

Public Finances (Management)

PART IX. - PROVINCIAL AND LOCAL-LEVEL GOVERNMENTS.

65. CONDITIONAL GRANTS.

(1) In accordance with the *Organic Law on Provincial Governments and Local-level Governments* conditional grants shall be made to Provincial Governments and Local-level Governments for -

- (a) provincial infrastructure development grants; and
- (b) local-level government and village services grants; and
- (c) town and urban service grants; and
- (d) conditional complementary support grants.

(2) The manner and conditions of payment of the conditional grants referred to in Subsection (1) shall be as provided in the Financial Instructions.

65A. PROVINCIAL BUDGETS.

(1) A Provincial Government shall, by a date in each year to be fixed by the Minister, prepare a budget comprising -

- (a) estimates of finance proposed to be raised or received; and
- (b) estimates of proposed expenditure,

by the Provincial Government for the next succeeding fiscal year.

(2) A Provincial Government shall, by a date in each year fixed by the Minister, submit to the Minister for approval a draft of the Budget prepared under Subsection (1).

(Section 65A added by No. 38 of 1995).

66. INVESTMENT.

(1) In this section, “authorized short-term money market” means the group of dealer companies that are authorized by the Central Bank to be approved dealers on short-term loans and towards which that Bank acts as a lender of last resort.

(2) Moneys of a Provincial Government or Local-level Government to which this Act applies that are not immediately required may be invested -

- (a) in any securities of, or guaranteed by, the State; or
- (b) in any manner in which a trustee may, under any law, invest trust moneys in his hands; or
- (c) on deposit with an approved bank; or
- (d) in the securities of an authorized short-term money market; or
- (e) in any other manner approved by the Minister.

(3) The Minister may, by notice in the National Gazette, declare a Provincial Government or a Local-level Government to be a public body which may, without the approval of the Minister, invest its moneys that are not immediately required, provided

that each investment, whether a sale or a purchase, does not exceed a maximum level of 3% of its total assets.

(4) A notice under Subsection (3) may include investment guidelines and planning and reporting requirements.

(5) Moneys invested by a Provincial Government or a Local-level Government (including a subsidiary corporation of a Provincial Government or Local-level Government) under Subsection (3) may not be so invested that the Provincial Government or Local-level Government has an equity holding in any one company exceeding 10% of the issued shares of that company except with the prior written consent of the Minister.

67. LOANS, BORROWING AND GUARANTEES.

(1) In this section -

“medium or long-term loan” means a loan other than a short-term loan;

“short-term loan” means a loan under which, by agreement or by informal arrangement, both principal and interest are payable on demand or within a period not exceeding six months, and includes a case where, by agreement or by informal arrangement, on the repayment of any such loan a further loan will or may be expected to be granted such that the total repayment period over the loan will exceed, or may be expected to exceed, six months.

(2) For the purposes of this section, money shall be deemed to have been borrowed on loan where, by agreement or arrangement, payment of any goods or services is deferred, and the period of deferment shall be deemed to be the repayment period of the loan.

(3) Subject to national laws and subject to, and in accordance with any provincial or local-level law regulating the obtaining of loans and giving of guarantees by it, a Provincial

Government or Local-level Government may -

(a) borrow money on short-term loan, or guarantee a short-term loan to any other person; or

(b) borrow money from the State; or

(c) with the approval of the Minister -

(i) borrow money on medium or long-term loan from any other person; or

(ii) guarantee a medium or long-term loan to any person.

68. ACCOUNTING RECORDS, ETC.,

(1) A Provincial Government and a Local-level Government shall keep or cause to be kept proper accounts and records of their transactions and affairs in the manner provided by the Financial Instructions.

(2) The internal organization, accounting procedures, financial reports and financial management of a Provincial Government and of a Local-level Government shall be in the manner provided by the Financial Instructions.

69. INTERNAL CONTROL PROCEDURES.

The internal control procedures for a Provincial Government and for a Local-level Government shall be in the manner provided by the Financial Instructions.

70. PROVINCIAL AND DISTRICT TREASURY.

(1) The Departmental Head of the Department responsible for finance matters shall oversee the affairs of a Provincial and District Treasury.

(2) The Provincial Treasurer shall ensure that public moneys in the Provincial and District Treasury are managed and released strictly in accordance with law.

(3) The -
(a) functions, duties and administrative arrangements of a Provincial and District Treasury; and
(b) management of public moneys in a province,
shall be in the manner provided by Financial Instructions.

(4) For the purposes of this section, “public moneys” includes, in addition to the definition in Section 2 -

- (a) all moneys received from the National Government by way of grants or otherwise; and
- (b) all revenue, income and receipts accruing to a Provincial Government or Local-level Government.

(Subsection (4) added by No. 14 of 1998)

70A. PAYMENT BY A PROVINCIAL GOVERNMENT OR A LOCAL-LEVEL GOVERNMENT.

(1) A Provincial Government and a Local-level Government shall maintain bank accounts in accordance with the Financial Instructions.

(2) No moneys shall be paid by a Provincial Government or a Local-level Government except -

- (a) moneys appropriated under an Act; or
- (b) moneys deemed to have been appropriated under an Act; or
- (c) to meet expenditure that is charged on that Provincial Government or Local-level Government by a law; or
- (d) for the payment of a refund of revenue required or permitted by a law where specific authority for the payment does not exist; or
- (e) for the payment of revenue refunds provided for under any revenue law; or
- (f) subject to Subsection (3), where, at the beginning of a fiscal year -
 - (i) the respective Provincial Government or Local-level Government has not made provision for public expenditure; or

- (ii) a relevant law relating to the appropriation of moneys has not been approved by the Minister responsible for finance matters under Section 141 of the ***Organic Law on Provincial Governments and Local-level Governments***.

(3) The amounts which may be authorized under Subsection (2)(f) shall not exceed in total one third of the budgeted expenditure for the respective Provincial Government or Local-level Government during the immediately preceding fiscal year.

- (4) The authority conferred by Subsection (3) lapses -
 - (a) when the Provincial Government or Local-level Government has made provision for the public expenditure for the relevant fiscal year; and
 - (b) a relevant law relating to the appropriation of moneys has been approved by the Minister responsible for finance matters under Section 141 of the ***Organic Law on Provincial Governments and Local-level Governments***.

(5) All amounts expended pursuant to Subsection (3) are a charge against the expenditure approved under Subsection (4) and shall be properly brought to account accordingly.

(Section 70A added by No. 14 of 1998)

71. STATEMENT OF FINANCIAL POSITION, ETC., OF PROVINCIAL GOVERNMENT AND LOCAL-LEVEL GOVERNMENT.

A statement of the financial position and affairs of a province and of a Local-level government area required by Section 114 of the ***Organic Law on Provincial Governments and Local-level Governments*** shall contain such information as is specified in the Financial Instructions.