

CHAPTER 601

PUBLIC FINANCE MANAGEMENT ACT

AN ACT to introduce the Public Finance Management Act, to regulate financial management in Government, to ensure the effective and efficient management of all assets and liabilities, cash flow, and revenue and expenditure of the Government; to define responsibilities of public employees entrusted with the financial management of Government; to provide for other matters related with or incidental to the purposes aforesaid, and to provide for the regulation, management and accountability of public funds and resources, and the control and auditing thereof.

12th July, 2019*

[ACT XXI of 2019](#), as amended by Act [XIII of 2024](#).

ARRANGEMENT OF ACT

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PART I
PRELIMINARY

1. The short title of this Act is the Public Finance Management Act. Short title.
2. In this Act, unless the context otherwise requires: Interpretation.

"Accountant General" means the chief accounting officer of the Government who shall be vested with, or performing, the functions of the Office of Accountant General, and having general management and supervision of the consolidated Government accounting operations;

*See Legal Notice [283 of 2019](#).

"accounting officer" means a person holding or acting in the office of a Permanent Secretary, Head of a government department or a Financial Controller and includes every person who is charged with the duty of collecting, receiving or accounting for, or who in fact collects, receives or accounts for, any public moneys, or who is charged with the duty of disbursing, or who does in fact disburse, any public moneys, and every person who is charged with the receipt, custody or disposal of, or the accounting for, public stores, or who in fact receives, holds or disposes of public stores:

Provided that where the Minister directs in writing that the duties, functions and responsibilities of an accounting officer shall be vested exclusively in one or more specified public employees, accounting officer, in respect of the said duties, functions and responsibilities and to the extent specified in the said direction, means only the specified public employee or public employees;

"accounting system" means the accounting standards, policies and the electronic accounting software system either adopted or authorised by the Ministry responsible for finance;

"appropriation act" shall have the same meaning as that assigned to it by the Constitution;

"asset" means a resource presently controlled by a ministry, department or public entity as a result of a past event and from which future economic benefits or service potential are expected to flow to the ministry, department or public entity;

Cap. 396. "Auditor General" means the Auditor General appointed in terms of article 108 of the Constitution and regulated by [Auditor General and National Audit Office Act](#);

"bank" means any bank which for the time being is entrusted with the keeping of public moneys of the Government;

Cap. 534. "budget" shall have the same meaning as that assigned to it under article 2 of the [Fiscal Responsibility Act](#);

"Consolidated Fund" means the Consolidated Fund established by article 102 of the Constitution;

"Constitution" means the Constitution of Malta;

"contracting authorities" means the State, or local authorities, bodies governed by public law or associations formed by one or more such authorities or one or more such bodies governed by public law;

"Contingencies Fund" shall have the same meaning as that assigned to it under article 105 of the Constitution;

"director of internal audit" means the person responsible for internal audit and financial investigations under the Internal [Audit and Financial Investigations Act](#); Cap. 461.

"estimates" means the estimates, presented to the House in respect of any financial year, of the expenditure for the service of that financial year, and includes any supplementary estimates of expenditure for which it may be necessary to provide after the estimates have been presented to the House;

"financial year" shall have the same meaning as that assigned to it under article 124 of the Constitution;

"fund" means any fund created under this Act or under any other law for the time being in force in Malta;

"financial management regulations" includes accounting policies, standards, and guidelines for defining the accounting methodology and best accounting practices serving as directives for carrying the provisions of this Act that may be published from time to time in the Gazette;

"financial statements" means a formal record of the financial activities;

"head" or "head of department" means the head of a department of Government appointed in terms of the Constitution and includes any director, manager, secretary or other principal officer of an entity, whether vested with legal personality or not, who is responsible for administering, holding or using public moneys or who is a recipient or beneficiary of public moneys, or who is a person having a power of representation of such an entity or having an authority to take decisions on behalf of that entity or having authority to exercise control within that entity;

"infringement" means an act or omission by any person or persons who breaches any condition stipulated in a contract entered into by the Government or in the law governing any item in the annual budget, or any relevant provision of Maltese law or of any act the binding force of which derives from any treaty or international agreement entered into by Malta;

"internal audit", notwithstanding the provisions of this Act, means the function established, defined, and regulated by the [Internal Audit and Financial Investigations Act](#); Cap. 461.

"investments" means any interest-bearing deposits, shares, securities, loans and debentures in companies or in any

Cap. 461.

body corporate, or any other realisable item of value owned by the Government;

"irregularity" shall have the same meaning as that assigned to it under article 2 of the [Internal Audit and Financial Investigations Act](#);

"Malta" shall have the same meaning as assigned to it by article 124 of the Constitution;

"Minister" means the Minister responsible for finance;

"permanent secretary" means the public officer appointed to supervise a department of the Government under article 92 of the Constitution;

"person" means any natural or legal person and includes any body of persons;

"the Public Account" means the Public Account established by this Act;

"public administration" means the Government of Malta including its ministries and departments, and the agencies, public entities, commissions and boards referred to in this Act;

"public contract" means contracts for pecuniary interest concluded in writing between one or more economic operators and one or more contracting authorities and having as their object the execution of works, the supply of products or the provision of services;

"public debt" means the public debt as mentioned in article 106 of the Constitution;

"public employee" includes public officers and employees of Government agencies and public entities, or other persons administering public funds or resources as defined by this Act;

"public entities" as used in this Act, includes all agencies, local authorities, corporations, bodies corporate, authorities and all other entities whose power, functions and duties are conferred and assigned by an authority established or constituted by the Constitution or any other law, or any commercial partnership in which the Government has an interest, or whose funding is wholly or partly financed by public funds;

"public external financial control" notwithstanding the provisions of this Act, means the function assigned to the Auditor General and the Deputy Auditor General under the Constitution and the [Auditor General and National Audit Office Act](#);

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"public funds" means all revenue, loan, trust and other funds received or managed or held by, for or on account of the Government including but not limited to agencies and entities whether having a legal personality or not, including funds which the Government pays out or disburses from funds received from any national, international or supranational organisation or entity or from any of its institutions or entities;

"public internal financial control" means control over finance-related activities of ministries, departments, units and other public bodies falling within the meaning of Government as defined in this article and of all persons with functions and responsibilities within or on behalf of these ministries, departments, units and bodies for the purpose of ensuring compliance with the provisions of this Act and of any regulations made thereunder, or under any other law, and of ensuring the prevention, discovery, and recovery of any public financial loss or deficiency;

"public moneys" shall have the same meaning as that assigned to the definition "public funds";

"public officer" shall have the same meaning as that assigned to it under article 124 of the Constitution;

"relevant provision" for the purposes of this Act, means any provision of any law or Act, governing any financial relationship or obligation, existing or arising in any manner or form, between any person and the Government or any body or fund established under any treaty or international agreement entered into by Malta;

"revenue" means all taxes, imposts, rates, and duties and all other moneys collected or received for or on account of the Consolidated Fund;

"the Treasury Clearance Fund" means the Treasury Clearance Fund established under this Act;

"security" means a financing or investment instrument issued by a company or a government that denotes an ownership interest and provides evidence of a debt, a right to share in the earnings of the issuer, or a right in the distribution of a property. Securities include bonds or stocks, treasury bills, debentures, notes, options, shares, and warrants but not

insurance policies, and may be traded in financial markets such as stock exchanges;

"subsidiary accounting system" means any manual or electronic system, which would be subsidiary to the accounting system and in which financial transactions of whatever nature are recorded;

"transitory period" means the period from the implementation of accrual accounting and pertinent accounting systems in the first department, to the entry into force of the regulations made by virtue of article 38(1);

"vote" means a separate head of the estimates or a main division of the appropriation by the House for the service of a financial year.

PART II ADMINISTRATION OF THE ACT

Administration of
the Act.

3. (1) The Minister shall be charged with the administration of this Act.

(2) Subject to the provisions of this Act and of any regulations made thereunder, accounting officers shall follow the directions which may, from time to time, be given by the Minister concerning public moneys and the rendering of accounts thereof.

(3) The Minister, or any public employee of his Ministry duly authorised by him, shall be entitled to inspect such offices and to have such access to official books, documents and other records as may be necessary for the purpose of the Minister's exercise of his powers and his performance of his duties under this Act.

Power of Minister
to make
regulations.

4. The Minister may make regulations not inconsistent with the provisions of this Act for carrying the provisions of this Act into effect, and without prejudice to the generality of the foregoing, such regulations may provide:

(a) for the collection, receipt, custody, issue, expenditure, due accounting for, care and management of all public moneys and the guidance of all persons concerned therein;

(b) for the more effectual record, examination, inspection and check of all receipts and expenditure and the keeping of all necessary books and accounts;

(c) for the books which are to be kept and the accounts which are to be rendered for the purposes of this Act and the form in which such books and accounts are to be kept and rendered;

(d) for the procurement, purchase, safe custody, issue, sale or other disposal or writing off of works, supplies or services, public stores and other Government property, and the proper accounting for, and stock-taking of, such works, supplies or services, stores and property;

(e) for the co-funding of economic and social development programmes and initiatives from public moneys;

(f) for effecting adjustments, set-offs in and payments from any account relating to public moneys;

(g) for the preparation, codification and publication of such sets of accounting standards, methodologies, policies and procedures as may from time to time be deemed necessary or expedient for the better carrying of the provisions of this Act into effect;

(h) for the use of internet banking, debit or credit cards, and other banking facilities and services for the better management of all public moneys;

(i) for the regulation of any form of transactions that may be conducted from time to time;

(j) for the granting and receipt of donations and sponsorships;

(k) for prescribing anything required to be prescribed under this Act; and

(l) for any other matter, incidental or supplementary to any of the foregoing matters.

PART III FUNCTIONS AND RESPONSIBILITIES

5. (1) The Accountant General shall be responsible for the establishment of standards for the proper financial management, reporting and accounting operations within ministries and departments.

The Accountant
General.

(2) The Minister shall instruct the Accountant General to stop moneys from being utilised by a ministry, department or public entity, if that ministry, department or public entity does not conform to the financial management regulations, policies, circulars, guidelines and other legal provisions in force from time to time.

6. The Permanent Secretary, or the person of suitable seniority as duly delegated by the Permanent Secretary, shall be responsible for monitoring, and to facilitate financial management and the implementation of control of the public entities falling under that

Financial
management.

ministry:

Provided that the monitoring, facilitation of the implementation of control and financial management of an authority, board, foundation, corporation, institute, agency, commission, company or any other entity which is held in ownership by the Government or over which the Government has effective control, or where its income comes from public monies or from monies it receives by virtue of any law, shall be vested in the head of the entity.

Duties of
accounting
officers.

7. (1) Every accounting officer shall be subject to, and ensure compliance with, the provisions of this Act and any regulation, policy, circular, guideline, instruction and other provision related to the duties of his office.

(2) Every accounting officer shall be vested with the responsibility of accounting operations and shall perform such duties, keep such books and render such accounts as may be prescribed by or under this Act or by instructions issued by the Minister.

Misconduct in
financial
management.

8. (1) A public employee shall have been deemed to commit an act of misconduct in financial management if such employee, wilfully or negligently, fails to fulfil those duties and responsibilities assigned by or under the Act.

(2) Wilful or negligent acts of misconduct in financial management include:

(a) non-compliance with the financial management regulations;

(b) acting with dishonesty, lack of fidelity and integrity in the management of the financial affairs of the public entities concerned;

(c) using the position or privileges, or confidential information obtained in such position, for personal gain or to improperly benefit another person;

(d) the failure to take immediate action against any person, who falls under his immediate supervision, and acts in breach of the financial management regulations and internal control procedures established by the public entities concerned.

S.L. Const. 03.

(3) Disciplinary proceedings for misconduct in financial management shall be regulated by the [Public Service Commission Disciplinary Regulations](#) or such disciplinary rules and procedures as may apply.

PART IV
ESTIMATES AND APPROPRIATION

9. Any Act appropriating moneys out of the Consolidated Fund shall not be construed as authorising the expenditure of such moneys in any financial year other than the financial year to which it is expressed to relate, and any moneys so appropriated which may remain unexpended at the close of any financial year shall cease to be a liability on the Consolidated Fund for that year.

Appropriation Act.

10. (1) If the Appropriation Act has not come into force at the commencement of any financial year, the Minister may authorise the issue of moneys from the Consolidated Fund for the purpose of meeting recurrent and capital expenditure as may be considered necessary for carrying on the Government:

Authorisation of expenditure before appropriation.

Provided that moneys so authorised to be issued for any expenditure shall not exceed one-third of the amount voted for that expenditure under the Appropriation Act relating to the preceding financial year:

Provided further that moneys, to be issued for any capital expenditure, shall only be authorised for contracts which have already been entered into in the previous financial years.

(2) Any moneys authorised to be issued as provided in sub-article (1) shall not exceed the sum specified for that expenditure in the estimates presented for the current financial year and shall be set off against the amounts respectively provided in the Appropriation Act on its coming into force.

(3) The powers conferred on the Minister by this article shall not extend beyond the period of the first four (4) months of any financial year or beyond the day on which the Appropriation Act for that year comes into operation, whichever is the earlier.

11. (1) If the exigencies of the public service render it necessary to alter the proportions assigned to the subheads under a head of expenditure shown in the estimates, the Minister may, by minute, authorise the transfer of a further sum out of any surplus arising on any other subhead of the same head in aid of any subhead which may be deficient.

Virement of savings under the same vote.

(2) The Minister may, in his discretion and subject to such conditions as he may deem proper, delegate the power vested in him under sub-article (1):

Provided that whenever any such delegation has been made, the public employee so delegated shall submit to the Minister at the end of each quarter a statement showing particulars of all the cases where he has exercised the powers so delegated.

Supplementary
provision.

12. If in respect of any financial year it is found that the amount appropriated by the Appropriation Act for any purpose is insufficient, or that a need has arisen for expenditure for a purpose for which no amount has been appropriated by the Act, or that any moneys have been expended for any purpose in excess of the amount appropriated for the purpose by the Appropriation Act, or for a purpose for which no amount has been appropriated by the Act, supplementary estimates showing the sums required or spent shall be laid before the House and the Appropriation Bill shall contain such expenditure under appropriate heads:

Provided that the Minister may for such purposes from time to time authorise the issue of such sums out of the Consolidated Fund as may be considered necessary for the purpose, without the need of any further appropriation other than this Act, which sums shall be included in the reports submitted to the House in terms of the [Fiscal Responsibility Act](#).

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The Contingencies
Fund.

13. (1) There shall be established a fund to be known as the "Contingencies Fund" with an authorised capital amounting to five million euro (€5,000,000), which amount shall be provided within a period of not more than five (5) years by appropriations made from time to time out of the Consolidated Fund.

(2) If, in respect of any financial year, it is determined that an urgent and unforeseen need for expenditure has arisen for which no other provision exists, the Minister may authorise by warrant an advance from the Contingencies Fund to meet that need:

Provided that, where such an advance has been made, the Minister shall seek the approval of the House through the Supplementary Estimates as provided for in the Act, showing the moneys required or spent and the transfer from the Consolidated Fund to the Contingencies Fund of the moneys advanced therefor.

(3) The Contingencies Fund shall be operated in accordance with the rules set out in the Schedule. The provisions of this Schedule may be amended by further rules to be made by the Minister, which shall be published in the Gazette and shall be laid on the Table of the House at the next meeting thereafter.

PART V COLLECTION AND DISBURSEMENT OF MONEYS AND BANKING

Authority for the
issue of moneys.

14. No moneys shall be issued out of the Consolidated Fund, except as provided in the Constitution, nor out of other funds or accounts except for the purpose of such funds or accounts, and under such authority as may be applicable to their constitution.

15. (1) Subject to the provisions of this Act and any regulations made thereunder, all disbursements of public moneys shall be made by the Accountant General in such manner as may be prescribed by the Minister by regulations made under provisions of this Act.

All disbursements to be made by the Accountant General.

(2) The Accountant General shall not make any payments, notwithstanding that the purposes to which they relate may be duly provided for in the Appropriation Act, unless authorised so to do by warrant under the Minister's hand and directed to him.

(3) Such warrant shall be signed in triplicate by the Minister. One (1) copy of the warrant shall be filed in the Minister's Office, one (1) in the Office of the Accountant General, and the other in the Office of the Auditor General.

(4) No warrant under this article shall continue in force except during the financial year for which it is issued.

16. An accounting officer shall pay an account after it has been ascertained that the provisions of this Act and of any regulations made thereunder relating to the payment of accounts, have been complied with and that the payment of the account is in accordance with proper authority.

Payments of accounts by accounting officers.

17. An imprest may be issued for such amount as the Minister may authorise, by warrant, whenever it becomes necessary for an accounting officer to have moneys for disbursement, for which vouchers cannot be presented direct to the Accountant General for payment.

Imprest.

18. There shall be established a fund to be known as "The Treasury Clearance Fund" to provide for the receipt of moneys that may have to be repaid by Government and for the purpose of meeting any other expense temporarily defrayable out of public moneys, and repayable gradually or otherwise into this fund out of the Consolidated Fund or from other sources.

The Treasury Clearance Fund.

19. No Below-the-Line Deposit Account shall be opened in the Treasury Clearance Fund except with the prior approval of the Permanent Secretary responsible for finance or public employee delegated and such Account shall be subject to any conditions which may be laid down in the approval. The accounting officer entrusted with responsibility of operating a Below-the-Line Deposit Account shall ensure that the Account is utilised solely for the purpose for which it was originally authorised and shall be closed off immediately when it is no longer required.

Below-the-Line Deposit Account.

20. Subject to the provisions of this article, interest and other income accruing to the Treasury Clearance Fund shall be credited to the Consolidated Fund and any appreciation or depreciation in the value of any investments of the Treasury Clearance Fund shall,

Accrual of interest and investment fluctuation.

together with any profits or losses arising from the sale or redemption of securities or shares, be credited or debited, as the case may be, to the Consolidated Fund:

Provided that, in the case of deposits on account of foundations or trusts and the Monte di Pietà and the Custodian of Enemy Property, such interest and other income, appreciation or depreciation in the value of investments and the profits or losses on the sale or redemption of securities shall be credited or debited, as the case may be, to the proper account.

Disbursements out of Treasury Clearance Fund.

21. The Minister may, without further appropriation than this Act, cause the Accountant General to effect disbursements from the Treasury Clearance Fund by warrant under the Minister's hand, which in the case of all payment of moneys repayable into the fund, shall specify the manner and terms of such repayment.

Power of transfer temporarily from one account to another.

22. The Accountant General may, from time to time, transfer any balances of the public account, or any part thereof, from one fund or account to another fund or account, within the public account for such periods and on such terms as the Minister may authorise.

Arrangement with bank.

23. (1) The Minister may make arrangements with any bank or banks upon such terms and conditions as are appropriate for the receipt, custody and payment of public moneys and their transmission to and from Malta, and for any advances which may be made under the authority of this Act or of any other law, for the charges in respect thereof, and for the interest payable by or to the bank or banks upon balances or advances respectively and generally for the conduct of the banking business of the Government.

(2) No accounting officer shall open a public or official account in any bank except as authorised by this Act or by any regulations made thereunder, without the authority in writing of the Minister, and the Government shall not be held liable for any overdraft on any such account unless it be authorised by the Minister.

(3) The Minister's authority may be delegated to an accounting officer, not below the position of Director General, to open any public or official account in any bank in accordance with sub-article (2).

(4) Bank accounts will be managed and reconciled in accordance with the procedures specified by the financial management regulations made under this Act.

The Public Account.

24. All public moneys shall be kept in an account to be known as the "Public Account" to which shall be carried and paid all moneys forming the Consolidated Fund, the Treasury Clearance Fund and the Contingencies Fund and all other moneys whatsoever except:

(a) as the Minister may specifically authorise to be kept in a separate account; or

(b) where the enabling Act of the public entity administering public funds, provides otherwise.

25. All moneys paid into the bank to the credit of the accounts mentioned in the last preceding article shall be deemed to be public moneys, and may not be removed from the bank except as provided by this Act.

All moneys in the bank to be public moneys.

26. Moneys received by or on behalf of the Government by way of deposit on account of custom duties or deposits in Court under any law or authority, moneys received in trust, and all moneys received from any person or authority pending the completion of any work or service or determination of a claim shall be deemed to be public moneys within the meaning and for the purposes of this Act and shall be remitted to the Public Account, to the credit of the appropriate deposit account in the Treasury Clearance Fund:

Deposits.

Provided that no moneys which, or part of which, may become repayable by Government, shall be passed on to the Consolidated Fund.

27. Where, however, an amount deposited under the provisions of article 26 is left unclaimed for a period of thirty (30) years from the date of it being so deposited, it shall, unless otherwise provided by this Act or any other law, be transferred to the Consolidated Fund:

Unclaimed deposits.

Provided that the Minister may, without further appropriation other than this Act, authorise the Accountant General to pay out of the Consolidated Fund at any time that amount to any person who establishes a claim thereto.

28. The Accountant General shall, from day to day, cause to be paid into the bank to the credit of the proper account, all public moneys collected or received at the Treasury.

Payment of all moneys into the bank.

29. Every accounting officer collecting or receiving public moneys shall pay into the bank to the credit of the proper account, the gross amount of the collections made on such days and in such manner and form as the Accountant General may direct:

Collection of public moneys to be paid into bank.

Provided that, where the Minister so directs, accounting officers may deduct from the gross amount of their collections such sums as may be required to enable them to effect payments of drawback, repayments or refunds.

30. Except as may be specifically provided by any law and subject to the provisions of this article, it shall not be lawful for the Government to borrow, nor for any bank or other person to lend to the Government, any moneys, and every engagement for the repayment of any such loan shall be absolutely null and void:

Borrowing of moneys.

Provided that the Minister may authorise a fluctuating

overdraft on the Public Account as and when required, and in such case:

(a) the repayment of any such overdraft shall be made before the close of the financial year in which such overdraft was incurred; and

(b) a statement of the position of such overdraft on the last day of each quarter shall, as soon as possible thereafter, be laid on the Table of the House.

Arrangements regarding moneys outside Malta.

31. Notwithstanding anything in this Act, the Minister may make arrangements, on such terms and conditions as may be deemed necessary, for the collection, receipt, custody, deposit in banks, issue, advance, payments, due accounting for, care and management outside Malta of any public moneys and for the keeping of accounts, and furnishing of statements, returns and vouchers relating to such collection, receipt, custody, deposit, issue, payments, advances and for the examination of such accounts, statements, returns and vouchers:

Provided that all documentation of all transactions is kept as may be directed by the Accountant General.

PART VI ACCOUNTS AND REPORTING

Government accounting system and subsidiary accounting system.

32. (1) The Accountant General shall ensure that a proper accounting system, including subsidiary accounting systems, is established across all public entities.

Accounting officers' books of accounts.

(2) Subject to the provisions of any regulations made under this Act, every accounting officer collecting, receiving or paying public moneys shall keep such books and accounts in such manner and form as established by the Accountant General.

Access of the Accountant General to official financial documents.

33. The Accountant General may inspect and make copies of any official books, records and other documents or copies thereof, and require copies in electronic format of any such official document to be submitted.

Title 1 – Cash-based accounting

Quarterly statement of Consolidated Fund Account to be published in the Gazette.

34. The Accountant General shall, as soon as conveniently possible after the end of each quarter, submit to the Minister for publication in the Gazette, a cash-based statement of the Consolidated Fund Account as compared with the corresponding quarter of the immediately preceding financial year.

Annual statements.

35. (1) As soon as possible after the close of each financial year, and in every case not later than three (3) months after the close of such year, the Accountant General shall prepare and forward to the Auditor General the following returns:

(a) a statement of the cash-based Consolidated Fund Account as compared with that of the last preceding financial year;

(b) a statement of the receipts and expenditure of any fund or account created by this or any other law.

(2) As soon as the Auditor General returns such statements to the Accountant General, the Minister shall cause such statements to be published in the Gazette, and shall lay them on the Table of the House within ten (10) days of such publication:

Provided that in reckoning such period, no account shall be taken of any time during which the House is dissolved or prorogued, or during which it is adjourned for more than ten (10) days.

36. The Accountant General shall, as soon as possible after the close of the accounts of every financial year, and in any case not later than six (6) months after the close of such year, prepare and send to the Auditor General the following statements and accounts:

Preparation of
annual financial
accounts.

(a) an abstract of the receipts and payments of the Public Account as compared with the receipts and payments of the last preceding financial year;

(b) an abstract of the cash-based Consolidated Fund Account as compared with that of the last preceding financial year;

(c) a detailed cash-based revenue statement, as compared with the estimates, showing variations in respect of each item;

(d) a detailed cash-based expenditure statement showing the several sums appropriated under each head distributed according to subheads as detailed in the estimates, the expenditure made during the financial year, and the amount over-expended or under-expended thereon;

(e) a statement of the receipts and payments in respect of loans made by the Government;

(f) a statement of the public debt and the annual charge thereon showing also the amount repaid during the financial year;

(g) a statement of the receipts and expenditure of trust funds and of any other fund or account of the Government;

(h) a statement of all investments held by the Government at the end of the financial year on behalf of each fund or account at the closing market price published on the

stock exchange on which the security is listed on the last trading date of the financial year or the middle market price of security published by a recognised market maker whichever is the latest. The value assigned to each security in the accounts shall be adjusted to correspond with that price;

(i) a statement of assets and liabilities of the Government at the end of the financial year;

(j) a statement of balances (excluding special funds) at the end of the financial year;

(k) a statement of special funds deposited in the Treasury;

(l) a detailed statement of advances made out of the Treasury Clearance Fund;

(m) a tabular summary of unallocated stores financed out of the Treasury Clearance Fund; and

(n) a statement of claims abandoned, of losses of cash and of stores written off.

Annual report on accounts and finances.

37. The Accountant General shall, as soon as possible after the closing of the accounts of every financial year and in any case not later than six (6) months after the close of such year submit to the Minister for publication a report on the cash-based accounts and finances of the Government.

Title 2 – Accruals-based accounting

Adoption of accruals-based accounting standards.

38.* (1) When established by the Minister by means of a regulation, all ministries and departments shall adopt the accruals-based accounting standards in their financial accounting and financial reporting, implementing the International Public-Sector Accounting Standards (IPSASs) as adopted by the Government, and publish financial statements.

(2) The Accountant General shall be responsible for publishing these accounting standards and ensure compliance across ministries and departments, as may be required from time to time.

Quarterly accruals-based consolidated statements.

39.† (1) Each ministry shall cause to be prepared, in the form and manner provided for by the Accountant General, quarterly accruals-based statements consolidating the financial performance of the respective ministry and its departments, at ministerial level, for each of the first three (3) fiscal quarters of each fiscal year.

*Not yet in force.

†Not yet in force.

(2) The Accountant General shall prepare quarterly accruals-based statements, consolidating the financial performance of each Ministry, and shall submit such statements to the Minister for publication in the Gazette.

(3) The Minister shall by means of a regulation establish the period within which the said accounts and statements are to be presented.

40.* Each ministry shall prepare or cause to be prepared, in the form and manner provided for by the Accountant General, the accruals-based consolidated annual financial statements, consolidating the financial performance and financial position of the respective ministry and its departments, at ministerial level, and shall submit such statements to the Accountant General not later than two (2) months after the close of that financial year, for onward submission to the Auditor General.

Ministerial audited accruals-based consolidated annual financial statements.

41.† (1) As soon as possible after the close of each financial year, and in every case not later than six (6) months after the close of such year, the Accountant General shall prepare and forward accruals-based consolidated financial statements, consolidating the financial performance and financial position of each Ministry, to the Auditor General.

Publication of the audited accruals-based consolidated financial statements.

(2) The Auditor General shall, in accordance with the [Auditor General and National Audit Office Act](#), audit these accruals-based consolidated financial statements.

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(3) Upon receiving the audited accruals-based consolidated financial statements from the Auditor General, the Minister shall, not later than nine (9) months after the close of that financial year, cause such statements to be published for publication in the Gazette and lay a copy thereof before the House within ten (10) days of such publication:

Provided that in reckoning such period, no account shall be taken of any time during which the House is dissolved or prorogued, or during which it is adjourned for more than ten (10) days.

Title 3 – Transitory Period

42.‡ During the transitory period for the changeover from cash-based to accruals-based accounting, the reporting regime provided for in articles 34 to 37 shall prevail.

Reporting during the transitory period.

*Not yet in force.

†Not yet in force.

‡Not yet in force.

Instructions issued
by Accountant
General during
transitory period.

43.* Without prejudice to the provisions of article 38, the Accountant General may, from time to time in such transitory period, issue instructions on accounting operations and reporting to be followed during the change-over from cash-based accounting to accruals-based accounting.

PART VII FINANCIAL CONTROL

Financial control.

44. Save as otherwise provided under any law, financial control of public funds shall be managed and exercised as prescribed by or under this Act.

Measures against
infringement.

45. (1) Payment or benefit may be withheld, by the Accountant General, where the Accountant General has been informed of, or has otherwise reason to consider certain, the commission of any infringement.

(2) The Director of Contracts is authorised to demand that payments or benefits are withheld where there is reason to consider that an infringement has occurred.

(3) Any bond, guarantee or security which has been provided by any person under any contract or legal obligation, the execution or discharge of which has been prevented or threatened by such infringement, may be withheld where the Accountant General or the Head of the Contracting Authority have been informed of, or have otherwise reason to consider certain, the commission of any infringement.

(4) Save as otherwise specifically provided by any other law or contract, the Accountant General shall proceed to recover any sum or amount which has been paid to, or else has become or remained due from, any person resulting from an infringement.

(5) For the recovery of any loss or deficiency, any such person as mentioned in this article, shall draw on any bond, guarantee or security which has been provided by any person under any contract or legal obligation the execution or discharge of which has been prevented or threatened by such infringement.

(6) For the recovery of any loss or deficiency, the Accountant General may proceed against any other person who, although duty bound to ensure against the infringement, has not acted in good faith, failed to take reasonable precautions and to exercise due diligence to avoid the commission of such infringement.

Intentional
infringements.

46. Save as otherwise specifically provided for by any other law, where any person as mentioned in article 45 has reason to believe that an infringement has been committed with intent to take advantage,

*Not yet in force.

or to make an illegal or undue gain, the Accountant General shall, in addition to those measures prescribed in article 45, impose an administrative fine equivalent to the sum or amount which has become or remained due from, or has been paid to, any person committing such infringement.

47. (1) Save as otherwise specifically provided for by any other law, the Permanent Secretary shall, upon acquiring or having any knowledge of an infringement, inform forthwith the persons as mentioned in article 45, and shall carry out the necessary investigation and draw up a report indicating:

Report issued by the Permanent Secretary.

(a) the infringement;

(b) the financial loss or deficiency, if any, and its extent, to the Government or to any multinational or international entity or fund of or in which Malta, under any agreement, forms or takes part;

(c) responsibility for such loss or deficiency; and

(d) any sum or amount whereby any person or persons has or have unduly gained or benefited consequent to that infringement.

(2) The Permanent Secretary shall notify the person who was informed of the infringement under sub-article (1), of the report.

(3) Where responsibility for such loss or deficiency as may be established under sub-article (1) is ascribed to two (2) or more persons, they shall become liable jointly and severally.

48. (1) There shall be charged interest on any sum or amount recoverable as provided under articles 45 and 46 for the period during which such sum or amount remains unpaid, from the date on which it becomes payable as prescribed under article 49.

Interest to be charged.

(2) Such interest, as provided for under sub-article (1), shall be established at the maximum rate allowable by law.

49. (1) The Accountant General shall serve notice, stating reasons for such decision, upon any person or persons in proceedings for the recovery of any sum or amount under article 45 or for the exaction of an administrative fine under article 46.

Notice issued by the Accountant General.

(2) Where the payment of any sum or amount for which notice is served on a person or persons under sub-article (1) is not made within one (1) month from the date of the service of such notice, the Accountant General shall first proceed to intimate payment from such person or persons by means of a judicial act, failing which, the Accountant General shall proceed to enforce payment under executive title as provided for under article 50 after twelve (12) days from the

service of such an intimation.

(3) For the purposes of sub-article (1), a notice by the Accountant General to any person or persons showing the sum or amount due, any administrative fine and interest to which such person or persons shall become liable shall, unless the contrary is proved, be sufficient evidence of dues to be paid to the Government by that person or persons.

Executive title.

50. (1) Any notice served by the Accountant General, as prescribed under article 49, shall constitute an executive title within the meaning and for the purposes of Title VII of Part I of Book Second of the [Code of Organization and Civil Procedure](#):

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Provided that the procedure laid down in article 49 is followed in all instances before payment is enforced in virtue of such title.

(2) Where in accordance with the provisions of this Part, a payment is enforceable in virtue of an executive title against a body of persons, the Accountant General may, without the need of any other act, proceed with such enforcement against the chief executive, executive director or other principal officer, of that body of persons who shall be deemed personally liable for the purposes of this Part.

(3) For the purposes of this Act, it shall be sufficient if only the name of the body of persons appears on any notice served by the Accountant General.

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(4) In any proceedings to impugn an executive act under article 281 of the [Civil Code of Organization and Civil Procedure](#), the onus of disproving the facts stated in the notice served by the Accountant General, shall be on the person against whom such executive act has been issued.

Suit for payment
by the Accountant
General.

51. (1) Any sum, amount, fine or interest to be recovered or exacted under article 45, 46 or 48, may be sued for, as the case may require, in the Civil Court, First Hall, or in the Court of Magistrates (Malta) in its civil jurisdiction, or in the Court of Magistrates (Gozo) in its civil jurisdiction, by the Accountant General, with full costs of suit from the person or persons by whom it is due or from person or persons responsible.

(2) Action for the recovery of exaction of any sum, amount, fine or interest may be taken during any time from the date on which it becomes due in terms of article 45 up to five (5) years from that date.

(3) The period of prescription specified under sub-article (2) shall be interrupted by any judicial act filed before the lapse of such period by the Accountant General, whereby payment of the sum, amount, fine or interest is claimed.

- 52.** Where the Accountant General deems that there are reasonable grounds that an infringement has occurred, he may require any person having an office or employment with a ministry, department or public entity, whether paid or otherwise, unless under the duty of professional secrecy, to provide such particulars in respect of such a person or persons as may be specified for the purposes of this Act. Particulars.
- 53.** Any proceedings under this Act shall not be suspended in virtue of the institution or prosecution of any criminal action relating to any infringement, and the Accountant General, shall withhold, or proceed to recover, any sum, amount, fine or interest, or the Court shall continue to hear submissions and shall give judgement or decree, as if such criminal action was not instituted so however that any person against whom an executive act has been issued under this Part, may still have recourse to the Courts of Civil Jurisdiction. Concurrent criminal prosecution.
- 54.** Where the infringement has been committed against a provision or obligation, in or under any act governing any multinational or international entity or fund of or in which Malta forms or takes part under any treaty or international agreement, any proceedings contemplated under this Part shall be taken in conjunction with the entity responsible for the implementation or ensuring the execution of such provision or obligation. Infringement of international obligations.
- 55.** The Minister may apply the appropriate administrative penalties for the partial or total removal or the exclusion from or the withdrawal of an advantage, or the temporary withdrawal of the approval or recognition necessary for participation in benefits, incentives, assistance or aid arising from a scheme or programme administered by a multinational or international entity or fund of or in which Malta forms or takes part under any treaty or international agreement, when proceedings under this Act are instituted. Administrative penalties.
- PART VIII**
AUDIT AND ASSURANCE
- 56.** (1) The Accountant General may, at any time, request the bank into which public moneys are paid, for a statement showing, in order of date, every sum received and paid under each account kept at the bank. Duties of the bank.
- (2) The Accountant General may, at any time, request any ministry and department and public entity keeping a bank account to draw up a statement reconciling the balance of the bank account as it appears on their books with the balance on the bank statement. Duties of the public entity.
- (3) The Auditor General may, at any time, request the Accountant General or the Permanent Secretary, respectively to provide the statements referred to in sub-articles (1) and (2), accompanied where possible by the bank statement, and where this is not practicable by the bank certificate showing the closing balance for

that period.

(4) The Minister may make further regulations for the better implementation of this article.

Measures against fraud and irregularities. Cap. 396. Cap. 461.

57. (1) Where, on the detection of any irregularity or fraud against public moneys, a report made in terms of the provisions of the [Auditor General and National Audit Office Act](#) or the [Internal Audit and Financial Investigations Act](#) is sent or referred to a Head of Department, all necessary measures for the protection of such public moneys, including the levying of administrative penalties in accordance with regulations made under article 55 and legal action for the recovery of the amount of any deficiency, loss, improper payment caused or made as a result or in the course of any such irregularity or fraud, shall be taken, and the provisions of article 466 of the [Code of Organization and Civil Procedure](#) shall apply to any amount recoverable as aforesaid.

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(2) Unless otherwise stipulated in a public contract, any bond, bank guarantee or other security given for the proper performance of any contract payable out of public moneys shall also extend to guarantee the recovery of any moneys or administrative penalties in connection with the contract and for which the person supplying the bond, bank guarantee or other security may be liable.

(3) Where the deficiency, loss, or improper payment as a result of the irregularity or fraud, involves funds received by the Government from any international or supranational organization or entity or from any of its institutions or entities or under the terms of any treaty or other agreement between States, any proceedings under this article shall take place in consultation with the person in Malta, if any, specifically charged with authorising the payment or release of such funds:

Provided that the lack of such consultation shall not in any way whatsoever affect the validity of any proceedings taken under this article.

(4) Where two (2) or more persons are responsible for the irregularity or fraud which resulted in the deficiency, loss, or improper payment those persons shall be held jointly and severally liable therefore together with any other person who, although is duty bound to do so, has not acted in good faith, and failed to take reasonable precautions and to exercise due diligence to prevent the irregularity or fraud.

(5) Nothing in this article or in this Part shall be construed as precluding any other person interested from taking action, whether jointly with the Head of Department or otherwise, for the recovery of any sum recoverable under the provisions of this article.

58. On any amount recoverable under article 57, there shall be charged interest at the maximum rate allowable by law for the period during which the amount remains unpaid from the date on which it becomes payable.

Interest to be charged.

59. For the purpose of recovering any moneys that may be recoverable under the provisions of article 57, any Head of Department who receives or to whom is referred a report as provided in that article may, without prejudice to the constraints imposed by professional secrecy according to law, require any person managing public moneys to provide any information in his possession relevant for the said purpose.

Official information.

60. The Minister may by regulations provide for administrative penalties which may be imposed for any irregularity, for the procedure to be followed for the imposition of such penalties and for any other matter incidental or supplementary to any of the foregoing matters:

Regulations for administrative penalties.

Provided that an administrative penalty may not be greater than one hundred and twenty thousand euro (€120,000).

PART IX INVESTMENTS

61. (1) The Minister may, from time to time, cause any of the balances of the Public Account or any other account, or any part thereof, to be invested on behalf of the proper account, for such periods and on such terms as may be deemed appropriate, in the purchase of such securities as he may, from time to time, declare to be securities in which public moneys may be invested.

Power to invest.

(2) Interest received on securities purchased under sub-article (1) shall, unless otherwise provided under this Act or any other law, be paid to the Public Account or any other account to the credit of the proper fund or account to which the securities belong.

62. Investments in securities shall, in all instances, be made in the name of the Government.

Investments in securities held in the name of the Government.

63. (1) (a) There shall be a Government Securities Board which shall be composed of three (3) persons and is charged with the safe custody of all Government securities.

Government Securities Board.

(b) The Permanent Secretary for the Ministry responsible for finance, shall *ex officio*, be chairman, whilst the other two (2) members shall be appointed for a fixed term of not more than three (3) years by the Minister on such terms and conditions as may be specified in their letter of appointment.

(c) The Board shall be assisted by a Secretary.

(d) Any member of the Government Securities Board may, during tenure of office, be removed by the Minister where he is satisfied that there has been a clear case of misbehaviour by the member or inability of a member to perform his functions or where such circumstances exist that would disqualify such a member from remaining a member of the Government Securities Board.

(e) A member of the Government Securities Board may resign from office by a letter addressed to the Minister.

(2) The Government Securities Board shall only have custody of such securities on behalf of the Government of Malta and it shall not be lawful for the Government Securities Board to take any measures in respect of such securities save as provided for by this Act.

(3) Securities held in respect of each fund or account shall be kept separate and apart from those of any other fund or account and shall be kept and used solely for the purpose of that fund or account.

Sale or conversion of securities.

64. Whenever it shall deem to the Minister to be expedient in the interest of the Government, he may from time to time, cause such securities, or any part thereof, to be sold or converted into money and the proceeds be either paid to the credit of the proper fund or account to which they belong or else re-invested on behalf of the proper fund or account in the purchase of any other securities authorised under this Act.

Manner in which securities may be sold, converted or exchanged.

65. To facilitate the sale, conversion, exchange or other disposal of such securities as occasion requires, the Government Securities Board shall, at the written request of the Minister, or any other public employee duly authorised by him in writing in that behalf, part with the possession of the securities and sign without delay such documents as may be necessary for the sale, conversion, exchange or other disposition thereof. The request shall specify the purpose for which the securities named therein are required.

Return of securities to be submitted to Auditor General.

66. The Accountant General shall prepare and forward to the Auditor General an annual return of all securities held in Malta and abroad.

Inspection and verification of securities.
Cap. 396.

67. All securities held in Malta or abroad shall be inspected and verified as required by the [Auditor General and National Audit Office Act](#).

PART X ASSET MANAGEMENT AND CONTROL

Management and control of assets.

68. The Head of Department shall be responsible for the management of the department's assets, and shall ensure that proper control systems exist for the custody and management of these assets.

- 69.** (1) The Permanent Secretary responsible for finance, shall issue guidelines for accounting of the assets of ministries, departments and public entities, and for the recording and reporting of these assets. Guidelines for accounting and reporting.
- (2) The Permanent Secretary responsible for finance and the Accountant General, shall issue guidelines for the management and control of the assets of public entities.
- 70.** (1) A register of all assets held shall be kept by every ministry, department and public entity. Register of assets.
- (2) The register of assets held by the ministries, departments and public entities shall be in the format prescribed by the Accountant General.
- 71.** (1) To safeguard the ministry, department and public entity against theft, fraud, irregularity, misuse, loss, and wastage, the control system shall include: Control system.
- (a) preventive mechanisms;
 - (b) detective mechanisms; and
 - (c) corrective mechanisms.
- (2) The Head of Department shall ensure that processes, whether manual or electronic, and procedures are in place for the effective, efficient, economical and transparent use of assets.
- 72.** The Head of Department shall ensure that the assets of the ministry, department or public entity falling under his responsibility are inspected and reported upon as prescribed by the Accountant General, to confirm the existence and condition of assets and storage facilities. Inspection and reporting of storage facilities.
- 73.** A Board of Survey shall be appointed by the Head of Department to survey the assets of the ministry, department or public entity, as prescribed by the Accountant General, as provided for under article 69. Board of Survey.
- 74.** The Board of Survey shall comprise of at least two (2) public employees, none of whom shall have any direct responsibility for assets to be surveyed. Composition of Board of Survey.
- 75.** The Minister may make regulations for the deletion and disposal of Government assets. Regulations for the deletion and disposal of Government assets.
- 76.** For the purposes of this Part, "assets" means physical non-current assets and not financial assets. Assets.

PART XI
GENERAL PROVISIONS

Directives.
Added by:
XIII.2024.55.

77. (1) The Minister responsible for finance, or any person, body or unit delegated on his behalf, may, notwithstanding any other law, issue directives as provided in sub-article (2) to any authority, board, foundation, corporation, institute, agency, commission, company or any other entity fifty-one per cent (51%) or more of which is held in ownership by the Government or over which the Government has effective control, or where fifty-one per cent (51%) of its income comes from public monies or from monies it receives by virtue of any law.

(2) The directives referred to in sub-article (1) may regulate:

(a) the recruitment of employees and, or their remuneration;

(b) investments, deposits and the transfer of moneys, the procurement of fixed assets, services, consultancies, contracts of whatever type or nature relating to operational and, or administrative expenses, and, where such directives are issued, the Board of Directors or other Board responsible for the affairs of the entity shall ensure that the decisions taken at Board and at management level respect such directives.

Conflicts.

78. Without prejudice to that provided for under article 77, where a provision of another law conflicts with the provisions of this Act, the other law shall prevail.

Loss of titles to
goods or deposits.

79^{*}. (1) On the loss of any receipt or document, entitling the holder thereof or the person named therein to withdraw from any government department any sum of money or any article deposited therein, the Accountant General may, on receiving proof of such loss through the permanent head of the department concerned, authorise the issue of a duplicated receipt or document so lost, provided a written indemnity is given to his satisfaction against all claims that may be made against him by reason of the issue of such duplicate receipt or document.

(2) The Accountant General may, in his discretion and on his own responsibility, delegate in writing, on such conditions as he may deem proper, any of his powers under this article to any public employees not below the grade of Principal or such analogous grade suitable in his opinion for the purpose.

(3) The Minister may prescribe for the levying of a fee on the issue of such duplicate receipts or documents.

^{*}Originally numbered as Article 80. See Act [XXI of 2019](#).

80^{*}. In so far as consistent with the generality of the provisions contained in this Act, nothing hereunder shall prejudice, or be held or construed as prejudicing, the validity of any act done, or exempt any one from doing anything omitted to be done, or any vested rights arising under any law repealed by this Act, or any regulation, directive, order or rule made thereunder:

Transitory provisions.

Provided that the effect of any such act or omission shall continue, on the coming into force of this Act as if done hereunder:

Provided further that any reference in any law to the Financial Administration and Audit Act to any regulation, directive, order or rule made thereunder shall be deemed to be a reference to this Act or any other law which may from time to time amend, supplement or substitute it.

Cap. 174.

81[†]. In case of any conflict between the Maltese and the English texts of this Act, the English text shall prevail.

Language.

SCHEDULE

[Article 13]

Rules for the Operation of the Contingencies Fund

1. Advances from the Contingencies Fund shall be made on the authority of a warrant under the hand of the Minister.
2. The amount for which any warrant is issued shall be withdrawn from the Contingencies Fund and shall be paid into the Consolidated Fund to meet the expenditure specified on the warrant and the moneys remaining available in the fund shall be reduced accordingly. Any amounts withdrawn and remaining unspent at the end of the year shall accrue to the Consolidated Fund.
3. Each warrant authorising the issue of a sum from the fund shall specify under which head or heads of the estimates the expenditure of the sum issued shall be recorded and such expenditure shall be accounted for in the same manner as if it had been authorised by a supplementary Appropriation Act.
4. All withdrawals from the fund shall be included in a supplementary estimate and an Appropriation Bill shall be introduced in the House as soon as possible for the purpose of appropriating from the Consolidated Fund to the Contingencies Fund a sum equal to the total of the sums

^{*}Originally numbered as Article 81. See Act [XXI of 2019](#).

[†]Originally numbered as Article 82. See Act [XXI of 2019](#).

withdrawn and not already made good by previous appropriations from the Consolidated Fund so that the Contingencies Fund shall be restored to the amount appropriate under article 13.

5. No moneys shall accrue to the fund other than moneys appropriated by an Act and any interest or other accruals which might otherwise be received by the fund shall accrue to the Consolidated Fund.
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