

# FINANCIAL RULES

The present government has completed almost two years that has seen the execution of the recast budget and one full year's national budget. The Interim Financial Rules were introduced in February 2006 as part of the government's commitment to strengthening the public financial management cycle in Liberia. The experience in implementing these rules has given insights into the strengths and weakness of the system. The increased emphasis on transparency and accountability requires that the expenditure framework promotes fiscal discipline. It is imperative, given our limited resources, that public funds are expended diligently for the common benefit of all Liberians.

These rules have been framed based on the authority derived from Para (b) and (c) of Section 2204 of the Revenue Code of Liberia, Act of 2000.

These rules shall, henceforth govern all payments approved by the Cash Management Committee and shall apply to all Ministries, Agencies, Public Corporations of Liberia and any institution that receives public funding.

These Rules shall come into force with immediate effect.

## STANDARDS OF FINANCIAL PROPRIETY

Every official incurring or authorizing expenditure from public moneys should be guided by high standards of financial propriety. Every officer should enforce financial order and strict economy and see that all financial rules and regulations are observed, by his or her own office and subordinate officers. Among the principles on which emphasis is generally laid are the following:

1. Every officer is expected to exercise the same vigilance in respect of expenditure incurred from public moneys as a person of ordinary prudence would exercise in respect of expenditure of his or her own money.
2. The expenditure should not be prima facie more than the occasion demands
3. Expenditure from public money should not be incurred for the benefit of a particular person or section of the people, unless –
  - (a) A claim for the amount could be enforced in a court of law, or
  - (b) The expenditure is in pursuance of a recognized policy or custom.
4. The amount of allowances granted to meet expenditure of particular type should be so regulated that the allowances are not on the whole a source of profit to the recipients.

## RULE 1

Expenditure can be incurred only if sufficient Appropriation is available under the relevant Object Code for the concerned Major Program / Program of the Ministry / Agency for incurring the expenditure.

## RULE 2

The Bureau of Budget shall issue allotments as per existing guidelines and on the basis of Cash Plans submitted by the Ministries / Agencies.

**RULE 3**

Expenditure can be incurred only if sufficient Allotment is available under the relevant Object Code for the concerned Major Program / Program of the Ministry / Agency for incurring the expenditure.

**RULE 4**

The Object Code of the Major Program / Program shall conform to the nature of expenditure being incurred.

**RULE 5**

Capital Expenditure shall be incurred only under the Capital object code of the relevant Major Program / Program. Assets purchased under Capital object code items are those having a life span of more than one fiscal year and having a value of more than US \$ 500.

**RULE 6**

It is permissible under these rules to utilize more than one object code under same / different program in one LPO / Voucher but the LPO / Voucher for capital items shall be separate and shall not include recurrent object codes.

**RULE 7**

A local Purchase order shall be approved by the Minister (or Deputy Minister for Administration) and Comptroller of the Ministry and Agency and submitted to MOF / BGA under the Commitment Control Procedure for all goods and services including professional services. The Ministry of Finance (MOF) shall reject vouchers that are submitted directly without processing of Purchase orders for goods and services.

**RULE 8**

Bureau of General Accounting (BGA) / MOF on receipt of the PO from Ministry / Agency shall verify that the PO complies with the provisions of these rules as also other regulations of the Government including the PPCC Act. The BGA shall stamp with a special seal all POs that comply with the above.

**RULE 9**

The MOF shall reject and return all POs that do not comply with the rules and regulations to the concerned Ministry / Agency, advising it of the action required for compliance.

**RULE 10**

After the BGA stamps the PO with the special seal the Budget section of the BGA shall create an encumbrance in the concerned budget folio of the Ministry / Agency after satisfying that there is sufficient appropriation / allotment for incurring the expenditure.

**RULE 11**

On receipt of the stamped PO from the Director General, BGA the General Ledger section of the BGA shall create a commitment in the relevant folio of the concerned Ministry / Agency.

**RULE 12**

The MOF shall return to the concerned Ministry and Agency the signed / sealed PO along with other supporting documents submitted. On receipt of the approved PO the concerned Ministry / Agency shall take delivery of goods / services from the vendor / contractor.

**RULE 13**

The Ministry / Agency shall submit the Voucher approved by the competent authority to the MOF. The Voucher shall be accompanied by the original stamped PO; all supporting documents previously submitted and delivery note (for goods) or certification of completion / delivery (for services). The Ministry of Finance shall demand and obtain additional documentation wherever necessary.

**RULE 14**

The delivery note submitted shall contain name / position / signature of the person in the concerned Ministry who have been authorized to take delivery of goods and services.

**RULE 15**

All purchases shall adhere to the provisions as enumerated in the Public Procurement and Concessions Act 2005.

**RULE 16**

All pro-forma invoices obtained from the vendor shall include the Tax Identification Number (TIN) provided by Department of Revenue, Ministry of Finance. Ministry of Finance shall reject all PO / Vouchers that do not meet this requirement.

**RULE 17**

The rates at which goods have been purchased shall be competitive. Requests for funds for all purchases shall be accompanied by at least three quotations, if the amount of purchase is below the threshold limit as indicated in the Public Procurement and Concessions Act 2005.

**RULE 18**

The onus of receiving the goods purchased in good condition shall rest with the Ministry concerned and the same shall be subject to audit when demanded.

**RULE 19**

Expenditure on Works related activity including Construction, renovation etc., shall adhere to the provisions as enumerated in the Public Procurement and Concessions Act 2005.

**RULE 20**

Requests for payments on Works related activity including construction, renovation of premises etc shall contain copies of advertisement issued if any, estimate, bill of quantities, contracts entered into, as well as the schedule of work and payments and any other information as may be required.

**RULE 21**

Payments shall be made only on full and satisfactory completion of goods and services. No part payment on partial completion of delivery of goods / services shall be made unless otherwise specified in the contract.

**RULE 22**

Advance payments arising out of contracts shall only be made against a collateral guarantee from a recognized financial institution acceptable to the Government / Ministry concerned for an amount not less than the amount of the advance payment. The validity of the collateral guarantee shall be for a period not less than the time the advance is recovered or the vendor has provided services equivalent to that of the advance.

**RULE 23**

Payments for “Goods and Services” provided / rendered shall be made only to the vendor / service provider. No payment shall be made to a third party.

**RULE 24**

Vouchers requesting for funds for professional services rendered shall contain details of services rendered, along with the copies of contract entered into, and a certificate from the competent authority to indicate the successful and satisfactory completion of the contractual terms and conditions **(as per format prescribed at Annexure 1)**.

**RULE 25**

All expenditure relating to professional services of intellectual, technical or advisory nature and including consultancy services shall adhere to the Public Procurement and Concessions Act 2005.

**RULE 26**

Payments shall not be made to serving government employees under ‘Professional services’.

**RULE 27**

All POs involving payments arising out of national / international competitive bidding as per the PPCC Act shall be accompanied by current tax clearance from the Department of Revenue, Ministry of Finance.

**RULE 28**

All POs involving payments arising out of national / international competitive bidding as per the PPCC Act shall be accompanied by the current and valid Business Registration Certificate of the successful local vendor, issued by the Ministry of Commerce.

**RULE 29**

The Ministry of Finance is the sole authority for exemption of taxes, if warranted and permissible as per the Tax Code of the Government. Ministries / Agencies while finalizing bidding documents / contracts shall always include taxes as an element of cost. Ministries / Agencies shall not unilaterally include in the bid document granting of tax exemption without obtaining the clearance of the Department of Revenue.

**RULE 30**

Vouchers requesting payments on account of rental of premises shall clearly indicate the details of the premises and the purpose for which the same has been leased and in the case of Foreign Missions when the accommodation is leased for residential purpose, the voucher shall also indicate the name and position of the individual for whom it has been contracted.

**RULE 31**

Vouchers as stipulated in Rule 30 above shall also indicate the period for which rental payment is being claimed.

**RULE 32**

All vouchers pertaining to rental of premises shall be accompanied by a copy of the valid lease document signed by the competent authority as prescribed by law.

**RULE 33**

Requests for payments for the purchase of fuel shall include details of fuel purchased earlier, giving break up of distribution including official allowances, operational usage and generator / vehicle wise consumption for the relevant period.

**RULE 34**

All payments whether relating to salary, allowances or goods and services procured, including rent shall indicate the taxes at the appropriate rates that are to be deducted as prescribed by law.

**RULE 35**

Funds drawn for operational purposes / petty cash shall be utilized only for day to day running of the Ministry / Agency and for incurring expenditure of an unforeseen / emergent nature that was not anticipated at the time of formulation of the Budget. No purchases of a capital nature shall be made from these funds.

**RULE 36**

MOF shall return the voucher if the above rule is not fully complied with.

**RULE 37**

Request for funds for Operational Expenses / Petty Cash shall provide broad indication of the nature of expenditure to be incurred.

**RULE 38**

No single item costing more than US \$ 500 shall be procured under operational funds / petty cash. Such purchases shall be made through PO / Voucher system of the Government.

**RULE 39**

All subsequent requests for Operational Expenses / Petty Cash shall be supported by a summary statement and a Statement of Expenditure (**as per format prescribed at Annexure 2**) and the bank statement. Copies of invoices shall be submitted along with the expenditure statement for all single purchases above US \$ 250. Ministry of Finance

shall reject vouchers for Operational expenses / Petty Cash if the same does not contain the above details and documents.

**RULE 40**

Payments on account of Operational expenses / Petty Cash shall be made only in the name of the Organization concerned and not in the name of any individual.

**RULE 41**

All payment requests on account of “Covert” and “Special Operations” of security agencies, if confidential in nature and where details of expenditure cannot be provided shall contain a certificate **(as per format prescribed at Annexure 3)** from the Minister or Head of the Agency concerned to the effect that expenditure incurred was confidential in nature and he / she shall ensure that the prescribed rules and procedure are followed in incurring the said expenditure.

**RULE 42**

Agencies / Organizations that do not disclose the details of their officials and staff in their payroll voucher due to the confidential nature of their assignment shall attach a certificate signed by the head of the Agency **(as per format prescribed in Annexure 4)**.

**RULE 43**

Basic Salaries to all Transfer receiving Public corporations and commissions shall be made only in Liberian dollars. And organizations shall submit separate vouchers for the salary in Liberian dollars. The salary voucher shall include the payroll of the organization and provide details of name, position of the personnel and details of tax deduction.

**RULE 44**

Requests for payment on account of Subsidies shall provide broad indications of the details of expenditure, namely the amount that would be expended towards allowances, goods and services and any other purpose.

**RULE 45**

Subsequent requests on account of Subsidies shall contain the Statement of Expenditure, **(as per format prescribed at Annexure 5 and 6)** bank statement and necessary supporting documents including listing of personnel, positions and amount of allowance and details of tax deducted. Photocopies of all invoices for purchases exceeding US \$ 500 shall be enclosed.

**RULE 46**

Ministry of Finance shall reject all payments on account of Subsidies wherever Rule 45 has not been complied with fully.

**RULE 47**

Payments on account of Subsidies shall be made only in the name of the Organization concerned and not in the name of any individual.

**RULE 48**

All payments on account of various allowances, travel advances and professional services rendered shall be paid only to the individual / organization concerned. No payment shall be made to a third party.

**RULE 49**

The Government Ordinance issued on the subject shall govern all payments related to Foreign Travel.

**RULE 50**

The Government Ordinance issued on the subject shall govern all payments related to Domestic Travel.

**RULE 51**

Ministries, Agencies and Public Corporations that receive funds from the Ministry of Finance shall maintain proper books of accounts as well as complete documentation for all expenses incurred, which shall be subject to audit on demand.

**RULE 52**

The bank accounts for Ministries and Agencies shall only be with the Central Bank of Liberia. In exceptional cases (to be justified by the Ministry / Agency concerned) bank accounts can be opened at the commercial banks with the explicit approval of the Ministry of Finance. Transactions from such accounts shall be reported to the Ministry of Finance on a monthly basis.

**RULE 53**

Market exchange rate prevailing on the last day of the previous month, as published by the Central Bank of Liberia, shall be used for all government transactions during the month.

**RULE 54**

Notwithstanding anything contained in the above rules, the Ministry of Finance can demand further clarification as deemed necessary on any of the vouchers submitted by the Line Ministries, before the same are processed for payment.

**ANNEXURE 1  
(FR 24)**

**Certificate of Completion – Professional Services**

**Name of Ministry / Agency:** \_\_\_\_\_

**Name of Contractor / Consultant / Agency:** \_\_\_\_\_

**Description of work performed during period of report:** \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**Period of contract:** \_\_\_\_\_

**Total value of contract / Amount certified for payment:** \_\_\_\_\_

This is to state that \_\_\_\_\_ (Name of Contractor / Consultant / Agency) satisfactorily performed the above service as per contract # \_\_\_\_\_ dated \_\_\_\_\_ for the period stated above. The compensation stated above is as per contract and is certified for payment.

**Signed:**

**Comptroller** \_\_\_\_\_

**Minister / Head of Agency:** \_\_\_\_\_

**Date:** \_\_\_\_\_

**Date:** \_\_\_\_\_




**Certificate:**

**This is to certify that the information provided above is correct and that the Government of Liberia financial rules and regulations has been followed in incurring the above expenditure.**

**Comptroller: \_\_\_\_\_**

**Assistant / Deputy Minister: \_\_\_\_\_**

**Date: \_\_\_\_\_**

**Date: \_\_\_\_\_**

**\* Taxes deducted at source by the Subsidy receiving organizations should be deposited with the CBL and receipt attached as part of the report.**

**\*\* The exchange rate shall be as per Rule 54 of these Rules.**

**ANNEXURE 3  
(FR 41)**

**Certificate for covert / special / intelligence operations**

**Name of Ministry / Agency:**

\_\_\_\_\_

**Period:**

\_\_\_\_\_

**This is to certify that the funds requested for covert / special / intelligent operations (tick one) have been expended following government rules and procedures and no amount has been spent on activities not approved by the government.**

**Signed:**

**Comptroller** \_\_\_\_\_

**Minister / Head of Agency:** \_\_\_\_\_

**Date:** \_\_\_\_\_

**Date:** \_\_\_\_\_

**ANNEXURE 4  
(FR 42)**

**Certificate of Attestation**

**This is to certify that the amount of US \$ \_\_\_\_\_, \_\_\_\_\_ (Amount in words and figures) claimed as salary for the month/s of \_\_\_\_\_, \_\_\_\_\_ (year) pertaining to the officers and staff of \_\_\_\_\_ ( Name of Organization / Agency) are accurate as per the approved payroll of the Organization / Agency as indicated in the National Budget.**

**It is further certified that the Income Tax deducted is as per the relevant law of the Government of Liberia.**

**Comptroller: \_\_\_\_\_**

**Head of the Organization: \_\_\_\_\_**

**Date: \_\_\_\_\_**

**Date: \_\_\_\_\_**






**Certificate:**

**This is to certify that the information provided above is correct and that the Government of Liberia financial rules and other regulations including the provisions of the PPCC Act 2005 has been followed in incurring the above expenditure.**

**Comptroller: \_\_\_\_\_**

**Head of the Organization: \_\_\_\_\_**

**Date: \_\_\_\_\_**

**Date: \_\_\_\_\_**

**\* Taxes deducted at source by the Subsidy receiving organizations should be deposited with the CBL and receipt attached as part of the report.**

**\*\* The exchange rate shall be as per Rule 54 of these Rules.**