.

Article 88 – Requirements for funding Special fund and its expenditures

In consultation with the Treasury, the Chief Budget Manager of a public entity which supervises the special fund or decentralized entity shall determine conditions for financing special fund and must be planned in the financial budget.

In determining expenditures for goods or services, the administrator of a public fund shall seek to recover the full cost of providing the goods or services, unless the Minister approves lower charges and fees.

Subject to the approval of the Minister, the administrator shall review rates for expenditures and fees at least annually during the budget process.

Every administrator of a public fund shall submit its annual budget for approval to the Chief Budget Manager of the controlling public entity or decentralized entity not later than the end of February of each year.

Article 89 – Monitoring and reporting of special funds

The Chief Budget Manager of a public entity supervising a special fund shall provide to the Secretary of the Treasury or the Executive Committee the quarterly fiscal information as part of mid-year report.

If the administrator of the special fund is not the Chief Budget Manager of the supervising entity, the administrator shall provide the information to the Chief Budget Manager of the supervising entity so that it is included in its quarterly fiscal reports.

Fiscal operations, including financial statements of the special fund shall be incorporated into the annual report of the entity responsible for the special fund.

Article 90 – Disposal of assets of a special fund and remittance of surplus funds

When assets are to be disposed through means other than the ordinary course of the business of the special fund, the Secretary to Treasury shall first approve it before the transaction is effected.

At the end of each financial year and after books of accounts have been audited, the Chief Budget Manager of a controlling public entity of a special fund shall declare any surplus or deficit to the Secretary to the Treasury or to the Executive Committee.

The Secretary to the Treasury may put to use the surplus mentioned in Paragraph two of this Article to reduce any proposed fiscal transfer payments to the special fund, or require that all or part of it be re-deposited in the consolidated fund of the Central Government or of a decentralized entity.

Upon closure of a special fund, all assets and liabilities of the special fund operating within the administration of a public entity shall be transferred to the supervising public entity or the decentralized entity.

Article 91 – Dissolution of a special fund

The Minister on advice of the Secretary to the Treasury may order for compulsory dissolution of a special fund if the appraisal findings either by the Auditor General of State Finances or any other independent assessment reveal:

- 1° gross or significant weaknesses in financial management of a special fund;
- 2° persistent failures by the administrator and or the Chief Budget Manager of the controlling public entity to implement audit recommendations relating to the special fund;
- 3° consistent failure of the special fund to achieve the objectives, outcomes and purposes for which it was established;
- 4° that a duly concluded restructuring of Government function does not support continued existence of the special fund.

A special fund may also be dissolved if the Minister or Chairperson of the Executive Committee responsible for controlling a public entity of the special fund considers that the special fund has successfully completed the specific objectives for which it was created.

In the event of dissolution referred to in Paragraph One of this Article, it shall be the responsibility of the Executive Head and the Chief Budget Manager of the supervising entity to ensure that instructions to dissolve the fund are enforced and adhered to.

The special funds dissolved during the year shall be disclosed in the annual report of the supervising entity.

Chapter IX Intergovernmental Fiscal Relations Forum

Article 92 – Establishment, purpose and functioning of Intergovernmental Fiscal Relations Forum

The Minister, in consultation with the Minister in charge of Local Government, shall establish an Intergovernmental Fiscal Relations Forum, abbreviated as IGFRF.

IGFRF shall be the mechanism for the Minister to consult with the Executive Committees of the decentralised entities and the Minister responsible for decentralised entities on fiscal transfers to decentralised entities, on conditions for selecting fiscal grants, and other matters pertaining to financial management in decentralized entities and on inter-governmental fiscal interactions.

The Prime Minister's Office shall chair IGFRF.

Members of IGFRF shall exercise their mandate in accordance with agreed upon terms of reference in the spirit of cooperative governance.

IGFRF shall meet at least twice a year to discuss intergovernmental fiscal relations matters and associated policies.

Functional modalities for IGFRF shall be adopted at its first meeting.

All scheduled meetings of IGFRF shall be clearly indicated in the Budget Calendar issued by the Ministry.

The Minister shall ensure that the decisions and recommendations of IGFRF are timely announced.

The Fiscal Decentralization Unit in the Ministry shall serve as the secretariat for IGFRF.

The IGFRF shall report to the Presidency Office through the Office of the Prime Minister.

Article 93 – Composition of IGFRF

IGFRF shall be composed of the following members:

- 1°. a representative of the Prime Minister's Office;
- 2°. a representative of the Ministry of Finance and Economic Planning;
- 3°. a representative of the Ministry of Local Government;
- 4°. a representative of the Ministry of Education;
- 5°. a representative of the Ministry of Health;
- 6°. a representative of the Ministry of Agriculture and Animal Resources
- 7°. Provincial Governors and Mayor of the City of Kigali;
- 8°. Chairpersons of Executive Committees of the decentralised entities;
- 9°. a representative of Rwanda Association of Local Government Authorities (RALGA).

Article 94 – Responsibilities of IGFRF

IGFRF shall have the following responsibilities:

- 1° to provide recommendations on the budget outlook paper, and in particular the macroeconomic and fiscal strategy;
- 2° to assess the budgetary performance of the central and decentralized entities against the fiscal targets and policies specified in the fiscal strategies;
- 3° to provide comments on the Budget Framework Paper and the annual budget estimates before consideration and approval by the Cabinet;
- 4° to provide recommendations on financial recovery plan of a decentralized entity.

Article 95 – Means of facilitating IGFRF responsibilities

To ease its responsibilities, IGFRF shall be kept informed about the following:

- 1° suspension of funds to decentralised entities due to serious or persistent material breaches in service delivery;
- 2° establishment of new public entities and special funds in the administration of Central Government ministries with an impact on the operations of decentralised entities;
- 3° budget calendar and budget process;

- 4° declaration of national disasters and allocation of funds from the emergency reserve;
- 5° cross-cutting issues raised by the Auditor General in the audit of financial and non-financial performance information

Chapter X

Accounting, reporting and external audit

Article 96 – Fundamental principles for preparing financial statements

The preparation of financial statements shall be based on the following fundamental principles:

- 1° the reporting currency shall be the Rwanda Franc.
- 2° the reporting period is the fiscal year from 01st July to 30th June. The comparatives, where applicable, shall reflect the same period for the previous year;
- 3° the accounts or financial statements of the Central Government entities, decentralized entities and public institutions shall record transactions which take place during a fiscal year;
- 4° all financial transactions of a public entity shall be coded using the standard chart of accounts approved by the Minister;
- 5° the books of accounts shall be closed every month not later than the 15th of the following month. Any subsequent adjustments relating to the closed period shall be effected by way of adjustment journals in the following periods;
- 6° books of accounts for a fiscal year may be kept open for a specified period in the following year as specified by the Accountant General for completion of the end-of-year accounting processes and for performing the necessary adjustments. Adjustments may be made after 30th June in order to rectify or correct mis-postings, misclassifications, and external audit adjustments impacting on fair presentation of the financial statements;
- 7° the Accountant General shall, not later than 30 days before the end of the fiscal year, inform Chief Budget Managers of the date of final closure of the accounts and each Chief Budget Manager shall ensure that their accounts balances are in agreement with the underlying books of accounts before the date of final closure.

Article 97 – Standardised chart of accounts

The Minister, on the advice of the Accountant General, shall issue a standard chart of accounts to be applied by all public entities, with the exception of public institutions which may develop chart of accounts adapted to their financial operations.

To enable generation of financial information, the chart of accounts shall have following key segments:

- 1° Administrative - describing administrative units and departments responsible for management of state finances and property;
- 2° Source of funding - describing the sources of funding to public entity and corresponding expenditures financed;
- 3° Programmes and functions - describing the Government programmes and sub-programmes reflecting Government policies, goals and objectives;
- 4° Economic classification - describing the natural accounting nature of financial transactions including revenues, expenditures, assets, liabilities and reserves.
- 5° Geographical location - describing the geographical location of the beneficiaries of public spending;

- 6° Budget category - categorisation of the budget into recurrent, development and other categories of the budget.

Article 98 – Financial information system

Each public entity shall keep proper books of accounts either manual or in electronic form.

The Chief Budget Managers of public entities shall be responsible for the financial management system maintenance and ensure that it meets the financial management and reporting needs of the public entity, and shall seek support and advice, as necessary, from the Accountant General.

Any automated system which a public entity may use to record its financial transactions and produce accounting and financial reports in accordance with the Organic Law and this Order shall require prior approval of the Accountant General.

Each Chief Budget Manager shall take all reasonable measures and precautions to guard against damage, destruction, or falsification of books of accounts and accounting records of the public entity under his or her is responsibility.

Article 99 – Accounting standards applicable to public entities

All public entities shall apply generally accepted accounting practices for preparation of financial reports required by the Organic Law and this Order.

Central Government and decentralized entities shall follow the International Public Sector Accounting Standards, abbreviated as IPSAS. Accountant General shall issue regular guidance to enable progressive compliance to these standards through revisions to the reporting templates or through regular circulars.

Public institutions shall follow the International Financial Reporting Standards abbreviated as IFRS, unless prescribed otherwise by the Minister on advice by the Accountant General.

The Accountant General shall develop and keep updated accounting and financial reporting manual which specifies financial reporting requirements and disclosures in accordance with the applicable accounting standards.

Article 100 – Responsibilities related to the automated Integrated Financial Management Information System (IFMIS)

The Secretary to the Treasury has the overall oversight responsibility for the establishment and maintenance of IFMIS to be used in Government across, and shall designate an Accountant General to oversee daily operation of the system centrally in the Ministry.

The Accountant General shall be assisted by a technical and competent staff to ensure reliability and availability of IFMIS to users, ensure effective maintenance of the entire system, and ensure that necessary and effective security protocols for the system are adequate and in place.

The Accountant General shall ensure that there are adequate and functioning back-up and recovery arrangements for IFMIS to ensure that the public entities are not adversely affected by loss of data.

The Accountant General shall develop operating procedures for the use of, and maintenance of IFMIS to ensure efficient and effective system in processing financial data.

The operating procedures of IFMIS shall describe the processes and controls for recording, authorization, approval, deletion or alteration of any transaction or data by the authorized users.

Every Chief Budget Manager of a public entity using IFMIS shall ensure compliance with the operating procedures of the system issued by the Accountant General.

All Chief Budget Managers of public entities where IFMIS has been deployed and installed, shall be responsible for ensuring that it meets the financial management and reporting needs of the public entity, and shall seek support, if necessary, from the Accountant General.

Article 101 – Finance function in a public entity

Each public entity shall have a finance function that supports the Chief Budget Manager in the management of state finances and property under the control of the entity.

The head of finance function shall assist the Chief Budget Manager in discharging public finance management responsibilities.

The Head of Finance must be a person of integrity, competent and have appropriate experience as shall be advised by the Accountant General.

Without prejudice to the right of the Chief Budget Manager to assign specific responsibilities, the general responsibility of the head of finance shall be to assist the Chief Budget Manager in discharging the duties provided for in the Organic Law and this Order. In particular, He/she shall have the following responsibilities:

- 1° to ensure effective financial management of the public entity including the exercise of sound budgeting, budgetary control practices and reporting;
- 2° to ensure timely production and submission of financial reports;
- 3° to ensure effective use of IFMIS;
- 4° to oversee and coordinate the work of other finance officers responsible for budgeting, revenue collection, procurement, accounting and asset management;
- 5° to ensure that no expenditure is incurred before it has been properly committed and authorized by the Chief Budget Manager;
- 6° to maintain proper books of accounts which must be promptly updated;
- 7° to ensure that all accounting records, books, and other relevant documents are complete and securely protected and filed;
- 8° to supervise and ensure the prompt collection of all revenue due to the public entity and bring promptly to the bank account all revenue or other receipts paid into the entity's bank accounts;
- 9° to supervise all officers entrusted with the receipt and expenditure of budget agency's funds and to take precautions, through the maintenance of frequent checks against the occurrence of fraud, embezzlement or carelessness;
- 10° to supervise payment process so that expenditure and other disbursements of the public entity are made by competent authority;
- 11° to prepare all financial statements and budget execution reports as required by the Organic Law;
- 12° to facilitate audit process and ensure audit recommendations are promptly implemented;
- 13° to ensure that all officers with responsibilities of a financial nature have access to, are conversant and comply with the Organic Law, this Order and other laws on public finance;
- 14° to ensure compliance with the Organic Law and this Order, the accounting manual and all instructions issued by the Minister or his delegate;
- 15° to perform any other functions as may be assigned by the Chief Budget Manager and the entity management in respect to the Organic Law and this Order.

Article 102 – Accounting and financial records

All public entities shall keep proper books of accounts, accounting and financial records on all financial transactions of the entity including revenues, expenditures, assets and liabilities.

Accounting and financial records of a public entity shall, whether manual, electronic or both, include among others the following:

- 1° serially pre-numbered receipts that show the amount received, date of receipt, and the official who received the funds, purpose of the funds and accounting code to be credited;
- 2° invoices, purchase orders, payment orders and cheque books;
- 3° payment records that show the amount paid, date of payment, the payee, purpose of payment;
- 4° originals of supporting documents attached to payment requests which shall include invoices, goods delivery notes, local purchase orders, and contracts, among others;
- 5° cash books, petty cash books or similar books to record receipt and payment transactions;
- 6° general ledger and other subsidiary ledgers whether in manual or in electronic form;
- 7° bank statements, reconciliation statements whether in manual or in electronic or both;
- 8° store records and similar inventory systems;
- 9° fixed asset registers and similar systems to record asset description, type, location, value, ownership, identification marks and other pertinent details;
- 10° other registers for recording investments wherever held, share certificates, treasury bills, bonds and other documents which signify ownership and/or obligations;
- 11° security documents of a financial nature;
- 12° financial reports, audited financial statements or similar documents.

For electronic documents and records, they shall be electronically filed and stored, and access to them shall be restricted to an authorized persons.

Where applicable, all accountable documents such as cheque books, official receipt books, and invoice books that are in custody of the public entity shall always be recorded in respective registers, and kept under safe custody.

The Chief Budget Manager shall ensure that all accounting and financial records, including the supporting attachments, are securely kept and protected from unauthorized access, damage or destruction and in a manner that ensures easy retrieval when necessary.

Article 103 – Preservation of accounting and financial records

All public entities shall maintain their accounting and financial records, with all their supporting attachments safely for a period of at least ten (10) years from the beginning of the first financial year in which the transaction was completed, unless otherwise prescribed by the Minister.

The Chief Budget Manager shall ensure that a register of all destroyed records is maintained.

Article 104 – Year-end procedures for closing books of accounts

Before the end of the fiscal year, the Accountant General shall issue directives to public entities concerning the procedures of closing books of accounts and preparing annual budget execution reports, financial statements and activity reports.

The year-end closure procedures shall include, at least:

- 1° any clarifications on the provisions of the Organic Law relating to authorisation of expenditures and transfers;
- 2° any clarifications on the provisions of the Organic Law relating to unutilised funds at the end of the fiscal year;
- 3° critical deadlines for submission of various reports to the Ministry and the Office of the Auditor General of State Finances;
- 4° key issues and procedures for closing the books;
- 5° procedures for clearing any imprest and suspense accounts;
- 6° guidelines of making adjustments after year-end;
- 7° any specific procedures for public entities using IFMIS;
- 8° guidelines for internal quality review of financial reports before submission to the Ministry;
- 9° any updates on the approved financial reporting templates.

Article 105 – Write-off of assets and liabilities

A current asset and current liability is deemed long outstanding when it remains unpaid for a period of two (2) years from the time it was recognized.

The Chief Budget Manager shall seek authorization from the Executive Head of the Central Government entity or the Council in the case of a decentralized entity to write-off from their books of accounts long outstanding and irrecoverable assets and long outstanding liabilities.

An application for the write-off shall be in writing and supported by all relevant documentation and information, including justification and proof that such assets are no longer recoverable, and in case of liabilities, the claims are unlikely to arise.

Once the write-off has been approved, the Chief Budget Manager shall proceed to effect the necessary accounting adjustments in the books of accounts of the entity in consultation with the Accountant General, and retain evidence of approval and other documentation for future audit purposes.

The assets and liabilities written off during a particular fiscal year shall be reported in the annual financial statements with the necessary disclosure notes.

Article 106 – Preparation and submission of budget execution reports

All Chief Budget Managers shall prepare and submit their monthly budget execution reports to the Ministry, and in the case of decentralized entities, shall also be sent to the Ministry responsible for Local Government, not later than the 15th day of the following month.

All Chief Budget Managers shall prepare and submit their quarterly budget execution report to the Ministry and in the case of the decentralized entities, they shall reserve copy to the Ministry responsible for Local Government, and the Executive Committee of the decentralized entity not later than the 15th day of the month following the end of the quarter.

The Director General of National Budget, in consultation with the Accountant General, shall issue instructions to Chief Budget Managers on the format, content, modalities and timelines for preparing and submission of monthly, quarterly and other periodic budget execution reports.

The Director General of National Budget shall prepare quarterly consolidated budget execution report for the Minister to submit to the Cabinet within a period of not more than one (1) month from the end of quarter.

Article 107 – Preparation and submission of financial statements

All Chief Budget Managers shall prepare and submit monthly financial statements to the Ministry by the fifteenth (15th) day of the following month.

The Chief Budget Managers shall prepare and submit to the Ministry annual financial statements within a period of not more than one (1) month from the end of the fiscal year.

Public institutions shall submit their financial statements on a quarterly basis within a period of not more than one (1) month after the end of the quarter, after approval by the relevant competent authority.

Public institutions shall also prepare and submit their annual un-audited financial statements to the Ministry within a period not exceeding two (2) months from the end of the fiscal year after approval by the relevant authority and within one seven (7) days after the finalization of their annual audit.

The financial statements of public entities shall be prepared in accordance with applicable international standards, subject to appropriate modifications prescribed by the Accountant General.

The Accountant General shall issue standard financial reporting templates and disclosure notes to guide public entities in the preparation of financial statements.

The annual financial statements prepared by public entities shall include the following:

- 1° statement of financial performance showing revenues and expenditures;
- 2° statement of appropriation comparing budget against actual out-turn;
- 3° statement of financial position showing assets and liabilities;
- 4° statement of cash flows;
- 5° statement of accounting policies applied in preparing and presenting the financial statements;
- 6° disclosure notes and schedules relevant to enhancing fair presentation and understandability of the statements;
- 7° detailed schedules of debtors and other receivables, creditors and other payables and the summary of physical assets extracted and reconciled to the asset register;
- 8° information on subsidiary entities under the management and control of the entity.

The financial statements shall be reported in Rwanda Franc.

For the purpose of the annual financial reports, the financial statements of all public entities shall cover the period from 1st July to 30th June. The comparative figures, where applicable, shall reflect the same period for the previous year.

During the audit of the financial statements, a public entity may in consultation with the Auditor General of State Finances, effect the necessary adjustments with a view to achieving a fair presentation of the financial performance, financial position and cash flows of the entity.

Where adjustments of a public entity's financial statements are carried out before finalization of the audit of the consolidated financial statements, these adjustments shall be communicated to the Ministry to facilitate a corresponding adjustment to the consolidated financial statements.

The Accountant General shall publish a summary of the annual audited consolidated financial statements and public institutions and public entities shall publish their annual audited financial statements.

Article 108 – Preparation and submission of annual activity reports

All Chief Budget Managers shall prepare and submit to the Ministry not later than 30th September an annual activity report corresponding to the previous fiscal year.

The annual activity report shall explain the status of the public entity's achievements against planned objectives as contained in the entity's medium term strategic plan and annual activity plan.

The annual activity report submitted by the public entity must specify how plans for ensuring gender balance have been implemented.

A copy of the annual activity report shall be submitted to the relevant line Ministry and the Prime Minister's office and in the case of the decentralized entities, a copy shall be sent to the Ministry in charge of Local Government through the Governor of the Province or the Mayor of the City of Kigali.

The annual activity report must be consistent with the annual financial statements and budget execution report of the entity.

The Director General of National Planning, through the Minister, shall issue instructions to Chief Budget Managers on the format, content, modalities and timelines for preparing and submitting the annual activity reports.

Article 109 – Reporting of Treasury operations

The Head of Treasury function shall prepare, for the attention of the Accountant General and Secretary to the Treasury, quarterly and annual financial reports on the financial transactions through the Consolidated Fund Account, sub-accounts and special accounts.

The reports mentioned in Paragraph One of this article shall indicate the following:

- 1° all funds received through the Treasury accounts;
- 2° payments on behalf and transfers to public entities against their approved budget;
- 3° any other payments and direct debits;
- 4° opening and closing bank balances reconciled to the bank statements;
- 5° other assets and liabilities under control of the treasury;
- 6° disclosure notes and schedules relevant to enhancing fair presentation of the treasury financial operations

The quarterly report shall be submitted by 15th of the month following the end of the quarter.

The annual report shall be submitted within one month after the end of the fiscal year.

Article 110 – Preparation and submission of consolidated financial statements

The preparation and submission of consolidated statements shall comply with the following procedures:

- 1° the Minister shall prepare and submit to the Auditor General of State Finances, not later than 30 September of the following fiscal year, consolidated financial statements.
- 2° the consolidated financial statements shall be reported in Rwanda Franc;
- 3° the consolidated financial statements shall cover the period from 1st July to 30th June. The comparative figures, where applicable, shall reflect the same period for the previous year;
- 4° the scope of the consolidated financial statements shall include all public entities except those which the Accountant General may deem necessary to exclude;
- 5° financial information relating to public institutions, Government investments, public debt, contingent liabilities, guarantees, and summarized information of subsidiary entities shall be disclosed as memorandum items to the consolidated financial statements;
- 6° the Accountant General, shall issue instructions, formats and templates and coordinate the preparation of the consolidated financial statements;

7° the consolidated financial statements shall include at least the following:

- a. statement of responsibilities signed by the Accountant General, Secretary to the Treasury and the Minister;
- b. highlights and commentary by the Accountant General;
- c. statement of financial performance showing revenues and expenditures;
- d. statement of financial position showing assets and liabilities;
- e. statement of cash flows;
- f. statement of accounting policies applied in preparing and presenting the consolidated financial statements;
- g. disclosure notes and schedules relevant to fair presentation of the consolidated statements;
- h. details of funds released to budget agencies against the approved budget.

During the audit of the financial statements of public entities and the consolidated financial statements, the public entity and the Ministry respectively, may in consultation with the Auditor General of State Finances, effect the necessary adjustments with a view to achieving a fair presentation of the financial position of the entity or the Government.

Where adjustments of a public entity's financial statements are carried out before finalization of the audit of the consolidated financial statements, these adjustments shall be communicated to the Accountant General by the respective Chief Budget Manager to facilitate a corresponding adjustment to the consolidated financial statements.

Article 111 – Audit of financial statements

All public entities, public institutions, subsidiary entities, projects, Consolidated Fund and other public funds shall be audited by the Auditor General of State Finance.

The report of the Auditor General of State Finances shall include as appropriate the manner in which the budget was utilized, unnecessary expenses which were incurred or expenses which were contrary to the Organic Law and whether there was misappropriation or general misuse of public funds.

The Chamber of Deputies may require each Chief Budget Manager or any public officer of a public entity to provide explanations on the use of public funds.

The Chief Budget Managers shall implement the recommendations of the Chamber of Deputies and the Auditor General of State Finances by taking appropriate measures as regards to irregularities and other shortcomings which were disclosed. The progress and status on the implementation of the recommendations shall be included in the monthly, quarterly and annual financial reports.

Article 112 – Financial procedures following restructuring of public entities

The restructuring of Government units shall comply with the following financial procedures:

- 1° the Ministry shall be involved in the restructuring process of public entities by way of providing technical assistance on financial aspect;
- 2° the Minister shall inform the affected Chief Budget Managers on the appropriate transfer of financial responsibilities over State Finances and Property as well as accounting and reporting arrangements;
- 3° the Accountant General shall advise the Minister on appropriate accounting and reporting arrangements for the public entities affected;

- 4° where the public entity has either been merged or dissolved, the Chief Budget Manager of the affected entity shall present a handover report which shall include a complete financial report of the entity with a copy to the Accountant General and Auditor General of State Finances;
- 5° the handover financial report of the dissolved or merged public entity shall at least include the following information up to the time of dissolution or merger:
- a. statement of all revenues and expenditures;
 - b. budget execution report;
 - c. statement of financial assets and liabilities including supporting details;
 - d. detailed list of physical assets including those held by third parties;
 - e. detailed lists of contingent liabilities and outstanding commitments;
 - f. detailed list of accounting documents, records, and reports;
 - g. detailed list of financial management system with necessary security protocols;
 - h. any other information as may be required by the Ministry.

Article 113 – Financial reporting by subsidiary entities

The Accountant General shall determine formats of financial reports required to be prepared by subsidiary entities;

Taking into account the capacities within the subsidiary entities until such a time that the Minister shall issue alternative instruction, the minimum financial reporting requirements specified for public entities in this Order shall apply to the subsidiary entities with the exception of the following:

- 1° the requirement to prepare a cash flow statement;
- 2° the requirement to submit an annual activity report.

The Head of the subsidiary entity shall ensure that financial reports are submitted to the Chief Budget Manager of the supervising decentralized or Central Government entity before 10th of the subsequent month for monthly reports, and before 20th of July of the subsequent year for annual reports. This will allow time for review, feedback and incorporation in the supervising public entities' financial reports submitted to the Ministry.

The Chief Budget Manager of a decentralized entity shall ensure that the reports of all subsidiary entities under its supervision are summarized and included as annex to the main report of the decentralized entity, as per the format issued by Accountant General Office, for submission to the Ministry within deadlines specified by the Organic Law.

Central Government entities are required to consolidate the financial statements of the subsidiary entities under their supervision and control.

Taking into consideration the capacity within the decentralized entities, the Minister shall issue instruction as to when the decentralized entities are required to consolidate the financial statements of the subsidiary entities within the main financial statements of the decentralized entities.

For decentralized entities, subsidiary entities shall include:

- 1° District pharmacies;
- 2° Mutual Health Fund;
- 3° Government primary and secondary schools;
- 4° health centers;
- 5° District hospitals;

- 6° Sectors;
- 7° any other entity with similar nature and administrative arrangement.

For Central Government entities, subsidiary entities shall include:

- 1° prisons;
- 2° High Court and intermediate courts,
- 3° Prosecution offices;
- 4° any other entity with similar nature and administrative arrangement.

Chapter XI

Risk management and internal control

Article 114 – Risk management and internal control

In the interest of the risk management and internal control:

- 1° the Minister shall ensure that appropriate internal control and risk management procedures for budgeting, managing and accounting for state finances and property in all public entities are established;
- 2° the Ministry shall issue guidelines to public entities on risk management policies and procedures to enable public entities develop their own risk management strategies for the approval of their Executive Heads and or decision making organs before implementation;
- 3° the Chief Internal Auditor shall advise the Minister on risk management, governance and internal control procedures to assist public entities in the development and implementation of risk management policies and procedures;
- 4° a public entity's audit committee or risk management committee shall provide oversight over risk management process;
- 5° the Chief Budget Manager shall formalize internal control and risk management procedures which shall include, among others, risk management strategy approved by the Executive Head or the decision making organ.
- 6° the Chief Budget Manager shall develop and implement a risk management strategy, which includes identified risks and mitigation measures, and a fraud prevention plan among others;
- 7° the risk management strategy which includes policies and procedures must be communicated to all staff of a public entity to ensure that it is implemented, as well as policies and procedures are adhered to;
- 8° the Chief Budget Manager shall ensure that risk assessments are conducted periodically, at least annually, to identify emerging risks facing the public entity;
- 9° the Chief Internal Auditor shall monitor and coordinate internal audit functions in providing assurance and consulting services on risk management and internal control in public entities.

It shall be the responsibility of the internal audit function in the public entity to assess and report on appropriateness and effectiveness of internal control and risk management policies and procedures to the Chief Budget Manager, audit Committee, and the Ministry through the Chief Internal Auditor.

Article 115 – Establishment and scope of internal audit function

Each public entity must have an internal audit function, and in the case of a decentralized entity, the internal audit function of the decentralized entity shall also conduct audits of subsidiary entities.

Each Internal audit function shall report to the Audit Committee with copies to the Executive Head of the public entity, the Chief Budget Manager and the Chief Internal Auditor.

Internal auditors may at least conduct the following audits:—

- 1° financial audits;
- 2° systems audit;
- 3° compliance audits;
- 4° audits of information technology systems;
- 5° value for money audits and other operational audits;
- 6° legal compliance audits;
- 7° special audits such as payroll audits, procurement audits, and audits of information systems.

The internal audit function can also provide other advisory or consultancy services to the Minister, Secretary to the Treasury and the Chief Budget Manager whenever requested.

Each Internal Auditor must:

- 1° adhere to generally accepted auditing standards in carrying out audits and ensure full compliance with the standards;
- 2° apply guidance provided in the approved Internal Audit Charter and ensure full compliance;
- 3° maintain high professional and ethical standards at all times in accordance with approved code of professional ethics for internal auditors;
- 4° conduct his/her professional work using approved computer assisted audit tools when secured and deployed as well as approved internal audit manuals;
- 5° participate actively in continued professional development activities and programme related to Government internal audit;
- 6° work closely with staff of the Office of the Auditor General of State Finances with a view to improving audit quality and coverage;
- 7° develop and adhere to approved internal audit plans;
- 8° engage proactively and professionally with all auditees with a view to providing value-adding audits and to manage their expectations effectively.

Article 116 – Governance for internal audit functions in a public entity

The Chief Internal Auditor shall monitor and coordinate internal audit function in public entities.

The purpose, authority and responsibility of the internal audit unit shall be formally defined in an internal audit charter and must be consistent with the mandatory guidance issued by Institute of Internal Auditors on internal auditing.

The Internal Auditor must seek, for management comments, from the Chief Budget Manager before finalization and submission of the audit report.

Internal audit staff shall report administratively to the Chief Budget Manager of the public entity and shall report functionally to the Audit Committee and copy the Chief Internal Auditor and the Chief Budget Manager.

The audit function must be independent of activities that are audited, with no limitation on its access to offices, officers and information necessary in performance of its responsibilities.

An annual internal audit plan shall be prepared by Head of Internal Audit function in public entity, reviewed by the Chief Internal Auditor and approved by the relevant Audit Committee at the beginning of each fiscal year which shall form the basis of audits.

In addition to the annual internal audit plan, internal audit function shall prepare a three (3) - year rolling strategic internal audit plan, based on assessment of key areas of risks for the approval of the Audit Committee.

The internal audit function shall collaborate with other internal and external providers of assurance services to ensure adequate coverage and to minimize duplication of effort.

In advising the Chief Budget Manager on maintenance of efficient and effective internal controls, the controls subject to evaluation by the internal audit must encompass, as a minimum, the following:

- 1° information system environment;
- 2° reliability and integrity of financial and operational information;
- 3° effectiveness of operations;
- 4° safeguarding of state property; and
- 5° compliance with the Organic Law, this Order, the laws on management of public finances and property and other laws governing the operations of the entity.

Article 117 – Audit Committees and their functioning

The Minister shall monitor the establishment of Audit Committees in public entities and issue regulations on their proper functioning.

The Minister shall ensure the independence, objectivity and impartiality of the Audit Committees and that they are constituted with members who do not have any remunerated activity in the entity or any financial responsibility in any other public entities.

On the proposal of the Chief Internal Auditor the Minister shall publish a model Audit Committee charter.

In the interest of efficiency, effectiveness and economy, the Minister may specify public entities to share an audit committee.

The chairperson of an Audit Committee must be independent, be knowledgeable of the business and operations of the public entity, possesses requisite public sector knowledge and financial skills and must not be a political office bearer.

Each Audit Committee member shall be appointed with written terms of reference, which deals, among other matters, membership of the Audit Committee, authority, responsibilities, rights, and remuneration.

The audit committee has the explicit authority to investigate matters within its powers, as identified in the written terms of reference.

The Audit Committee must, among others, exercise oversight over the following:

- 1° effectiveness of the internal control systems;
- 2° effectiveness of the internal audit function;
- 3° effectiveness of the risk management procedures;
- 4° adequacy, reliability and accuracy of the financial information provided to management and other users of such information;
- 5° any accounting and auditing concerns identified as a result of audits;
- 6° institution's compliance with legal and regulatory provisions;

- 7° activities of the internal audit function, including its annual plan, coordination with the external auditors, the reports of significant investigations and the responses of management to specific recommendations.

Each member of an Audit Committee shall safeguard all the information supplied in accordance with the Organic Law.

The Audit Committee shall report and make recommendations to the decision making organ of public entity and the Chief Budget Manager, but the latter retains responsibility for implementing such recommendations.

The Audit Committee shall also, in the annual report of the public entity, comment on:

- 1° effectiveness of internal control;
- 2° quality of mid-year management reports;
- 3° its evaluation of the annual financial statements.

If a report to an Audit Committee, whether from the internal audit function or any other source, implicate the Chief Budget Manager in fraud, corruption or gross negligence, the chairperson of the Audit Committee shall promptly report this to the Relevant Executive Head and the Secretary to the Treasury.

An Audit Committee may communicate any concerns it deems necessary to the Executive Head, the Minister, and the Auditor General of State Finances.

Chapter XII

Public institutions with a decision making organ

Article 118 – General provisions relating to public institutions

The Minister may issue instructions on planning, budgeting, use, accounting, control, reporting and monitoring on the use of public funds in public institutions.

The Minister shall be the sole authority to give and approve guarantees for the loans granted to public institutions.

Public institutions may borrow but with authorization of the Minister.

The classification, presentation and approval of budgets of public institutions shall be done by relevant authorities provided for in laws establishing such public institutions, but public institutions must adhere to general principles and provisions of the Organic Law.

The annual budgets of a public institution shall be approved by its decision making organ before the 30 June of each fiscal year.

The consolidated fund of the Central Government or for the decentralized entity shall not include revenues of public enterprises.

The annual financial statements shall be submitted to the Ministry, line Ministry and the Auditor General of State Finances and Property within a period of two (2) months from the end of the fiscal year.

The Auditor General of State Finances shall carry out an audit of public institutions as required by law.

Article 119 – Responsibilities of a decision making organ of a public institution

The decision making organ of each public institution shall have the following responsibilities:

- 1° to have and to maintain:
 - a. procedures for formulation and approval of plans and policies as well as monitoring and evaluating performance;

- b. effective, efficient and transparent systems of financial and risk management and internal control;
 - c. a system of internal audit under the control and direction of an independent Audit Committee;
 - d. an appropriate procurement system which is fair, equitable, transparent, competitive and cost-effective in accordance with laws for public procurement and disposal of state property;
 - e. a system for proper evaluation of all major capital projects prior to a final decision on the projects;
- 2° to take measures to ensure that the Executive Head:
- a. collects all revenue due to the public institution;
 - b. prevents incurrence of irregular expenditures, fruitless and wasteful expenditure, losses resulting from criminal conduct, and expenditure not complying with the operational policies of the public institution; implements a performance management system;
 - c. manages, including the safeguarding, of public funds, the assets and for the management of the revenue, expenditure and liabilities of the public institution;
 - d. complies with any tax, levy, duty, pension and audit commitments as required by legislation;
- 3° to approve all the reports the Executive Head submits to the Ministry and the Auditor General of State Finances as required by the Organic Law, this order and other Instructions;
- 4° to comply with the provisions of the Organic Law, this Order and Instructions and other laws on public finance;
- 5° to promptly report its inability together with reasons to the Minister copied to the responsible line minister.

The decision making organ of a public institution shall have the power to initiate disciplinary measures, through the Executive Head, against any employee of the entity who violates provisions of the Organic Law, this Order and other Instructions.

Article 120 – Planning and resource prioritisation

Public institutions must have a strategic plan adopted by their decisions making organ.

The strategic plan of a public institution shall cover a period of at least three years (3), the medium term plan, and contain the following:

- 1° strategic objectives and outcomes identified and agreed with the supervising Ministry;
- 2° key performance measures and indicators for assessing the public institution's performance in delivering the agreed outcomes and objectives;
- 3° a risk management and fraud prevention plans;
- 4° a financial plan addressing projected revenues, assets, liabilities cash flow, capital spending, invested capital and earning distribution policies.

The supervising Ministry for a public institution may request additional information to be included in the strategic plan.

A public institution shall submit its loan plan together with its strategic plan to the Minister if it seeks to borrow funds.

The loan plan adopted for implementation by a public institution shall include details required by the Minister.

All loans by public institutions shall form part of debt reports and strategy submitted to the Chamber of Deputies after approval by the Minister.

Article 121 – Annual budget of public institutions

The budget or revised budget of a public institution shall be approved by its decision making organ before 30th June of each fiscal year.

The decision making organ of a public institution shall ensure that estimates of revenues, expenditures and borrowings for the following financial year are prepared and submitted to the responsible Minister for approval, not later than end of February every year.

The classification and presentation of budgets of a public institution shall be approved by its decision making organ as provided for by the Law establishing the public institution, which shall adhere to general principles and provisions of the Organic Law.

Article 122 – Quarterly reporting by public institutions

Within thirty (30) days after the end of a preceding fiscal quarter, financial reports of a public institution covering that quarter shall be prepared for approval by a decision making organ of the public institution before submission to the Ministry with a copy to the line Ministry.

The quarterly reports prepared under this Order shall include information on revenue, expenditure, assets, liabilities, cash flows, loan, guarantees issued by the Government and any outstanding loan, and any other information the Minister may require.

A public institution shall submit its quarterly budget execution reports to the Minister of the supervising Ministry so as to provide an assessment of performance of the public institution and its decision making organ and make recommendations to the cabinet on remedial measures, if any, to address the performance short comings.

Article 123 – Annual financial statements

Each public institution shall prepare and submit to the Minister un-audited annual financial statements within a period of two (2) months from the end of the fiscal year, with copy to the supervising Ministry of the public institution.

The decision making organ of a public institution shall ensure the annual financial statements are prepared in accordance with the Organic Law and this Order.

The annual financial statements shall be approved by a decision making organ before submission for audit to the Auditor General of State Finances.

The annual financial statements shall be submitted to the Auditor General of State Finances for audit within three (3) months after the end of a financial year.

The annual financial statements shall be prepared in accordance with the International Financial Reporting Standards and shall provide any other information the Minister may require.

Copies of the audited financial statements together with the report of the Auditor General of State Finances thereon shall be submitted to the Minister and the supervising Ministry within seven (7) days of their release by the Auditor General.

Article 124 – Audit Committees and Governance

The decision making organ of a public institution shall establish an Audit Committee as one of its committees.

The Audit Committee shall be established in line with the structure, composition, mandate and requirements outlined in this Order.

The Audit Committee shall operate within written terms of reference, which shall deal adequately with its membership, frequency of meetings, relationship with internal and external audit, authority and responsibilities.

Members of an Audit Committee of a public institution shall formally be appointed by a decision making organ.

The terms of reference for evaluation of the Audit Committee shall be reviewed and approved by the Minister at least annually to ensure its relevance.

Article 125 – Internal audit and control system

The decision making organ of a public institution shall ensure that a risk assessment is conducted at least annually so as to identify emerging risks within the operations of the public institution.

A risk management strategy, which must include a fraud prevention plan, shall be used to direct internal audit effort and priority and to determine the skills required of managers and staff to improve controls and to manage risks.

The internal audit function may, in accordance with preferred tendering procedures, be contracted out to an external institution with specialist audit expertise.

All public institutions to which this Order apply must have an internal audit function that meets the structure, mandate and competency requirements specified in this Order.

Article 126 – Investment of surplus cash resources by a public institution

A public institution may invest its surplus cash as approved by its decision making organ within investment strategy developed by the public institution.

No public institution shall be allowed to invest its money in foreign currency accounts overseas without prior approval of the Minister.

The Minister may, on recommendation of the relevant decision making organ of a public institution, orient it to make a provision for reserves, expansion, and repayment of Government-guaranteed debts.

Article 127 – Competencies of the Chief Finance Officer in a public institution

The decision making organ of a public institution, shall ensure that the public institution has a chief finance officer as the head of accounting and finance function.

The chief finance officer of a public institution must meet minimum competency requirements in the field of finance, auditing and accounting.

The general responsibility of the chief financial officer of a public institution is to support the Executive Head and the decision making organ of the public institution in discharging public finance management responsibilities assigned under the Organic Law and this Order.

Chapter XIII Compliance, enforcement and sanctions

Article 128 – Financial misconduct and breach of financial responsibilities

Subject to provisions of Article 72 of the Organic Law, a public servant shall be deemed to be in breach of financial discipline if the the public servant's act or omission contravenes this Order.

Any person, required to perform any function or duty either under the Organic Law or this Order, and fails to perform that function or duty within the time and manner required, is in breach of financial discipline under the Organic Law and this Order.

The failure by the responsible public servant or executive authority to take disciplinary action where required under this Order shall constitute a material breach of financial discipline.

Article 129 – Investigation of alleged financial misconduct

Investigation of alleged financial misconduct shall be conducted in respect of the following procedures:

- 1° all performance contracts entered into by Chief Budget Managers, accounting and finance officers must include the requirement for promotion and compliance with the Organic Law, this Order, instructions and other laws on management of public finance and property;
- 2° if a public servant is alleged to have committed a financial misconduct, the Chief Budget Manager of the public institution, shall ensure that an investigation is carried out into the matter promptly and if confirmed, shall ensure that a disciplinary hearing is held in accordance with the relevant applicable laws relating to public servants.
- 3° the Chief Budget Manager shall ensure that an investigation is instituted within thirty (30) days from the date of discovery of the alleged financial misconduct.
- 4° if a Chief Budget Manager is alleged to have committed a financial misconduct, the responsible executive head, as soon as he/she becomes aware of the alleged misconduct, shall initiate an investigation into the matter. The executive head shall report promptly to the Minister and the Secretary to the Treasury.
- 5° in accordance with public service legislation, the Secretary to the Treasury may:
 - a. order that an official other than an employee of the public entity conducts the investigation for financial misconduct; or
 - b. issue any reasonable directions on the way in which the investigation and disciplinary hearing for financial misconduct must be performed.

Chapter XIV Transitional and final provisions

Article 130 – Issuance of guidelines

The Secretary to the Treasury may issue manuals, good practice notes and guidelines to complement this Order as when it is necessary for the effective and efficient implementation of provisions of the Organic Law.

Article 131 – Repealing provision

The Ministerial Order n° 002/07 of 09/02/2007 relating to financial regulations and all prior provisions contrary to this Order are hereby repealed.

Article 132 – Commencement

This Order shall come into force on the date of its publication in the Official *Gazette* of the Republic of Rwanda.