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MLGRD/71
In reply please quote
No:.....

REPUBLIC OF ZAMBIA

# MINISTRY OF LOCAL GOVERNMENT AND RURAL DEVELOPMENT

P.O. BOX 50027
15101 RIDGEWAY
LUSAKA

29th January, 2024

All the Town Clerks & Council Secretaries,
City, Municipal and Town Councils
**REPUBLIC OF ZAMBIA**

**RE: ISSUANCE OF TREASURY AND FINANCIAL MANAGEMENT CIRCULAR NO. 4 OF 2024 TO LOCAL AUTHORITIES**

Refer to the above captioned matter.

As you aware, the Government of the Republic of Zambia has prioritized decentralization as a major driver for attaining development, reducing poverty and supporting job creation through citizen engagement and participation at the local level. To actualize this, Government has increased the budgetary allocation of the Constituency Development Fund (CDF). Further, the Government has devolved eight (8) functions from central to the Local Government level, resulting in additional financing to the Local Authorities.

This circular has been issued in order to operationalize the revised Local Authorities Accounting and Financial Procedures Manual which incorporates the updated chart of Accounts for easy classification and coding of financial transactions as well as budgeting and Financial Management.

This circular provides guidance to Local Authorities on the administration and management of the devolved functions in terms of financial arrangements.

Please ensure that the contents of this circular are brought to the attention of the Directors of Finance and Council Treasurers.

Maambo B. Haamaundu
Permanent Secretary (A)
**MINISTRY OF LOCAL GOVERNMENT AND RURAL DEVELOPMENT**

Cc: Permanent Secretary, Technical Services, **MLGRD**
Cc: All Provincial Local Government Officers, **REPUBLIC OF ZAMBIA**

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**GOVERNMENT REPUBLIC OF ZAMBIA**

Ministry of Finance
and National Planning
P.O. Box 50062
**LUSAKA**

19th January, 2024

**TREASURY AND FINANCIAL MANAGEMENT CIRCULAR NUMBER 04 OF 2024 TO PRINCIPAL OFFICERS – LOCAL AUTHORITIES**

To: Permanent Secretaries – Ministry of Local Government and Rural Development

Deputy Auditor General (A)

Clerk, National Assembly

Commission Secretary, Local Government Service Commission

Provincial Local Government Officers

Town Clerks and Council Secretaries

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## 1.0. INTRODUCTION AND BACKGROUND

The Government has prioritised decentralisation as a major driver for attaining development, reducing poverty and supporting job creation through citizen engagement and participation at the local level.

In an effort to decentralize the operations of government services to subnational level, the Government of the Republic of Zambia has devolved eight (8) functions of Central Government to Local Authorities (LAs). As a result of devolution of functions to the LAs and increased allocation of Constituency Development Fund (CDF), more funding has been allocated to LAs and therefore there is need for prudent financial management.

In view of the above, the Treasury in collaboration with other stakeholders has revised the Local Authorities Accounting and Financial Procedure Manual (LAAFPM) and updated the chart of accounts which provides easy classification and coding of financial transactions to guide Local Authorities on Budgeting and Financial Management.

It is therefore expected that the revised accounting manual will encourage adherence to financial regulations, improve transparency, enhance reporting accuracy and align with current relevant accounting standards in order to ensure fiscal responsibility, compliance, efficient and effective financial management in LAs.

## 2.0. LEGAL FRAMEWORK

The circular has been drawn in accordance with the following legal provisions:

a) Article 147 of the Constitution of Zambia (Amendment) Act No. 2 of 2016;
b) Section 7 (1) (q) of the Public Finance Management Act No. 1 of 2018;
c) Section 45 of the Local Government Act No 2 of 2019; and
d) Government Gazette Notice No.1123 of 2021;

## 3.0 LOCAL AUTHORITIES ACCOUNTING AND FINANCIAL PROCEDURES MANUAL (LAAFPM)

### 3.1. Effective Date

a) The revised LAAFPM will be effective 1st January 2024;
b) The LAAFPM shall be revised every after 5 years to incorporate changes relating to the applicable legal framework, accounting standards, and policy.

The Accounting and financial procedure manual has been revised and updated. Included are the following salient features: -



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### 3.2. Principle Accounting Concepts, Policies and Regulations

The following Accounting Concepts and Principles shall form the basis for the preparation of financial statements;

a. **Principal Accounting Concepts shall be;**
   - i Prudence Concept,
   - ii Consistency,
   - iii Cash Accounting, and
   - iv Going Concern.

b. **Principal Accounting Policies shall be;**
   - i. Income,
   - ii. Expenditure,
   - iii. Capital Assets,
   - iv. Depreciation of Fixed Asset, and
   - v. Foreign currency.

c. The Financial Management Cycle shall include Planning, Resource allocation, Budget execution/implementation and evaluation & reporting; and

d. The Local Authorities Accounting Policies (LAAPs) shall be used to prepare financial statements as the Cash Basis International Public Sector Accounting Standards (IPSAS) and GPFS. The LAAPs will provide a basis for migration to Accrual Basis IPSAS.

### 3.3. Legal, Policy & Institution Framework

The legal and Regulatory framework that governs the management of public finances in Zambia is made up of but not limited to, the Constitution of Zambia, the Public Finance Management Act. No.1 of 2018, the Public Procurement Act No.8 of 2020, the Local Government Act No. 2 of 2019, and the Prohibition and Prevention of Money Laundering (Amendment) Act No 44 of 2010.

### 3.4. Internal Control and Corporate Governance

Local Authority, shall ensure at all times, that there are adequate internal controls to provide for accountability, transparency, safeguards and checks and balances in its management of public resources. The following controls shall be applied to ensure that the financial policies and procedures are transparent and objective:

a) Reporting and Responsibility Structure - Local Authorities functions, structure and authorised staff establishment may only be changed with the approval of the Local Government Service Commission;



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b) No single Member of Staff shall be allowed to initiate, authorise, execute and document a transaction without the participation of other Members of Staff;

c) Policies and procedures for executing various functions and transactions shall be clearly written, well documented and made available to all the users as outlined in this Manual;

d) Purchase requests shall be processed in accordance with the rules and procedures that shall be set and approved for each particular Procurement. Authorisation of tenders shall be in accordance with expenditure authorisation limits as stated in the Public Procurement Regulations of 2022 or as shall be specified in circulars issued from time to time;

e) Administrative controls shall be exercised in compliance with prescribed laws, regulations and policies among others;

f) All Accountable documents shall be entered into the register of Accountable documents and be signed for by officer holder;

g) All Local Authorities shall maintain a comprehensive and updated Fixed Asset Register, which shall cover all assets and will be reconciled on a quarterly basis against the total value of fixed assets in the register and those appearing in the accounts. Physical verifications shall be carried out, at least once a year, for all fixed assets.

h) All Local Authorities shall develop an Information Communication Technology (ICT) policy in conformity with the National ICT framework and ensure that the suppliers of the various computerized systems provide adequate warrants.

### 3.5 Risk Management

a) Each Local Authority shall develop a framework for the establishment and integration of risk management practices in line with the provision of the PFM Act and the Circular on risk management;

b) The framework shall adopt an enterprise-wide risk management approach and shall include a Risk Management Policy, Risk Management Framework, Implementation Plan, and Risk Registers; and

c) All Local Authorities shall adopt and align their Risk Management system with ISO 31000 standards as well as components of the COSO ERM Framework for implementing Enterprise Risk Management (ERM) in the Public Sector.



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### 3.6 Chart of Accounts

a) The Chart of Accounts provides managers with a tool to control the use of resources and conforms to the International Monetary Fund's Government Finance Statistics (GFS) of 2001 in terms of classification of government functions, economic classification of expense, revenue classification and the grouping of assets and liabilities. The Chart also complies with IPSAS;

b) Government functions are broken into ten (10) broad classifications, namely: -

i. General Public Services;
ii. Defence;
iii. Public Order and Safety;
iv. Economic Affairs;
v. Environmental Protection;
vi. Housing and Community amenities;
vii. Health;
viii. Recreation, Culture and Religion;
ix. Education; and
x. Social Protection.

c) The Government is migrating from the cash basis of accounting towards the accrual basis. Therefore, the new chart has reflected this to facilitate classifying and aggregating of financial transactions;

d) The Chart of Accounts complies with IPSAS which has the five broad areas used in financial reporting:

i **Revenue:** Defined as "The gross inflow of economic benefits or service potential during the reporting period when these inflows result in an increase in net assets/equity, other than increases relating to contributions from owners." Local Authority revenue is broken down as follows:

- Property Rates;
- Personal Levy;
- Fees and Charges;
- Licenses;
- Levies;
- Land Charges
- Other Income;
- National Support; and
- Donor Support.

ii **Expenses**: These are decreases in economic benefits or service potential during the reporting period in the form of outflows or consumption of assets or incurrence of liabilities that result in decreases of net asset/equity. Examples of expenses are Personal emoluments (all salaries, wages and allowances which are of direct benefit to the employee), Office building and vehicle running costs.



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iii **Net Assets:** This is the difference between the total assets and liabilities. Assets have economic value and future economic benefits will be derived by owners through holding them or using them over a period of time and ownership rights may be enforced. Assets are Financial Assets, Non-Financial Assets, and Cultivated Assets.

iv **Liabilities**: Are obligations to transfer future economic benefits to other parties. Examples are creditors, loans, treasury bills, and government bonds and staff creditors. They are classified between current (payable within one year) and long term (payable for more than one year).

v **Memorandum:** These items are additional disclosures that include lists of debtors, creditors and other assets that are encouraged to be recognised under the cash basis of accounting;

### 3.7. Budgeting Process

The Budgeting process shall include clear timelines on the preparation and submission of a detailed budget policy paper in line with LAs budget call circular on revenue and expenditure estimates.

### 3.8. Bank and Cash Procedures

a) The controlling body of the Local Authority shall authorise the opening of a bank accounts, the list of authorized commercial banks is issued by the Office of the Accountant General on a yearly basis; See Appendix 1

b) The signing arrangements shall have Panel A indicating names and ranks of Accounting Officers and Panel B indicating names and ranks of Non-Accounting Officers;

c) The following Bank accounts shall be maintained; Recurrent Accounts, Revolving Fund Accounts, Capital Accounts, Revenue Transit Accounts and Donor/Project Accounts;

d) All funds received by Local Authority must be receipted and every bank account must have its own receipt book;

e) A Cash book shall be maintained for each Bank Account;

f) All orders for cheque book are made using a cheque book requisition by the Local Authority;

g) Each accounting office that uses cheques as a mode of payment must designate a responsible officer (and an alternate) for storage of cheque books;

h) Each accounting officer shall establish and maintain a Cheque book register of the receipt and use of cheque book stock drawn for which



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he/she has accounting responsibility. This record must be maintained by the Accounting Officer who is not a storage custodian;

i) LAs shall prepare monthly bank reconciliation statements for each bank account held;

j) Bank overdrafts shall be obtained with authorisation in writing by the Secretary to the Treasury and the Office of the Accountant General shall not bear any costs arising from unauthorized over drafts. The officer responsible will bear the cost of bank charges resulting from an unauthorized bank overdraft;

k) The controlling body of the Local Authority shall authorise the closing of a bank account.

### 3.9. Accounting for Revenue

a) A handwritten or Computer-Generated receipt form shall be issued for every public money received by LAs;
A hand-written receipt form for the specific LAs shall be on General Receipt (ACCOUNTS FORM 40); See Appendix ii

b) LAs are required to deposit all revenue collected into the appropriate account not later than the next business day following the day of receipt.

c) Local Authorities shall be expected to automate revenue collection and to prepare realistic estimate of revenue.

### 3.10. Accounting for Expenditure

a) Each Head of Department shall submit Quarterly Expenditure Projections in the prescribed format to the Principal Officer by 15th of the month preceding each quarter. The expenditure projection is a cash flow forecast of expenditure to be incurred in a quarter against the budget provision and is the same as the Funding Profile;

b) All payments shall be authorized by Town Clerk or Council Secretary;

c) The following process denotes the payment procedures: -
   i. Compilation of Commitment Requisition Form;
   ii. Confirm availability of funds;
   iii. Completion of Payment Voucher;
   iv. Authorisation of Payment Voucher;
   v. Preparation & Approval of payment; and
   vi. Issuance and of Acknowledgement of a Payment.

d) All expenditure transactions excluding salaries and wages should be processed through the commitment control system (with the exception of wages paid through Recurrent Department Charges);

e) All payments shall be vouched on one of the following forms: -



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i. General payment voucher (accounts form 5); See Appendix iii
ii. Claim voucher (accounts form 44); See Appendix iv
iii. Wage sheet (accounts form 2); or See Appendix v
iv. Petty cash voucher;

f) All vouchers must be complete with details including coding allocations, dates, numbers, quantities, rates, distances and authorities;

g) Payment vouchers shall be pre-audited before payment is made;

h) All cheques drawn on a Local Authority bank account shall be duly signed by authorized signatories in accordance with the cheque signing mandate;

i) LAs shall monitor on a monthly basis all outstanding commitments and unpaid bills to ensure that they do not exceed the expenditure ceilings; and

j) In additional to the above guidelines, LAs shall maintain the current financial and accounting procedures.

### 3.11. Accounting for Investments

a) Local Authority shall with the approval of the Minister responsible for finance invest the funds for which it has no immediate need for;

b) Local Authority shall only invest in ventures that are financially, economically, socially viable, approved by the Council and in accordance with the relevant laws and regulations; and

c) Accounting for investments shall be in accordance with relevant regulations and Local Authorities Accounting Policies (LAAPs).

### 3.12. Losses of Public Money and Stores

a) The loss of Public Money and stores shall be managed in accordance with the provisions of the Public Finance Management Act No. 1 of 2018 and any other applicable laws and regulations;

b) Public money would include all stores, stamps, negotiable instruments, bonds, debentures, investments and other securities raised or received by or on behalf of, or for the benefit of the Local Authority; and



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c) Public Stores - All property of whatever nature purchased or donated belonging to or in possession of or under the control of, the Local Authority includes plant, vehicles, machinery, inventory and equipment.

## 4.0. DEVOLVED FUNCTIONS

### 4.1. Attachment of Accounting Officers to LAs

a) In line with section **7 (1) (L)** and **9 (1) (e)** "Functions of the Secretary to the Treasury" and "Functions of the Accountant General", the Secretary to the Treasury and the Accountant General shall recommend the placement, rotation and seconding of accounting staff from Central Government to LA's subject to the approval of the Civil Service Commission.

b) Subject to (i) above, all Accounting Officers serving under devolved functions are attached to the accounts department of LAs in their respective substantive positions; and

c) The Accounting Officers shall be stationed in their respective districts and shall continue to draw their salaries from Central Government through PMEC in line with existing terms and conditions of service for their substantive positions.

### 4.2. Budgeting Arrangements

a) The budgets shall be prepared in accordance with the budget Call-Circular issued by the Treasury and interpreted through a LA Call circular issued by the Ministry of Local Government and Rural Development;

b) LA budget format shall include programmes, sub programmes, key output matrix and outputs by geographical location for devolved functions e.g. District Health Services, and Veterinary services;

c) LA to revise their Strategic Plans in order to include portfolio functions that have been devolved; and

d) Approval of the LA budgets shall continue to be the responsibilities of the Minister of Local Government and Rural Development.

### 4.3. Disbursement of Funds

a) The budget line shall, in the interim continue to be under the parent ministries;

b) The parent Ministries shall initiate the disbursement process through the Integrated Financial Management Information System (IFMIS) and



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c) The disbursements shall be transmitted directly to the Sector Grant Account of the LAs;

### 4.4 Revenue

Article 200(1) of the constitution stipulates that: there is established a consolidated fund to which shall be credited the revenues and other monies accruing to the Treasury. Further section 21 of the public finance management act no 1 of 2018 states that "Subject to the Constitution, the Secretary to the Treasury shall, determine which public Funds shall be credited to the Consolidated Fund. In this regard, the Secretary to the Treasury has issued treasury authority to the Ministry of Local Government and Rural Development under minute **MF/OAG/54/34/1**(Appendix vi) to exclude veterinary and pontoon revenues that shall be generated from the devolved functions (contained in Schedule C of the republican constitution) from being credited to the consolidation fund in the financial year January to December, 2024.

In order to streamline the administration of revenue, it has been decided that:

a) The revenues generated from veterinary and pontoon services shall be deposited in the sector grant account of the local authorities for use by the local authorities.
b) The revenues generated from motor vehicles licensing shall in the interim continue to be administered by the Road Transport and Safety Agency (RTSA) and shall continue to be deposited in the (RTSA) designated bank account for onward transmission to the consolidated fund. The Treasury shall however, release equally to all local authorities monies collected from licensing of motor vehicles.

### 4.5 Banking Arrangement

a) LAs shall open new sector grant account.

b) The controlling body of the Local Authority shall authorise the opening of a bank account. The purpose for which the bank accounts are required must stated in the minute submitted together with the bank opening applications form by the Principle Officer. The exception shall be for those bank accounts where different standing guidelines as provided by Treasury shall apply.

c) Signatories to all Bank Accounts shall be in order of seniority of office holders. At no time shall a Junior Officer be a signatory to the bank account when a Senior Officer is not, for example, an Accountant being a signatory and a Senior Accountant is not. In the same vein, if all the signatories are present, the senior most must be the one to sign all Financial Transactions;



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d) In an event that a non-accounting officer is appointed as signatory to Panel (A) to supplement an accounting officer in an institution that has only one position of accounting officer, a non- accounting Officer shall **not sign Financial Transaction documents** unless the Accounting Officer on Panel (A) is on leave;

e) **Signatories for sector grant accounts on Panel A shall include existing accounting officers from the LAs while Panel B shall have non-accounting officers from devolved sector functions;**

f) The Treasury shall enforce clauses relating to Revenue stipulated in the Service Level Agreements (SLAs) signed with Commercial Banks and Non – Bank Financial Institutions. Principal Officers are encouraged to familiarize themselves with SLAs in order to report to the Treasury all matters being abrogated by banks. Copies of Service Level Agreement for 2024-2026 shall be obtained from Ministry of Finance and National Planning. LAs are therefore encouraged to report all forms of revenue abrogation to the Office of the Accountant General.

g) Deadlines in respect of banking arrangements are as tabulated below:

| S/N | ACTIVITY | SUBMISSION DATES |
|---|---|---|
| 1 | Renewal of Bank Accounts' mandates | By 31st January, 2024 |
| 2 | Appointment of known agents (cashiers) with commercial banks and submission of all relevant documents | By 31st January, 2024 |
| 3 | Submission of reconciled bank account balances to the Office of the Accountant General | On the 15th working day of the following month |
| 4 | Collection of bank statements | On the 5th working day of the following month |
| 5 | Submission of bank reconciliation statements | On the 15th working day of the following month |

### 4.6. Operations

a) LAs shall continue drawing accountable documents from the Treasury (Strong Room) for devolved functions as well as all other services being offered by Local Authorities;

b) A cashbook shall be maintained for the devolved sector function account and reconciled on a monthly basis pursuant to section 146 (3) of the Public Finance Management (General) Regulations of 2020;

c) Monthly, quarterly, and annually revenue and expenditure returns shall to be submitted to the Ministry of Local and Rural Development for consolidation by 15th of the following Month;



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d) Responsible officers shall continue to prepare annual financial reports using the applicable financial reporting framework for Local Authorities Accounting Policies (LAAPs);

e) Management of Assets for the devolved functions shall be done in accordance with the provisions of the PFM Act No. 1 of 2018;

f) Local Authorities shall retain unspent funds at the end of the financial year in accordance with section 31 (3) of the PFM Act;

g) Revenues realised from Interest accrued on funds released from the Consolidated Fund e.g. CDF, LGEF and Grants in lieu of rate, under **Section 33** of the **PFM Act** shall constitute general revenue and shall be paid into the Consolidated Fund;

h) The Local Authority may utilise the interest earned on funds released from the consolidated fund with express authority from the Secretary to the Treasury and should have a budget provision;

i) Principal Officers shall ensure that there are no commitments outside the budget in order to control accumulation of arrears. All transactions shall be processed in accordance with the PFM Act and the Public Finance Management (General) Regulation, 2020;

j) The Treasury shall **NOT** grant retrospective authority to LAs regarding variation of funds;

k) The Treasury shall NOT grant authority on any other items where provisions of the **PFM Act and Public Finance Management (General) Regulation, 2020** have been abrogated; and

l) **All Accounting staff are required to be registered paid up members of the Zambia Institute of Chartered Accountants (ZICA) in accordance with the Accountants Act, 2008.**

## 4.7. Procurement

a. All goods and services shall be procured in accordance with the Public Procurement Act No 8 of 2020 and any other relevant legislation;

b. All outstanding capital projects intended for the delivery of devolved functions shall remain as liabilities of devolving sector ministries up to completion.

c. LAs shall appoint contract managers for all contracts entered into; and

d. Only the Treasury has the mandate to procure Accountable Documents in accordance with **Section 9 (1)(L) of the PFM Act**. All requests for accountable documents shall be submitted to the Treasury through the



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Office of the Accountant General upon completion of accurate stock returns.

## 5.0. DONOR FUNDS

In order to implement donor funded programmes, LAs shall:

a) Ensure that there is a budget line (in LAs Budget) of the programs intended to be funded and implemented;

b) Submit to the Treasury all budgetary support from Cooperating Partners as follows:

- How much and what Currency shall be received;
- When (Date) the funds shall be received; and
- What program and activity are to be funded on the Budget (Budget line).

c) LA shall ensure that they adhere to reporting formats greed with cooperating partners;

d) In an event that Donor inflows are credited during or in the middle of the financial year and the LA has no Budget line to use, the Controlling Officers shall seek approval of the Secretary to the Treasury for expenditure and apply for supplementary budget through the Minister responsible of Local Government;

e) LA shall maintain separate bank account for all donor projects;

f) LA shall ensure that funds from cooperating partners are brought to account within the financial reports;and

g) All on going donor funded projects for the devolved functions shall continue to be managed under the parent ministries up to completion.

## 6.0. YEAR END TRANSACTIONS AND CASH BALANCES

a) The Head of Accounting Unit shall ensure that the following activities are undertaken before closure of the financial year:

i. Reconciliations of General ledgers accounts;

ii. All documents to be posted to the correct posting periods within the financial year; and

iii. All procurement related transactions and processes to be finalized by 31st December,2024.

b) Where a Bank Account has become dormant or the purpose for which it was opened has been accomplished, the Controlling body, shall authorise the closure of the Bank account in accordance with Regulation No. 141(4) of the Public Finance Management (General) Regulations,2020.

c) Principal Officers shall ensure that such a request is accompanied by a Bank Reconciliation Statement; and

## 7.0. SUBMISSION OF FINANCIAL REPORTS AND YEAR END DOCUMENTS

Principal Officers shall prepare and submit returns and reports as follows: -

| | RETURNS & REPORTS | SUBMISSION DATE |
|---|---|---|
| 1 | Constituency Development Fund (CDF) Return | 15th day of the following Month to MLGRD |
| 2 | Consolidated Constituency Development Fund (CDF) Return | Submission to the Treasury by MLGRD by the 30thday of the following Month |
| 3 | Local Government Equalisation fund return | Quarterly 15th day of the following Month to MLGRD |
| 4 | Devolved Functions expenditures return | 15th day of the following Month to MLGRD, Parent Ministries and Treasury. |
| 5 | Bank Reconciliations | 15th of the following Month to MLGRD, and Treasury. |
| 6 | Financial Statements shall be prepared using LAAPs | Within one month after the end of financial year to Secretary to Treasury. |
| 7 | Quarterly Financial Reports | 15th of the following Quarter to MLGRD, Parent Ministries and Treasury. |
| 8 | Management Reports including Devolved functions | Quarterly to Management |
| 9 | A Statement of Revenue and Expenditure | Submission to the Office of Auditor General by Local Authorities Within three months after the financial year end. |
| 10 | Submission of Revenue returns for the year ended 31st December, 2023 | By Wednesday 31st January 2024 |
| 11 | Submission of Returns on Non-Financial Data for the year ended 31st December,2023 | By Wednesday 31st January 2024 |
| 12 | Submission of Returns on project Grants remitted directly to institutions by Cooperating Partners for the year 2023 | By Wednesday 31st January 2024 |
| 13 | Submission of Returns on Donations, Gifts and Aid-in- Kind for 2023 | By Wednesday 31st January 2024 |
| 14 | Submission of revenue Reconciliations for institutions for 2023 | By Wednesday 31st January 2024 |



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| | | |
|---|---|---|
| 15 | Submission of 2023 draft Consolidated Financial Statements to Auditor General | By Thursday 29th February, 2024 |

## 8.0. AUDIT QUERIES AND PUBLIC ACCOUNTS MATTERS

a) Principal Officers shall maintain a register of **Audit Queries and observations** and this register shall include the following details:

i. Date on which Audit **Queries and observations** is received;

ii. Reference number of queries, observation or reference sheet;

iii. Subject of query, observation or reference sheet;

iv. Date on which reply is sent; and

v. Full details of responsible officer replying to the query.

b) The register shall assist Principal Officers in monitoring unresolved outstanding queries.

c) Principal Officers shall ensure that Public Accounts Committee (PAC) matters take precedence over all matters. Memorandums to Parliament shall be submitted within the stipulated time. In addition, the Controlling Officer shall submit a quarterly update of resolved and unresolved queries to the Office of the Accountant General.

## 9.0. COVERAGE TO THE CIRCULAR

All addressees are required to bring the contents of this Circular to the attention of the employees under their charge. Furthermore, all addressees are reminded that failure to comply with the contents of this Circular constitutes financial misconduct as prescribed under Section 82 (1) (p) of the PFM Act No. 1 of 2018, which states that: ***"A person commits an offence if that person, willfully and without lawful authority fails to comply with any requirement of this Act or to execute a duty or function imposed on that person under this Act."***

## 10.0 CONCLUSION

In accordance with the provisions of **the PFM Act,** I urge you to ensure that these guidelines are strictly adhered to.

Felix Nkulukusa
Secretary to the Treasury
**MINISTRY OF FINANCE AND NATIONAL PLANNING**



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Cc: The Secretary to the Cabinet
Cabinet Office
**LUSAKA**

Cc: The Deputy Secretary to the Cabinet (Admin)
Cabinet Office
**LUSAKA**

Cc: The Deputy Secretary to the Cabinet (FED)
Cabinet Office
**LUSAKA**

Cc: The Auditor General
Office of the Auditor General
**LUSAKA**

Cc: The Permanent Secretary (EMF)
Ministry of Finance and National Planning
**LUSAKA**

Cc: The Acting Accountant General
Ministry of Finance and National Planning
**LUSAKA**

Cc: The Acting Controller of Internal Audits
Ministry of Finance and National Planning
**LUSAKA**



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**TO BE UPDATED**

*Appendix i*

## LIST OF APPROVED COMMERCIAL BANKS AND NON BANKING FINANCIAL INSTITUTION FOR YEAR 2022-2023

1. CITI Bank
2. First Capital Bank
3. Investrust Bank PLC
4. First Alliance Bank
5. First National Bank Zambia Limited
6. Standard Chartered Bank Zambia PLC
7. Access Limited
8. United Bank for Africa Zambia
9. Zambia Industrial Commercial Bank
10. Indo Zambia Bank Limited
11. ABSA
12. Stanbic Bank Zambia Limited
13. ECO Bank Zambia Limited
14. ZANACO PLC
15. African Banking Corporation Zambia Limited

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*Appendix i*

## LIST OF APPROVED NON-BANK FINANCIAL INSTITUTIONS FOR THE FINANCIAL YEAR 2022-2023

1. National Saving and Credit Bank
2. Zambia National Building Society

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APPENDIX ii

SPECIMEN OF A GENERAL RECEIPT

Name:.....

Address:..... (ORIGINAL) ALLOCATION

Accts Form 40 A CODE K N

Received the sum of .....

..... GRZ RECEIPT

.....Kwacha

.....Ngwee NO 16190000

Document details.....MINISTRY.OF FINANCE AND NATIONAL PLANNING

Date.....Signature.....

COAT OF ARMS

COUNCIL LOGO

COMMITMENT REF. NO.

PAYMENT VOUCHER NO.

# PAYMENT VOUCHER

(TO BE COMPLETED IN DUPLICATE)

BATCH HEADER DETAILS Appedix iii

BATCH NO.

JOURNAL NO. B/SHEET NO.

PAYEE:

Date:

Purchase Order No:

Invoice Number:

Cheque/EFTA Number:

DESCRIPTION OF PAYMENT

AMOUNT IN WORDS

BANK ACCOUNT NAME: ACCOUNT NO:

| | BUDGET ALLOCATION DETAILS | | | | | | | | | Amount | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Organisation | | | Programme | | | Chart of Accounts | | | | |
| | Head | Dept | Unit | Programme | Sub Program | Commitment item | Account Code | | | K | N |
| DEBIT | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| CREDIT | | | | | | | | | | | |
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PREPARED BY
NAME:
SIGNATURE:
DATE

CHECKED BY
NAME:
SIGNATURE:
DATE

AUTHORISED BY
NAME:
SIGNATURE:
DATE:

APPROVED BY
NAME:
SIGNATURE:
DATE

RECEIVED BY
NAME:
ADDRESS:
SIGNATURE:

NRC NO
DATE
CONTACT NO

NOTE: EFTA =ELECTRONIC FUNDS TRANSFER ADVICE

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Appendix iv

REPUBLIC OF ZAMBIA

The Public Finance Management Act, 2018 (Act No. 1 of 2018)

The Public Finance Management (General) Regulations, No 49 of 2020

**CLAIM FOR SUBSISTANCE ALLOWANCE AND REIMBURSEMENT OF TRANSPORT CHARGES AND OTHER INCIDENTAL EXPENSES.**

**Part 1: Particulars of claimant**

**Name:**..... **Document/Voucher No.**.....

**Employee:**..... **Date:**.....

**Designation:**..... **LA:**.....

**Department:**..... **Postal Address:**.....

| ACCOUNT ENTRY | GL | FUND/COST CENTRE | FUND | COMMITMENT ITEM | AMOUNT (K) |
|---|---|---|---|---|---|
| DR | | | | | |
| CR | | | | | |
| | | | | | |

**PURPOSE OF CLAIM:**.....

.....

.....

.....

| Date | Departed From | Date | Arrived At | No. Of Nights | Rate Per Night ZMW/$ | Amount ZMW/$ |
|---|---|---|---|---|---|---|
| (a) Allowance | | | | | | |
| (b) Transport & other incidental expenses (Attach receipts) | | | | | | |

**Part II**

I certify that the journeys were undertaken on Government Business.

**Signature of claimant** .....

**Part III**

Certification by the Supervising Officer

I certify that the journeys were authorized and that the claim is correct in every details.

**Name**..... **Designation**..... **Sign**.....

**Part IV**

Certification by Town Clerk/ Council Secretary

**Name**..... **Sign**.....

REPUBLIC OF ZAMBIA

The Public Finance Management (Act No. 1 of 2018)
The Public Finance Management (General) Regulations of 2020

APPENDIX V

ACCOUNTS FORM 2

WAGE SHEET

| S/N | NAME OF OFFICER | NRC No | EMPLOYEE NO | POSITION | BANK | ACCOUNT NO | AMOUNT |
|---|---|---|---|---|---|---|---|
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Prepared by :

Name:

Date :

Checked by :

Name:

Date :

Approved by :

Name:

Date :



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