

Comparison of UNTAET and 2009 draft laws on Budget and Financial Management

Original from the World Bank, September 2009. Circulated by La'o Hamutuk. Article numbers and other parts of new law were changed prior to passage.

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<p style="text-align: center;"><u>Preamble & Table of Contents</u></p> <p>REGULATION NO. 2001/13 ON BUDGET AND FINANCIAL MANAGEMENT The Special Representative of the Secretary-General (hereinafter: Transitional Administrator); Pursuant to the authority given to the Transitional Administrator under United Nations Security Council resolution 1272 (1999) of 25 October 1999; Taking into account United Nations Transitional Administration in East Timor (UNTAET) Regulation 1999/1 of 27 November 1999 on the Authority of the Transitional Administration in East Timor and Regulation 2000/1 on the establishment of the Central Fiscal Authority (CFA) of East Timor; After consultation in the National Council (NC); For the purpose of establishing a foundation law to regulate budget and financial procedures; Promulgates the following: Table of Contents Part I Definitions Section 1 Definitions Part II Foundation provisions Section 2 Establishment of a Treasury Section 3 Treasury responsibilities Section 4 Public money Section 5 Receipt of public money Section 6 Expenditure of public money Section 7 Official bank accounts Section 8 Investment of cash of the Transitional Administration Section 9 Earmarked receipts accounts Section 10 Earmarked receipts of designated services authorities Section 11 Guarantees and borrowings by the Transitional Administration Section 12 Loans by the Transitional Administration Section 13 Implementation of the public service payroll Section 14 Application of this Regulation to local governments</p>	<p>Legislation Proposal No. of On Budget and Financial Management</p> <p>The present Act introduces the legal regime on Budget and Financial Management within the legal framework of Timor-Leste, for the first time after the approval of the Constitution of the Republic.</p> <p>Thus the Government presents the following legislation proposal to the National Parliament, under section 97.1 (c) and section 115.2 (a) of the Constitution of the Republic, requesting that it is given priority and urgency:</p>

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<p>Part III Preparation and contents of the annual budget and budget Regulations</p> <p>Section 15 Preparation and submission of budget proposals</p> <p>Section 16 Preparation of the budget and budget Regulations</p> <p>Section 17 Contents of the budget</p> <p>Section 18 Contents of the appropriations Regulation</p> <p>Section 19 Contents of the government finances Regulation</p> <p>Section 20 Review of the proposed budget</p> <p>Section 21 Special funds budget</p> <p>Section 22 Appropriations prior to adoption of an appropriations Regulation</p> <p>Part IV Revised and supplementary budgets and appropriations Regulations</p> <p>Section 23 Revised budget and appropriations Regulation</p> <p>Section 24 New Regulations that include an appropriation</p> <p>Part V Rules about appropriations</p> <p>Section 25 Appropriations not used at the end of the fiscal year</p> <p>Section 26 Bank fees and charges</p> <p>Section 27 Contingent expenditures</p> <p>Section 28 Adjustments to appropriations of an Agency</p> <p>Section 29 Adjustment of appropriations on change of Agency responsibility</p> <p>Section 30 Adjustment of appropriations for supplies from other Agencies</p> <p>Section 31 Adjustment of appropriations upon repayment of amounts to which the Transitional Administration had no right</p> <p>Part VI Expenditure of appropriated public money</p> <p>Section 32 Expenditure authorization notices</p> <p>Section 33 Revocation and amendment of expenditure authorization notices</p> <p>Section 34 Lapsed amounts in expenditure authorization notices</p> <p>Section 35 Refunds of expenditures</p> <p>Part VII Reporting, accounting and audit</p> <p>Section 36 Publication of the budget and appropriation law</p> <p>Section 37 Budgeting and accounting records</p> <p>Section 38 Progress reports on the budget</p> <p>Section 39 Final report on the budget</p> <p>Section 40 Independent audit</p> <p>Part VIII Autonomous public authorities</p> <p>Section 41 Definitions</p> <p>Section 42 Precedence of Regulations</p> <p>Section 43 Capitalization of autonomous public authorities</p> <p>Section 44 Acquisitions from autonomous public authorities</p> <p>Section 45 Loans to autonomous public authorities</p> <p>Section 46 Accounting practices</p>	

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<p>Section 47 Interim reports Section 48 Annual reports Section 49 Independent audit Section 50 Responsible Minister to be notified of significant events Section 51 Keeping Responsible Minister and Head of the Central Fiscal Authority informed Part IX Accountability and sanctions Section 52 Responsibility for budget implementation Section 53 Civil penalties Section 54 Offence for actions for improper purpose Section 55 Office for improper use of position Section 56 Offence for misuse of information Section 57 Receipt of public money by Agency or Agency employee Section 58 Receipt of public money by another person Section 59 Deposit of public money into a non-official bank account Section 60 Failure to deposit public money into an official bank account promptly Section 61 Purporting to act in an official capacity Section 62 Improper application, disposal or use of public money Section 63 Expenditure of public money not authorized by an expenditure authorization notice Section 64 Offence of non-compliance with accounting practices Section 65 Offence of failure to keep informed Part X Transitional provisions Section 66 Initial accounting of assets Section 67 Designation of <i>Agencies</i> and <i>Programs</i> Section 68 Transition from Regulation 2000/20 Part XI Entry into force Section 69 Entry into force</p>	
<p>Part I Definitions Section 1 Definitions In this Regulation, unless the contrary intention appears: “Agency” means an organizational unit of the Transitional Administration established under a Regulation that defines: (a) the Minister responsible for the <i>Agency</i>;</p>	<p>The need to define in a clear manner the relationship between the National Parliament and the Government regarding budget and financial management powers justifies the drafting of this new Act, which represents the setting of a normative system involving the budget initiative by the central administration, the powers of approval and authorization, the validity regime and respective changes, as well as the principles and manners in which the various forms of public financial accountability are to be achieved, within the scope of the Budget and Financial Management of the State.</p> <p>TITLE I</p>

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<p>(b) the regulations to be administered by the <i>Agency</i>; and (c) the major functions and tasks of the <i>Agency</i>; “appropriation” means the identification in an <i>appropriations Regulation</i> of the maximum amount that may be made available for expenditure for a specified purpose of an <i>Agency</i> by means of an <i>expenditure authorization notice</i>; “appropriations Regulation” means the law that contains <i>appropriations</i> for a <i>fiscal year</i>; “Budget Committee” means a committee to be chaired by the <i>Head of the Central Fiscal Agency</i> and comprised of the heads of at least four members of cabinet to be nominated by the Deputy Transitional Administrator (Governance and Public Administration); “Chief Financial Officer” means the person responsible for the preparation and implementation of the annual budget of an <i>Agency</i>; “Consolidated Fund of East Timor” means the consolidated group of accounts and deposits of the Transitional Administration, as provided in Regulation 2000/1; “designated services authority” means a <i>Program</i> of an <i>Agency</i> that operates as a separate authority and that is listed in Schedule 1 to this Regulation; “earmarked receipts” means any receipts: (a) granted to the Transitional Authority subject to conditions on how they may be spent; (b) collected pursuant to taxing or other Regulations that stipulate conditions on how the receipts may be spent; or (c) derived by a <i>designated services authority</i> from the sale of assets or provision of goods and services for which the authority was established; “expenditure authorization notice” means the notification to an <i>Agency</i> that it is authorized to make expenditures of that part of the <i>appropriation</i> specified in the notice; “fiscal year” means the period from July 1 of a year to June 30 of the following year; “government finances Regulation” means a regulation including the items described in Section 19; “Head of the Central Fiscal Authority” means a person appointed to be the Head of the Central</p>	<p>Object and scope</p> <p>Article 1 Object The present law establishes: The general and common framework features for the State Budget; The rules and procedures concerning the organization, drafting, presentation, discussion, voting, alteration and execution of the State Budget and the corresponding budget verification and accountability; The rules and procedures concerning guarantees and loans granted to the State or granted by the State; The rules concerning the organization, drafting and presentation of the annual report on State accounts; The rules and procedures to be applied in the financial management of the State.</p> <p>Article 2 Scope 1 – The present law applies to the State Budget, which includes the budgets of the services that do not have administrative and financial autonomy, the autonomous services and bodies, as well as the corresponding accounts. 2 – In order to be autonomous, services and funds must meet all of the following requirements: Do not have the nature and form of a public company, foundation or association, even if submitted to the regime of any of the latter by another diploma; Have administrative and financial autonomy; (c) Have self revenues to meet their expenses, according to the law. 3 – The present Act applies to the budgets of local municipalities.</p> <p>TITLE II Budget principles and rules</p> <p>Article 3 Annuity 1 – The State Budget is annual. 2 – The drafting of the budget indicated in the previous paragraph shall be inserted within the multiyear perspective determined by the requirements of financial stability. 3 – The State Budget may include programs, projects or activities that imply multiyear charges, presenting the total expense foreseen for each and, with indicative character, for at least the next</p>

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<p>Fiscal Authority under Regulation No. 2000/1 or so designated by the Transitional Administrator;</p> <p>“Head of an <i>Agency</i>” means a person appointed to be the Head of an <i>Agency</i> under Regulation or so designated by the <i>Transitional Administrator</i> by way of notification;</p> <p>“local governments” means any regional or local government established by regulation in East Timor;</p> <p>“National Council (NC)” means a council established under Regulation 2000/24 on the establishment of the National Council;</p> <p>“official bank account” means an account described in Section 7;</p> <p>“Program” means a major division of the activities of an <i>Agency</i> relating to service delivery to a specific group, outcome, or objective including the complete activities of an <i>Agency</i> where they constitute a single set of activities;</p> <p>“public grant” means an amount provided to an individual, organization or legal person for an objective consistent with the objective of the <i>Agency</i> providing the grant;</p> <p>“public money” has the meaning given in Section 4;</p> <p>“Treasurer” means a person designated by the <i>Head of the Central Fiscal Authority</i> as the Head of the Treasury; and</p> <p>“Treasury” means the Treasury under the Central Fiscal Authority, which assumes the functions described in Section 3.</p>	<p>two years.</p> <p>4. A program shall mean an important realization of activities relating to the provision of services for a given objective or a result or a specific group, including all the activities where such activities constitute a single set of activities.</p> <p>5. Project shall mean a set of operations, limited in time, the result of which enlarges or improves the operations of the Government.</p> <p>6 – The financial year coincides with the calendar year.</p> <p>7 – All budget appropriations concerning a fiscal year expire after 31 December of that financial year.</p>
<p>Part II</p> <p>Foundation provisions</p> <p>Section 2</p> <p>Establishment of a Treasury</p> <p>There shall be a <i>Treasury</i> established under the Central Fiscal Authority, responsible for the matters set out in Section 3.</p>	
<p>Section 3</p> <p>Treasury responsibilities</p> <p>The <i>Treasury</i>, under the direction of the <i>Head of the Central Fiscal Authority</i>, shall be responsible for:</p>	

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<p>(a) recording and reporting the receipts of the Transitional Administration;</p> <p>(b) the deposit of public money into <i>official bank accounts</i>;</p> <p>(c) implementing the budget of the Transitional Administration, as detailed in:</p> <p>(i) the budget documentation, described in Section 17;</p> <p>(ii) the <i>appropriations Regulation, which provides appropriations from the Consolidated Fund of East Timor to Agencies in the current fiscal year</i>; and</p> <p>(iii) the <i>government finances Regulation, described in Section 19</i>;</p> <p>(d) authorization by way of an <i>expenditure authorization notice for an Agency to spend an amount that has been appropriated to that Agency</i>;</p> <p>(e) recording and reporting actual expenditure compared with planned expenditure set out in <i>Agency budgets</i>;</p> <p>(f) issuing of financial administrative instructions to <i>Agencies</i> in order to establish proper accountability in the financial management of public funds in East Timor;</p> <p>(h) producing regular reports to the <i>Transitional Administrator</i> on the implementation of the Transitional Administration's budget; and</p> <p>(i) compilation of the annual accounts of the financial operations of the Transitional Administration including <i>appropriation</i> accounts and financial statements that incorporate all government fiscal operations.</p>	
<p style="text-align: center;"><u>Establishment of a Treasury</u></p> <p>There shall be a Treasury established under the Central Fiscal Authority, responsible for the matters set out in Section 3.</p>	
<p style="text-align: center;"><u>Section 3</u> <u>Treasury responsibilities</u></p> <p>The Treasury, under the direction of the Head of the Central Fiscal Authority, shall be responsible for:</p> <p>(a) recording and reporting the receipts of the Transitional Administration;</p> <p>(b) the deposit of public money into official bank accounts;</p> <p>(c) implementing the budget of the Transitional Administration, as detailed in:</p> <p>(i) the budget documentation, described in Section 17;</p> <p>(ii) the <i>appropriations Regulation, which provides appropriations from the Consolidated Fund of East Timor to Agencies in the current fiscal year</i>; and</p> <p>(iii) the <i>government finances Regulation, described in Section 19</i>;</p> <p>(d) authorization by way of ml expenditure authorization notice for an Agency to spend an amount that has been appropriated to that Agency;</p> <p>(e) recording and reporting actual expenditure compared with planned expenditure set out in Agency budgets;</p> <p>(f) issuing of financial administrative instructions to Agencies in order to establish</p>	

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<p>proper accountability in the financial management of public funds in East Timor;</p> <p>(h) producing regular reports to the Transitional Administrator on the implementation of the Transitional Administration's budget; and</p> <p>(i) compilation of the annual accounts of the financial operations of the Transitional Administration including appropriation accounts and financial statements that incorporate all government fiscal operations.</p>	
<p style="text-align: center;"><u>Section 4</u> <u>Public money</u></p> <p>4.1 In this Regulation, public money means:</p> <p>(a) money or financial assets in the custody or under the control of the Transitional Administration, including money that is held for the benefit of a person other than the Transitional Administration; and</p> <p>(b) money or financial assets in the custody or under the control of any person acting for or on behalf of the Transitional Administration in respect of the custody or control of the money.</p> <p>4.2 Receipts that become public money upon receipt include, but are not limited to:</p> <p style="padding-left: 40px;">a) taxes imposed by the Transitional Administration;</p> <p>b) user fees imposed by the Transitional Administration or any department of the Transitional Administration;</p> <p>c) interest received by the Transitional Administration;</p> <p>d) dividends or other payments from companies owned by the Transitional Administration;</p> <p>e) proceeds received by the Transitional Administration from the sale of any property owned by the Transitional Administration;</p> <p>f) proceeds received by the Transitional Administration from leasing of any property owned by the Transitional Administration;</p> <p>g) proceeds received by the Transitional Administration from licensing or selling any rights controlled by the Transitional Administration, including radio spectrum rights, natural resource exploration or exploitation rights, and intellectual property rights;</p> <p>h) royalties received by the Transitional Administration;</p> <p>i) fines, regulatory charges, damages from civil actions, and insurance proceeds paid to the Transitional Administration; and</p> <p>j) grants and gifts received by the Transitional Administration.</p>	<p>Article 9 Public Monies</p> <p>1 – For the purposes of the present Act, public monies mean:</p> <p>(a) Money or valuables in the possession of the Government;</p> <p>(b) Money or valuables in the possession of a natural or legal person acting on behalf of the Government, according to the law.</p> <p>2 – The following revenues are considered public monies:</p> <p>Taxes;</p> <p>Fees;</p> <p>Interests;</p> <p>Dividends or other payments from public companies where the State holds capital;</p> <p>Revenues from the location of movable or immovable assets;</p> <p>Revenues from the licensing or selling of any rights controlled by the State;</p> <p>Royalties;</p> <p>Fines, regulatory fees, civil case indemnities and insurance revenues;</p> <p>Donations and offers.</p>
<p style="text-align: center;"><u>Section 5</u> <u>Receipt of Public money</u></p> <p>5.1 An Agency or person employed by an Agency shall not receive public money or hold public money pending transfer to the Transitional Administration unless such</p>	<p>Article 10 Receiving Public Monies</p> <p>1 – No Public Administration officer may store or keep in their possession public monies awaiting transfer to the State, except in accordance with the law and whenever duly authorized in writing by</p>

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<p>Agency or person has been authorized to do so by:</p> <p style="padding-left: 40px;">(a) the Head of the Central Fiscal Authority in writing; or (b) a Regulation.</p> <p>5.2 All receipts of the Transitional Administration shall be deposited into an official bank account.</p> <p>5.3 A person who receives public money (including money that becomes public money upon receipt) must deposit it into an official bank account promptly.</p> <p>5.4 No person shall receive money or property while purporting to be acting in any official capacity or while conveying the impression that their actions are authorized by the Transitional Administration unless they are authorized by Regulation to receive money or property in that manner.</p>	<p>the Government member responsible for the area of Finance.</p> <p>2 – All revenues must be deposited in the official bank accounts.</p> <p>3 – Entities receiving public monies must immediately deposit the full amount in an official bank account.</p>
<p style="text-align: center;"><u>Section 6</u> <u>Expenditure of Public money</u></p> <p>6.1 A person must not misapply public money or improperly dispose of, or improperly use, public money.</p> <p>6.2 Expenditure of public money shall only occur after the Treasurer has issued an expenditure authorization notice notifying an Agency that it is authorized to make expenditures of that part of the appropriation specified in the notice.</p> <p>6.3 Payments of public money may only be made in conformity with Section 32.5.</p>	<p>Article 11 Spending Public Monies</p> <p>1 – No person may spend or use public monies in an improper or illegitimate manner.</p> <p>2 – Public monies should only be spent after the Director of Treasury issues an Expenditure Authorization Notice, informing the Ministry or Secretariat of State that it is authorized to carry out expenses regarding the budget appropriation specified in the notice.</p> <p>3 – Payments with public monies may only be done in accordance with the Expenditure Authorization Notice regime, as set in the present diploma.</p>
<p style="text-align: center;"><u>Section 7</u> <u>Official bank accounts</u></p> <p>7.1 The Head of the Central Fiscal Authority shall open and maintain one or more official bank accounts for public money and may delegate this responsibility to the Treasurer.</p> <p>7.2 Where public money is held in trust for the Transitional Administration, it will be treated as if it is held in an official bank account until it is received by the Transitional Administration.</p> <p>7.3 Any official bank account opened by the Head of the Central Fiscal Authority or the Treasurer pursuant to the powers granted by Section 7.1 must have a name that</p>	<p>Article 12 Official Bank Accounts</p> <p>1 – The Minister of Finance is responsible for opening one or more official bank accounts in order to deposit public monies, having the possibility to delegate this competence unto the Director of Treasury.</p> <p>2 – In cases where public monies are kept in custody, they shall be treated as being in an official bank account until such a time as when they are effectively received by the State.</p> <p>3 – Any official bank account opened under paragraph 1 shall include the work “official” in its denomination.</p> <p>4 – The opening of accounts to receive, keep, pay or transfer public monies shall respect the regime set in the present article.</p> <p>5 – No Ministry, Secretariat of State or local Government body may open a bank account without</p>

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<p>includes the word "Official".</p> <p>7.4 An account for the receipt, custody, payment or transmission of public money must not be opened except in accordance with this Section.</p>	<p>the respective approval being communicated to the bank and to the requesting entity.</p>
<p style="text-align: center;"><u>Section 8</u> <u>Investment of cash of the Transitional Administration</u></p> <p>8.1 The Head of the Central Fiscal Authority may authorize the investment of public money in financial deposits of less than 1 year and the liquidation of such investments to implement the budget.</p> <p>8.2 The Head of the Central Fiscal Authority may delegate to the Treasurer the power set out in section 8.1.</p> <p>8.3. All interest received on investments made pursuant to this Section shall be included in the Consolidated Fund of East Timor.</p>	<p>Article 13 Investment of State monies</p> <p>1 – (PV has: O Ministro das Financas, ouvido o Conselho de Ministros pode autizar o investimento temporario de dinheiros publicos em instrumentos financeiros de curto prazo, sem risco e que asseguram a liquidez com o objectivo de assegurar uma gestao eficaz dos excedentes temporarios do Estado.)</p> <p>2 – The Minister of Finance may delegate the competence described in the previous paragraph unto the Director of Treasury.</p> <p>3 – Interests received from investments made according to the present article shall be included in the Consolidated Fund of Timor-Leste.</p>
<p style="text-align: center;"><u>Section 9</u> <u>Earmarked receipts accounts</u></p> <p>9.1 The Head of the Central Fiscal Authority shall establish separate ledger accounts for earmarked receipts and shall ensure that appropriations from those accounts are only for the purposes for which the accounts are established.</p> <p>9.2 The Head of the Central Fiscal Authority may delegate to the Treasurer the power set out in Section 9.1.</p> <p>9.3 Rules attaching conditions to the expenditure of an appropriated earmarked receipt may be established by Regulation or may be designated by the Head of the Central Fiscal Authority where no Regulation establishes such rules.</p> <p>9.4 Interest or other receipts derived from the investment of earmarked receipts shall be treated as further earmarked receipts subject to the same rules that apply to the original earmarked receipts.</p>	<p>Article 14 Allocated Revenue Accounts</p> <p>1 – The Minister of Finance is responsible for creating separate accounts for allocated revenues, ensuring that the budget appropriations made from those accounts serve only the intended purposes.</p> <p>2 – The Minister of Finance may delegate the competence described in the previous paragraph unto the Director of Treasury.</p> <p>3 – Interests or other revenues generated from the investment of allocated revenues are subjected to the same rules applied to original allocated revenues.</p>
<p style="text-align: center;"><u>Section 10</u> <u>Earmarked receipts of designated services authorities</u></p> <p>10.1 Earmarked receipts of a designated services authority shall be appropriated only</p>	<p>Article 15 Revenues allocated to autonomous funds Revenues allocated to autonomous funds must be attributed only to the intended purposes.</p>

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<p>for the purposes of that authority.</p> <p>10.2 Receipts derived from the sale of assets or provision of goods and services by a designated services authority earned up to 12 months prior to the transfer of the operations and assets of the designated services authority to an autonomous public authority shall be considered earmarked funds that may only be appropriated for the purpose of capitalizing the autonomous public authority.</p>	
<p style="text-align: center;"><u>Section 11</u> <u>Guarantees and borrowings by the Transitional Administration</u></p> <p style="text-align: center;"><i>Note: this section was not enacted by UNTAET.</i></p> <p>11.1 An agreement for the borrowing of money by the Transitional Administration is of no effect unless the borrowing is authorized by a Regulation.</p> <p>11.2 The Transitional Administration may only issue to a lender evidence of a debt to be repaid by the Transitional Administration where the Transitional Administration has received money or another asset equal to the market value of the evidence of the debt.</p> <p>11.3 The Head of Central Fiscal Authority shall be the sole authorized agent for borrowing or lending of the Transitional Administration and shall:</p> <p>(a) represent the Transition Administration in all borrowing or lending arrangements; and (b) maintain original documents and registers of all borrowing and lending arrangements, including guarantees and contingent liabilities.</p> <p>11.4 Where an Agency enters into a contract providing for payments to be made by the Agency after the end of the fiscal year in which the contract is made, the contract will be valid after the end of that fiscal year only to the extent amounts to be paid under the contract are the subject of an appropriation.</p> <p>11.5 The Head of the Central Fiscal Authority may issue a guarantee or assurance which commits the Transitional Administration:</p> <p>(a) without further authorization, for a1 amount no greater than the appropriations to the Central Fiscal Authority that are not expended; and (b) where authorized by Regulation, for the amount specified in the Regulation.</p>	<p>Public Debt</p> <p>Article 17 Guarantees and borrowing by the (PV substitutes: State)</p> <p>1 – In the annual public revenue and expenditure estimates submitted to the Parliament, the Government shall specify the amount it expects to receive from borrowings and grants during the financial year, in order to fund State expenses.</p> <p>2 – The Government shall only issue debt certificates when it has effectively received the amount or goods covered by the loan.</p> <p>3 – The Minister of Finance is the only authority lending or borrowing on behalf of the State, and: Represents the Government in all lending or borrowing agreements; (b) Maintains the original documents and records regarding all lending or borrowing agreements, including guarantees and contingency obligations.</p> <p>4 – All revenues obtained under the present article shall be transferred to the Consolidated Fund of Timor-Leste, being available to fund State expenses according to the State Budget Law.</p> <p>5 – The Minister of Finance may issue a guarantee binding the Government, without a second authorization, provided that the amount in question does not exceed the unspent budget appropriations allocated to the Ministry of Finance and in the cases of specified amounts when duly authorized by law.</p> <p>7 – The Government shall only be bound in relation to guarantees, insurances or financial instruments similar to the ones listed in paragraph 9 of the present article.</p> <p>8 – Government expenses resulting from the compliance with guarantees and insurances are considered debt service expenses.</p> <p>9 – In the annual public revenue and expenditure estimates submitted to the Parliament, the Government shall specify the necessary amount for meeting the cost of the operation of all borrowings under the present law, whether through the settlement of the capital or through the payment of interests or other fees in relation to the borrowings during the financial year to which these estimates relate.</p> <p>10 – The settlement of borrowings and interests, as well as any other amounts to be paid provided that they do not concern guarantees or indemnities, is to be paid from the Public Fund, without any other appropriation. For proper fiscal management, all debt servicing should be appropriated and are not to be 'voted 'on.</p>

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<p>11.6 No guarantee or assurance other than a guarantee or assurance validly made under Section 11.5 shall be binding on the Transitional Administration.</p> <p>11.7 When the conditions for guarantees and assurances are invoked which require expenditures on the part of the Transitional Administration in order to meet the guarantee and assurance commitments, the expenditures shall be considered to be part of debt servicing expenditures.</p>	
<p style="text-align: center;"><u>Section 12</u> <u>Loans by the Transitional Administration</u></p> <p>12.1 An appropriation may be made for the purpose of making a loan to any enterprise or organization provided:</p> <p>(a) details of the principal of the loan and the entitlement of the Transitional Administration to interest or an amount in the nature of interest are provided in a government finances Regulation approved by the National Council;</p> <p>(b) evidence of indebtedness to the Transitional Administration (whether by way of bond, debenture, promissory note or other evidence) by the borrower provides the Transitional Administration with legally enforceable rights to require repayment of the loan prior to maturity in the event of default of any payment of interest or principal due under the loan; and,</p> <p>(c) the Transitional Administrator is provided with full security for the loan or enjoys a security interest in all assets of the borrower in the event of default.</p> <p>12.2 The terms of a loan by the Transitional Administration may only be changed:</p> <p>(a) by Regulation; or</p> <p>(b) by the Head of the Central Fiscal Authority if the Head of the Central Fiscal Authority has advice from an independent auditor that the debt or part of the debt cannot be recovered.</p>	<p>Article 18 Loans by the State</p> <p>1 – The Government may loan money to legal persons provided that:</p> <p>(a) The details of the operation, reimbursement of interests, non-compliance and loan redemption conditions are duly set in the law;</p> <p>(b) The law and the title of the debt contain provisions regulating noncompliance, namely enabling the Government to demand the anticipated reimbursement of the entire capital and interests in the event of noncompliance or delay to comply;</p> <p>(c) The Government credit, whether in terms of capital or interest, is fully ensured in case of noncompliance.</p> <p>2 – The conditions of the loan may only be altered:</p> <p>(a) By law;</p> <p>(b) By the Government, in accordance with an opinion by an independent auditor, justifying the lack of existence of objective conditions for recovering the debt or part of it.</p>
<p style="text-align: center;"><u>Section 13</u> <u>Implementation of the Public Service Payroll</u></p> <p>13.1 The Central Fiscal Authority is responsible for:</p> <p>(a) making payments in respect of the responsibilities of an Agency arising from appropriations for wages of employees of the Transitional Administration; and</p> <p>(b) carrying out the responsibilities of the Transitional Administration as an employer for withholding taxes or other amounts from wages as required by tax or other Regulations.</p>	<p>Article 16 Civil Service Salaries</p> <p>1 – The Ministry of Finance is responsible for paying all civil servants, as well as for ensuring that taxes are withheld at the source and other deductions are made according to the law.</p> <p>2 – Should there be no budget appropriation for paying salaries to civil servants during a certain period, the obligation by the civil servants to perform their duties and the obligation by the State to pay their salaries shall be suspended during that period.</p>

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<p>13.2 The Head of the Central Fiscal Authority may establish by means of an administrative instruction the manner in which an employee can identify him or herself as a person entitled to receive a payment of wages.</p> <p>13.3 Where an employee fails to identify him or herself in the manner set out in an administrative instruction authorized by Section 13.2 as an employee entitled to receive a payment of wages, the payment of wages is suspended until the employee identifies him or herself in that manner.</p> <p>13.4 Where there is no appropriation for the payment of wages of employees of the Transitional Administrator during a period, the obligation of the employees to carry out duties under their contract of employment and the obligation of the Transitional Authority to pay wages to those employees is suspended for that period.</p>	
<p style="text-align: center;"><u>Section 14</u> <u>Application of this Regulation to local governments</u></p> <p>The provisions of this Regulation will apply to the budget and appropriation procedures of local governments unless specific rules establishing other procedures are set out in a Regulation establishing a local government or in another Regulation.</p>	
<p style="text-align: center;"><u>Section 15</u> <u>Preparation and submission of budget proposals</u></p> <p>15.1 Subject to Section 15.2, each Agency shall appoint a Chief Financial Officer for the Agency approved by the Head of the Central Fiscal Authority.</p> <p>15.2 Where an Agency has not appointed a Chief Financial Officer, the Head of the Central Fiscal Authority may nominate a Treasury officer to perform the functions of the Chief Financial Officer for the Agency.</p> <p>15.3 A Chief Financial Officer appointed under Section 15.1 shall be accountable to the Head of the Agency.</p> <p>15.4 The Head of the Central Fiscal Authority shall issue to the Chief Financial Officer of each Agency a budget circular which explains necessary procedures for Chief Financial Officers to prepare Agency budgets and requests for appropriations.</p> <p>15.5 The Chief Financial Officer of each Agency shall be responsible for the</p>	

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<p>preparation of the budget submissions of the Agency in accordance with the instructions contained in the budget circular and forward the completed requests to the Head of the Central Fiscal Authority by the time specified.</p> <p>15.6 Budget officers of the Central Fiscal Authority shall, in consultation with the Chief Financial Officer of an Agency, confirm that the cost of expenditure for which appropriations has been requested, and other estimates, have been determined accurately and that the budget submission meets the requirements of the budget circular.</p> <p>15.7 Budget officers of the Central Fiscal Authority and the Chief Financial Officer of an Agency shall seek to resolve disagreements and develop mutually acceptable budget submissions.</p>	
<p style="text-align: center;"><u>Section 16</u> <u>Preparation of the budget and budget Regulations</u></p> <p>The Head of the Central Fiscal Authority shall, after consideration of the appropriation requests submitted by Agencies, and after consultation with Agencies, prepare:</p> <p>(a) a proposed budget; (b) an appropriations Regulation containing details set out in Section 18; and (c) a government finances Regulation containing details set out in Section 19</p>	
<p style="text-align: center;"><u>Section 17</u> <u>Contents of the budget</u></p> <p>17.1 The budget for a fiscal year shall include:</p> <p>(a) budget overview information; (b) a receipts and expenditure plan; and (c) assets and liabilities information.</p> <p>17.2 The budget overview information will include:</p> <p>(a) an overview of the domestic and international macro-economic environment in which the budget was prepared and recommendations for short and medium term fiscal strategy; (b) the objectives and priorities of the budget including important receipt and</p>	<p>Article 4 Unity and universality The State Budget is unitary and covers all revenues and expenses of the services and bodies of the State which do not have administrative and financial autonomy, as well as of autonomous services and funds.</p> <p>Article 5 Non-compensation 1 – All revenues are foreseen at the full sum for which they were evaluated, without any deduction for collection charges or for charges of any other nature, except when foreseen by law. 2 – All expenses shall be registered at their full amount, without any kind of deduction.</p> <p>Article 6</p>

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<p>expenditure estimates;</p> <p>(c) the budget deficit or surplus from a previous fiscal year expected to be carried forward to the fiscal year to which the appropriations Regulation applies;</p> <p>(d) details of how a budget deficit is to be financed; and</p> <p>(e) other information considered necessary by the Head of the Central Fiscal Authority.</p> <p>17.3 The receipts and expenditure plan will include:</p> <p>(a) estimated total receipts of the Transitional Administration, expenditures and the resulting balances for the fiscal year and at least the two following fiscal years;</p> <p>(b) estimated earmarked receipts that will be received in the fiscal year;</p> <p>(c) appropriations for each Agency in the fiscal year;</p> <p>(d) appropriations of earmarked receipts in the fiscal year;</p> <p>(e) appropriations for public grants;</p> <p>(f) conditions attached to any appropriation;</p> <p>(g) appropriations for payments of interest or amounts in the nature of interest on debt owed by the Transitional Administration and for repayment of debt principal;</p> <p>(h) an appropriation not exceeding 5% of total expenditure for contingency expenditures;</p> <p>(i) the estimated number of permanent and temporary Transitional Administration employees to be paid from appropriations in the fiscal year;</p> <p>(j) estimates of anticipated expenditures in future fiscal years towards the cost of acquisitions that will commence in the current fiscal year;</p> <p>(k) details of all projected user fee receipts for the fiscal year;</p> <p>(l) estimated cost in terms of forgone receipts of substantial tax concessions explicitly included in tax Regulations, attributed to the Agency responsible for the spending programs related to the activity subject to the tax concession;</p> <p>(m) estimated cost in terms of receipts forgone as a result of the application of provisions, rules or orders that are not in tax Regulations which exempt persons or transactions from the application of tax Regulations, attributable to the Agency responsible for the administration or promulgation of the provisions rules or orders resulting in the exemption; and</p> <p>(n) other information considered necessary by the Head of the Central Fiscal Authority.</p> <p>17.4 The assets and liabilities information will include:</p> <p>(a) details of the Transitional Administration's investment strategy for public money</p>	<p>Non-consignation</p> <p>1 – The product of any revenue cannot be allocated for covering certain expenses.</p> <p>2 – Exceptions are revenues corresponding to allowances, donations or legacies by private parties, that according to their wishes should be allocated to meet certain expenses, as well as revenues that, by a special reason, are allocated to certain expenses by a specific legal or contractual statute.</p> <p>Article 7 Specification</p> <p>1 – The State Budget shall specify in a sufficient manner the estimated revenues and the expenses set therein.</p> <p>2 – Budget credits enabling the existence of appropriations for confidential uses or secret funds shall be void.</p> <p>3 – The budget of the Ministry of Finance shall include a contingency appropriation meant to meet unforeseen and undelayable expenses.</p> <p>Article 8 Balance</p> <p>The State Budget shall estimate the necessary resources to meet every expense.</p> <p>Article 19 Content of the State General Budget</p> <p>1 – The State General Budget contains, in relation to the period it concerns: General information on the budget; A plan with expenditure appropriations and revenue estimates; Information on assets and liabilities.</p> <p>2 – The general information on the budget shall include:</p> <p>(a) An internal and external macroeconomic study;</p> <p>(b) Short and medium term fiscal strategies;</p> <p>(c) Budget objectives and priorities, including revenue and expenditure estimates;</p> <p>(d) Budget deficit or surplus concerning the previous financial year, transported into the financial year corresponding to the State Budget Law;</p> <p>(e) Detailed information on the funding of the budget deficit;</p> <p>(f) Other information considered necessary for the transparency and clarification of the State General Budget Law.</p> <p>3 – The planned expenditure appropriations and revenue estimates for the financial year include:</p> <p>(a) The total revenues foreseen by the Government, as well as the expenses and resulting balances for the next two years;</p> <p>(b) Estimate of revenues to be received;</p> <p>(c) Budget appropriations for each service without administrative and financial autonomy and</p>

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<p>to be invested in the fiscal year;</p> <p>(b) details of any existing loans by the Transitional Administration and any loans the Transitional Administration intends to make during the fiscal year;</p> <p>(c) details of any changes made under Section 12 to loans in the previous fiscal year;</p> <p>(d) details of any existing borrowings by the Transitional Administration and any borrowings the Transitional Administration intends to make during the fiscal year;</p> <p>(e) a limit on total guarantees and borrowings of the Transitional Administration;</p> <p>(f) details of the estimated amount of contingent liabilities of the Transitional Administration that may rise to actual liabilities during the fiscal year; and</p> <p>(g) other information considered necessary by the Head of the Central Fiscal Authority.</p> <p>17.5 Presentation of financial statistics such as receipts, expenditures and financing, in the annual budget documentation and the format of budget documentation shall be consistent with the Government Finance Statistics cash basis classification requirements as set out and published from time to time by the International Monetary Fund.</p>	<p>for autonomous services and funds;</p> <p>(d) Budget appropriations for allocated revenues;</p> <p>(e) Budget appropriations for public grants;</p> <p>(f) Conditions linked to any budget appropriation;</p> <p>(g) Budget appropriations for paying interests and settling debts;</p> <p>(h) Budget appropriation not exceeding 5% of the total spending with contingency expenses;</p> <p>(i) The estimated number of Government permanent and temporary staff members to be paid from budget appropriations;</p> <p>(j) Estimated future expenses with acquisitions from the start of the financial year;</p> <p>(k) Projections of revenues from fees;</p> <p>(l) Estimated cost of previous uncollected revenues, tax or customs benefits expressly foreseen by law, attributed to services without administrative and financial autonomy and to autonomous services and funds by expenditure programs related with the activity covered by the tax or customs benefits;</p> <p>(m) Estimation of revenues uncollected as a result of the application of tax legislation provisions exempting persons or transactions from the application of tax legislation, attributed to services without administrative and financial autonomy and to autonomous services and funds responsible for the application of legal provisions within this sphere;</p> <p>(n) Estimation of revenues uncollected as a result of non-financial benefits concerning goods and services;</p> <p>(o) Other information considered necessary by the Government.</p> <p>4 – The information on assets and liabilities for a financial year includes:</p> <p>(a) The investment strategy of the Government;</p> <p>(b) Borrowings by and loans to the Government;</p> <p>(c) Changes made to borrowings and loans under article 12 in the previous financial year;</p> <p>(d) Borrowings by or loans to the Government;</p> <p>(e) Setting an overall limit on guarantees and borrowings by the Government;</p> <p>(f) Estimated amount of Government contingency liabilities that may be transferred into actual liabilities;</p> <p>(g) Other information considered relevant by the Government.</p> <p>Article 7 Specification</p> <p>1 – The State Budget shall specify in a sufficient manner the estimated revenues and the expenses set therein.</p> <p>2 – Budget credits enabling the existence of appropriations for confidential uses or secret funds shall be void.</p> <p>3 – The budget of the Ministry of Finance shall include a contingency appropriation meant to meet</p>

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	unforeseen and undelayable expenses.
<p style="text-align: center;"><u>Section 18</u> <u>Contents of the appropriations Regulation</u></p> <p>The appropriations Regulation shall set out:</p> <p style="padding-left: 40px;">(a) in the case of appropriations for an Agency: (i) the purpose of the appropriation; and (ii) the category of expenditure as prescribed in an administrative instruction issued by the Head of the Central Fiscal Authority and amended from time to time;</p> <p style="padding-left: 40px;">(b) in the case of an appropriation for an Agency for a payment to an autonomous public authority, the amount (if any) appropriated for: (i) capitalization of the autonomous public authority; (ii) loans to the autonomous public authority; and (iii) expenditures for the acquisition of assets or services from the autonomous public authority; and</p> <p style="padding-left: 40px;">(c) in the case of an appropriation for payment related to a debt of the transitional Administration, the amount (if any) appropriated for: (i) payment of interest or an amount in the nature of interest on the loan; and (ii) repayment of loan principal;</p>	<p>Article 20 Content of the State Budget and mandatory Expenses</p> <p>1 – The Budget shall indicate the entity responsible for the budget appropriation, as well as the expenditure category.</p> <p>2 – Should the purpose of a budget appropriation be to pay an autonomous fund, it should indicate the amount attributed for capitalization, loans and expenses with the acquisition of goods or services.</p> <p>3 – Should the purpose of a budget appropriation be to pay a debt by the Government, it should indicate the amount attributed for the payment of interests or for settling the borrowing.</p> <p>4 – The State Budget should indicate the proportion of budgeted appropriations to be funded through: (a) Money from the Consolidated Fund of Timor-Leste; (b) Future revenues from donations by foreign governments or international organizations; (c) Other duly foreseen revenues.</p> <p>5 – The Government should propose to the Parliament the maximum amount to be lent and borrowed by the Government.</p> <p>6 – The State General Budget must indicate: (a) The appropriations required to meet the obligations resulting from the law or a contract; (b) The appropriations meant to pay charges resulting from court sentences; (c) Other appropriations determined by law.</p> <p>7 – Appropriations corresponding to mandatory expenses of a set amount, known at the time the State Budget is presented, must be duly recorded in the latter.</p> <p>Article 21 Formal content and structure The State Budget Law contains the exposition and the budget charts, the latter being approved in an attachment.</p> <p>Article 22 Exposition</p> <p>1 – The exposition of the State Budget Law contains namely: (a) The approval of the budget charts; (b) The approval of the authorization for transferring from the Petroleum Fund; (c) The approval of funds to be managed by the Ministry of Finance; (d) Other articles considered to be necessary.</p> <p>Budget of services without administrative and financial autonomy</p>

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	<p>Article 23 Specification The specification of budget expenditure by services without administrative and financial autonomy is done by grouping expenditure into titles, divided into chapters, which in turn may be divided into one or more disaggregation levels, as required for a proper specification of expenditure. Budget of autonomous services and funds</p> <p>Article 24 Specification 1 – In the Budget of the autonomous services and funds subsector, including that of each of these services and funds, revenue and expenditure are specified in the following manner: (a) Overall revenue; (b) Overall expenditure.</p> <p>Article 25 Budget Charts 1 – The charts indicated in article 24 (a) are the following: (a) CHART I, “Estimated Revenues to be Collected”; (b) CHART II, “Appropriations from the State General Budget”; (c) CHART III, “Autonomous Bodies partly funded by self-revenues within the State General Budget”; (d) Other charts duly approved in the exposition may also be added.</p> <p>Article 26 Draft Budget Law The draft Budget Law has a structure and a formal content identical to the ones of the Budget Law.</p>
<p style="text-align: center;"><u>Section 19</u> <u>Contents of the Government finances Regulation</u></p> <p>19.1 The government finances Regulation shall indicate the extent to which proposed appropriations are to be funded from:</p> <p>(a) public money currently in the Consolidated Fund of East Timor; (b) expected future receipts of grants irrevocably committed by foreign governments or international organizations; and (c) expected future receipts,</p> <p>19.2 The government finances Regulation appropriations Regulation shall designate a maximum amount that the Transitional Administration may:</p> <p style="padding-left: 40px;">(a) guarantee; and (b) borrow,</p>	
<p style="text-align: center;"><u>Section 20</u> <u>Review of the proposed budget</u></p>	<p>Article 27 Time limits for presentation</p>

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<p>20.1 The Head of the Central Fiscal Authority shall distribute to the head of each Agency the proposed appropriations for that Agency.</p> <p>20.2 After consideration of proposed appropriations for an Agency, the Head of the Agency shall inform the Head of the Central Fiscal Authority in writing that the Agency:</p> <p>(a) has no objections to the proposed appropriations; or (b) objects to the proposed appropriations, indicating those aspects of the proposed appropriations to which the Agency objects.</p> <p>20.3 The Head of the Central Fiscal Authority shall attempt to resolve with the Heads of Agencies any objections they have to the specified appropriations in the proposed appropriations Regulation.</p> <p>20.4 The Head of the Central Fiscal Authority shall submit the proposed budget, appropriations Regulation, and government finances Regulation for consideration by the Budget Committee.</p> <p>20.5 In the case that the Head of the Central Fiscal Authority is unable to resolve objections with a Head of an Agency, the Head of the Agency shall deliver to the Head of the Central Fiscal Authority details of the objections at least 48 hours prior to the meeting of the Budget Committee to consider the proposed appropriations.</p> <p>20.6 The Head of the Central Fiscal Authority shall submit to the Budget Committee any submissions prepared pursuant to Section 20.5 and his or her responses to the objections.</p> <p>20.7 The Budget Committee may request Heads of Agencies to provide further submissions or explanations during consideration of the proposed budget.</p> <p>20.8 After consideration of any submissions or explanations provided pursuant to this Section, the Budget Committee shall prepare an agreed budget, proposed appropriation regulation, and proposed government finances Regulation for consideration of the Cabinet.</p> <p>20.9 The Cabinet shall forward to the Transitional Administrator the agreed budget, proposed appropriations Regulation, and proposed government finances Regulation</p>	<p>1 – The Government shall present to the National Parliament, (PV substitutes: ate quarenta e cinco dias antes do fim do ano) , the draft Budget Law for the following financial year.</p> <p>2 – The time limited indicated in the previous paragraph does not apply (PV adds: nao se aplica nos casos em que dentro dos quarenta e cinco dias ate ao final do ano):</p> <p>(a) The acting government has tendered its resignation; (b) The new Government enters into office ; (c) The legislature is concluded.</p>

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<p>along with a summary of Cabinet's views on the budget and proposed Regulations.</p> <p>20.10 The Head of the Central Fiscal Authority shall present the agreed budget, proposed appropriations Regulation, and proposed government finances Regulation to the National Council before June 15 of the year preceding the financial year to which the Regulation applies.</p>	
<p style="text-align: center;"><u>Section 21</u> <u>Special funds budget</u></p> <p>The Head of the Central Fiscal Authority may prepare a special funds budget that contains details of:</p> <p>(a) monetary amounts provided by International organizations or foreign governments for the benefit of East Timor; and</p> <p>(b) estimates of any aid-in-kind provided by international organizations or foreign governments for the benefit of East Timor;</p> <p>that do not form part of the Consolidated Fund of East Timor.</p>	<p>Article 29 Special funds</p> <p>1 – Whenever authorized by law, the Minister of Finance may set special funds that are not part of the Consolidated Fund.</p> <p>2 - The revenues, incomes and profits from these funds are not transferred to the Consolidated Fund at the end of the year, being instead retained by the funds to serve the purposes for which they were established.</p> <p>3 – The Minister of Finance is responsible for managing and controlling the funds set according to the present article.</p> <p>4 – Any legislative instrument drafted according to the present article shall:</p> <p>(a) Indicate the purposes for which the fund was establish;</p> <p>(b) Identify the entity responsible for its operations.</p> <p>5 – All expenses done through the funds require an authorization by the Minister of Finance addressed to the responsible entity.</p> <p>6 – The authorization indicated in the previous paragraph can only be issued if the Parliament is presented estimates for the revenue and expenditure of the special fund within that financial year, drafted according to the instructions issued and approved by the Minister of Finance.</p> <p>7 – Should a special fund lack the money and there be no legal provision to place any further sums in that fund, or if it is in the public interest to close the special fund, the Minister of Finance may dissolve the fund.</p> <p>8 – The remaining amount or other resources belonging to the dissolved fund shall be transferred to the Consolidated Fund.</p> <p>9 – In the case of the special funds under the responsibility of other Government members, the Minister of Finance will only dissolve the funds after consulting with the responsible Government member.</p> <p>Article 30 Funds from Development Partners and International Organizations</p> <p>1 – The Government member responsible for the area of finance may draft a special fund budget that is not part of the Consolidated Fund of Timor-Leste, containing the following details:</p> <p>(a) Money sums granted by international organizations or foreign governments for the benefit of Timor-Leste;</p>

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	(b) Estimates of any assistance in kind granted by international organizations or foreign governments for the benefit of Timor-Leste.
<p style="text-align: center;"><u>Section 22</u> <u>Appropriations prior to adoption of an appropriations Regulation.</u></p> <p>22.1 If the appropriations Regulation in respect of a fiscal year is not enacted before the commencement of the fiscal year, the Head of the Central Fiscal Authority may make temporary appropriations necessary to the continuation of services of the Transitional Administration, provided that:</p> <p>(a) each appropriation made pursuant to this Section shall be for expenditures for no more than one month; and, (b) any appropriation made under this Section does not exceed 1/12 of the appropriation for the same purpose in the appropriations' Regulation of the previous fiscal year.</p> <p>22.2 Appropriations made under Section 22.1 shall lapse when the appropriations Regulation becomes effective and all expenditure related to appropriations made under this Section from the beginning of the fiscal year until that time shall be treated as appropriations made under the appropriations Regulation for that fiscal year.</p>	<p>Article 28 Duodecimal regime</p> <p>1 – Should the Budget not enter into force at the start of the financial year, the Government may resort to temporary budget appropriations to continue its activity, provided that:</p> <p>(a) Each budget appropriation covers an expense for a period not exceeding one month; (b) Each budget appropriation is done according to the present article and does not exceed one twelfth (1/12) of the budget appropriation for the same purpose foreseen in the Budget Law for the previous year.</p> <p>2 – Budget appropriations done according to the present article expire when the new budget law enters into force, with all such expenses being integrated in the Budget for the ongoing financial year.</p>
<p style="text-align: center;"><u>Section 23</u> <u>Revised budget and appropriations Regulation</u></p> <p>23.1 The Head of the CFA may prepare a revised budget and appropriations Regulation if:</p> <p>(a) it appears to the Head of the Central Fiscal Authority that receipts of the Transitional Administration or expenditures for the fiscal year will be less or greater than those anticipated in the annual appropriations Regulation; or (b) the Transitional Administration wishes to alter existing law or introduce or repeal laws that will have the effect of increasing or reducing receipts of the Transitional Administration for the fiscal year.</p> <p>23.2 The procedure for adoption of a revised budget and appropriations Regulation shall be the same as that for an annual appropriations Regulation set out in Part III of the present Regulation, with the relevant provisions read:</p>	<p>Article 31 Rectifying budget</p> <p>1 – The Government may present alterations to the valid State Budget when the circumstances so justify it.</p> <p>2 – The structure and content of the budget alteration laws comply with the provisions of chapters I and II, the rules of which apply with the necessary adaptations.</p>

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<p>(a) without reference to the date by which the Regulation must be introduced to the National Council; and</p> <p>(b) where the law is meant to apply to only the remaining part of the fiscal year, with the law applying only to that part.</p>	
<p style="text-align: center;"><u>Section 24</u> <u>New Regulations that include an appropriation</u></p> <p>24.1 Where a Regulation is proposed to be enacted that requires additional expenditures in the current fiscal year, the Regulation shall provide an appropriation of the amount required to make the expenditures and indicate the extent to which proposed appropriation is to be funded from:</p> <p>(a) un-appropriated public money currently in the Consolidated Fund of East Timor;</p> <p>(b) expected future receipts; or</p> <p>(c) currently appropriated public money that will become un-appropriated following the cancellation of part of an existing appropriation.</p> <p>24.2 Where an appropriation is to be funded from public money that will become un-appropriated following the cancellation of part of an existing appropriation:</p> <p>(a) the Regulation requiring an appropriation shall specify the part of an existing appropriation to be cancelled; and</p> <p>(b) the new appropriation shall be valid only after the cancellation has occurred.</p>	<p>Article 32 Budget alteration law</p> <p>1 – Should the budget alteration law determine an expenditure increase for the ongoing financial year, it should foresee a sufficient budget appropriation to meet the respective expenses and indicate the funding proportion of that budget appropriation from:</p> <p>(a) Public monies unallocated and currently contained in the Consolidated Fund of Timor-Leste;</p> <p>(b) Estimated future revenues;</p> <p>(c) Public monies that become unallocated sums by way of the cancellation of part of an existing budget appropriation.</p> <p>2 – In the cases foreseen in article 32.1 (c):</p> <p>(a) The part of the budget appropriation to be cancelled must be specified;</p> <p>(b) The new budget appropriation is only valid after the cancellation has occurred.</p>
<p style="text-align: center;"><u>Section 25</u> <u>Appropriations not used at the end of the fiscal year</u></p> <p>All appropriations for a fiscal year shall lapse after 30 June of that fiscal year.</p>	
<p style="text-align: center;"><u>Section 26</u> <u>Bank fees and charges</u></p> <p>All bank fees and charges imposed in respect of accounts or investments of the Transitional Administration shall be paid from appropriations for the Central Fiscal Authority.</p>	<p>Article 33 Bank charges and fees</p> <p>All bank charges and fees regarding Government accounts or investments shall be paid from budget appropriations of the Ministry of Finance.</p>
<p style="text-align: center;"><u>Section 27</u> <u>Contingent expenditures</u></p> <p>27.1 Subject to Section 27.2; in the event of urgent and unforeseen requirements, the Head of the Central Fiscal Authority may change the purpose of part of a contingent expenditure appropriation to a purpose of a Program of an Agency.</p> <p>27.2 The part of the contingent expenditure appropriation that may be changed under Section 27.1 is:</p>	<p>Article 34 Contingency Expenses</p> <p>In the case of urgent and unforeseen expenses, the Minister of Finance may change part of a budget appropriation for contingency expenses by a Ministry or Secretariat of State.</p>

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<p>(a) an amount not exceeding U.S. \$ 50,000, or (b) where the Transitional Administrator has, on the recommendation of the Head of the Central Fiscal Authority, approved the transfer in writing, an amount in excess of U.S. \$ 50,000.</p>	
<p style="text-align: center;"><u>Section 28</u> <u>Adjustments to appropriations of an Agency</u></p> <p>Where requested by the Head of an Agency, the Head of the Central Fiscal Authority may authorize the transfer of amounts between appropriations' for that Agency provided the transferred amount does not exceed 10% of the appropriation from which the amount is being transferred, as that appropriation is set out in an appropriations Regulation.</p>	<p>Article 35 Budget alterations in services without administrative and financial autonomy 1 – The Government is responsible for altering the budgets of services without administrative and financial autonomy under a Ministry or Secretariat of State, provided that the amount of the transfer does not exceed 20% of the budget appropriation from which the amount is transferred. 2 – The transfer from budget appropriations attributed to the services indicated in the previous paragraph must be authorized by the Minister of Finance. 3 – No transfer of funds is allowed from the budget category of capital development to any other budget category. 4 – The Government is responsible for transferring sums from one chapter to the other within the budgets of services without administrative and financial autonomy.</p>
<p style="text-align: center;"><u>Section 29</u> <u>Adjustment of appropriations on change of Agency responsibility</u></p> <p>Where an appropriation relates to a function of an Agency that is transferred to a different Agency, the Head of the Central Fiscal Authority may transfer an appropriation or part of an appropriation from the first Agency to the second Agency, as appropriate.</p>	
<p style="text-align: center;"><u>Section 30</u> <u>Adjustment of appropriations for supplies from other Agencies</u></p> <p>Where all Agency acquires assets Of services from another Agency, the amount charged for the acquisition shall be treated as an expenditure by the acquiring Agency and an additional appropriation to the providing Agency.</p>	
<p style="text-align: center;"><u>Section 31</u> <u>Adjustment of appropriations upon repayment of amounts to which the Transitional Administration had no right</u></p> <p>Where the Transitional Administration is required to repay an amount that was included in public money upon receipt but to which the Transitional Administration had no beneficial right, an appropriation shall be created for the Central Fiscal Authority for the amount to be repaid.</p>	
<p style="text-align: center;"><u>Section 32</u> <u>Expenditure authorization notice</u></p>	<p>Article 36 Expenditure Authorization Notices</p>

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<p>32.1 The Treasurer shall, from time to time, and subject to availability of funds, issue an expenditure authorization notice to authorize Agencies to spend or to commit to spend appropriations or part of appropriations.</p> <p>32.2 Expenditure authorization notices shall specify the time period for which the authorization is valid.</p> <p>32.3 No money shall be released from the Consolidated Fund of East Timor for expenditure that is not authorized by an expenditure authorization notice.</p> <p>32.4 An expenditure authorization notice is not valid to the extent that it purports to authorize the expenditure of public money that has not been made available for expenditure in an appropriation.</p> <p>32.5 The process to be complied with for the making of payments authorized by an expenditure authorization notice shall be determined by the Treasurer and communicated to Agencies by means of Financial Administration Instructions prepared by the Treasurer.</p>	<p>1 – The Director of Treasury shall issue Expenditure Authorization Notices, subject to the availability of funds, authorizing Ministries and Secretariats of State to spend or to commit budget appropriations or part of budget appropriations.</p> <p>2 – Expenditure Authorization Notices must specify the time period during which the authorization is valid.</p> <p>3 – No money shall be withdrawn from the Consolidated Fund of Timor-Leste for an expense unless it is authorized by an Expenditure Warning Notice.</p> <p>4 – An Expenditure Authorization Notice shall not be valid if it authorizes the spending of public monies not foreseen as expenses within a budget appropriation.</p> <p>5 – The procedure to be followed for payments authorized by an Expenditure Authorization Notice shall be determined by the Director of Treasury and communicated to the Ministries and Secretariats of State.</p>
<p style="text-align: center;"><u>Section 33</u></p> <p style="text-align: center;"><u>Revocation and amendment of expenditure authorization notices</u></p> <p>The Treasurer may at any time revoke or amend an expenditure authorization notice with the approval of the Head of the Central Fiscal Authority where the Head of the Central Fiscal Authority concludes the revocation or amendment:</p> <p>desirable in the interests of prudent fiscal management; or appropriate to ensure the continuation of expenditures throughout the fiscal year.</p>	<p>Article 37</p> <p>Repealing and emending an Expenditure Authorization Notice</p> <p>The Director of Treasury may at any moment repeal an Expenditure Authorization Notice with the approval of the Minister of Finance should she conclude that the repeal or amendment:</p> <p>(a) Is desirable for a prudent financial management;</p> <p>(b) Is appropriate to ensure the continuation of expenses throughout the financial year.</p>
<p style="text-align: center;"><u>Section 34</u></p> <p style="text-align: center;"><u>Lapsed amounts in expenditure authorization notices</u></p> <p>34.1 Where all amount specified in an expenditure authorization notice has not been fully expended at the time the validity of the expenditure authorization notice expires, the Head of an Agency may request the Head of the Central Fiscal Authority to amend an expenditure authorization notice for another period by the amount not expended.</p> <p>34.2 The Head of the Agency may seek a direction from the Cabinet that the Head of the Central Fiscal Authority increase the amount specified in an expenditure authorization notice to the extent that appropriated funds to which the expenditure</p>	<p>Article 38</p> <p>Amounts due in Expenditure Authorization Notices</p> <p>1 – Should an amount specified in an Expenditure Authorization Notice be not fully spent at the time its validity expires, the person responsible for the Ministry or Secretariat of State may request the Minister of Finance to extend the unspent sum to another period.</p> <p>2 – The person responsible for the Ministry or Secretariat of State may request the Minister of Finance to increase the amount specified in an Expenditure Authorization Notice if the respective funds have not been spent.</p>

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authorization notice relates have not be expended.	
<p style="text-align: center;"><u>Section 35</u> <u>Refunds of expenditures</u></p> <p>Where the Transitional Administration receives a repayment of an amount that was paid under the authority of an appropriation to an Agency, an appropriation equal to the amount repaid shall be created for the Agency for the same purpose as the original appropriation.</p>	
<p style="text-align: center;"><u>Section 36</u> <u>Publication of the budget and appropriation law</u></p> <p>Immediately following approval of the annual budget and appropriation law by the National Council, the Head of the CFA shall publish the budget and explanatory documents in a comprehensive and publicly understandable form.</p>	
<p style="text-align: center;"><u>Section 37</u> <u>Budgeting and accounting records</u></p> <p>37.1 The Head of Central Fiscal Authority shall establish classification systems for budget and accounting records purposes that:</p> <p>(a) facilitate the control of spending by the Transitional Administration; and</p> <p>(b) permit analysis of expenditure by organization, function, and economic category according to Government Finance Statistics cash basis classification requirements as set out from time to time by the International Monetary Fund.</p> <p>37.2 Treasury shall maintain, as a minimum, accounting records of:</p> <p>(a) receipts of the Transitional Administration;</p> <p>(b) appropriations;</p> <p>(c) adjustments to appropriations' under Section 28, Section 2.9, Section 30 and Section 31;</p> <p>(d) appropriations made available to Agencies for expenditure by means of expenditure authorization notices;</p> <p>(e) actual expenditures made; and</p> <p>(f) outstanding liabilities.</p> <p>37.3 The Chief Financial Officer of an Agency shall record transactions and maintain accounting records in accordance with Treasury administrative instructions and provide copies of the accounting records to Treasury when requested.</p>	<p>Article 40 Budget and accounting records</p> <p>1 – The Minister of Finance shall set classification systems in order to record budget and accounting information that facilitates the control of spending by the Government and that enables an expenditure review according to organization, function and economic category, in accordance with the cash basis classification requirements by the Financial Statistics of the Government, as listed by the International Monetary Fund.</p> <p>2 – The Treasury shall maintain accounting records on:</p> <p>(a) Government Revenues;</p> <p>(b) Appropriations;</p> <p>(c) Adjustments to budget appropriations in conformity with the present diploma;</p> <p>(d) Budget appropriations made available to Ministries in relation to expenses through Expenditure Authorization Notices;</p> <p>(e) Actual expenses made;</p> <p>(f) Liabilities in arrears.</p>

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<p style="text-align: center;"><u>Section 38</u> <u>Progress reports on the budget</u></p> <p>38.1 The Head of the Central Fiscal Authority shall submit to the Transitional Administrator and the National Council and publish progress reports on the budget covering:</p> <p style="padding-left: 40px;">(a) the first 3 months of each financial year; (b) the first 6 months of each financial year; and (c) the first 9 months of each financial year.</p> <p>within two months after the end of the period covered in the reports.</p> <p>38.2 Progress reports required under Section 38.1 shall include a revenue and expenditure report containing the information set out in Section 39.4 to the extent possible and assets and liabilities information containing the information set out in Section 39.5 to the extent possible.</p> <p>38.3 Where progress reports do not contain all the information required by Section 39.4 and Section 39.5, the reports shall indicate the extent to which they do not contain all the information required and explain the reason they do not contain the missing information.</p>	<p>Article 41 Reports on the evolution of the budget</p> <p>1 – The Government shall present to the National Parliament reports on the evolution of the budget during the first three, six and nine months of every financial year.</p> <p>2 – The time limit for delivering the reports indicated in the previous paragraph is two months after the end of the period covered by the reports.</p> <p>3 – The reports on the evolution of the budget shall include a report on revenues and expenses, containing the information described in article 43.4, along with information on assets and liabilities containing the information described in article 43.5.</p> <p>4 – Should the reports on the evolution of the budget fail to contain all information indicated in the previous paragraph, they must justify the reasons for it.</p>
<p style="text-align: center;"><u>Section 39</u> <u>Final report on the budget</u></p> <p>39.1 The Head of the Central Fiscal Authority shall submit to the Transitional Administrator and the National Council and publish:</p> <p style="padding-left: 40px;">(a) no later than September 30, a final budget reconciliation report on the budget for previous fiscal year; and (b) no later than December 31, a set of financial statements compiled by the Treasury consistent with international accounting standards that have been audited as required by Section 40.</p> <p>39.2 The final budget reconciliation report referred to in Section 39.1 shall include:</p> <p style="padding-left: 40px;">(a) budget overview information; (b) a receipts and expenditure report; and (c) assets and liabilities information.</p>	<p>Article 42 Final report on the budget</p> <p>1 – The Government shall present to the National Parliament:</p> <p style="padding-left: 40px;">(a) (PV substitutes: Dentro de tres meses apos o fim do ano financeiro) , an intermediate budget execution report concerning the previous financial year; (b) (PV substitutes: Dentro de nove meses apos o fim do ano financeiro) , the set of financial balances compiled by the Treasury, audited and in conformity with the international accounting standards.</p> <p>2 – The intermediate execution report mentioned in the previous paragraph shall include a report on revenues and expenses.</p> <p>3 – The audited annual accounts shall include the following information:</p> <p style="padding-left: 40px;">(a) An overall view of the main actual revenues and expenses; (b) Details on the manner in which the budget deficit was funded or on how the budget surplus was invested;</p>

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<p>39.3 The budget overview information will include:</p> <ul style="list-style-type: none"> (a) an overview of important actual receipts and expenditures; (b) details of how a budget deficit was financed or how a surplus was invested; and. (c) other information considered necessary by the Head of the Central Fiscal Authority. <p>39.4 The receipts and expenditure report will include:</p> <ul style="list-style-type: none"> (a) actual receipts of the Transitional Administration compared with projected receipts of the Transitional Administration in the budget; (b) actual earmarked receipts received during the fiscal year; (c) actual expenditures from earmarked receipts appropriations; (d) actual number of permanent and temporary Transitional Administration employees paid from appropriations' in the fiscal year; (e) actual payments of interest or amounts in the nature of interest on debt owed by the Transitional Administration and for repayment of debt principal; (f) actual expenditures in respect of each appropriation category compared with: <ul style="list-style-type: none"> (i) the budget appropriation for that category; (ii) the actual expenditure for that category in the previous fiscal year; and (iii) details of additional appropriations under Section 24. (g) details of all recipients of public grants made in the, fiscal year and the amount they received; (h) details of expenditures for the contingency expenditure appropriations described in Section 27; (i) details of all adjustments to appropriations made pursuant to Section 28 and Section 29; (j) details of adjustments to appropriations under Section 30 and Section 31; (k) actual user fee receipts for the fiscal year; and (l) other information considered necessary by the Head of the Central Fiscal Authority. <p>39.5 The assets and liabilities information will include:</p> <ul style="list-style-type: none"> (a) details of investments of public money made during the fiscal year; (b) details of any changes made under Section 12.2 to loans in the previous fiscal year; (c) details of any loans made by the Transitional Administration during the fiscal year; (d) details of any borrowings by the Transitional Administration during the fiscal year; (e) details of differences in the amount of guarantees planned to be made and loans 	<p>(c) Other information considered to be necessary.</p> <p>4 – The report on revenues and expenses contains information on:</p> <ul style="list-style-type: none"> (a) Actual revenues compared with the revenues foreseen in the Budget; (b) Actual allocated revenues received during the financial year; (c) Actual expenses made from budget appropriations of allocated revenues; (c) The number of permanent or temporary Government staff members paid from budget appropriations in the ongoing financial year; (d) The payment of interest on a debt contracted by the Government and the reimbursement of the debt; (f) Expenses concerning each budget appropriation category compared with: <ul style="list-style-type: none"> (i) The budget appropriation for that category; (ii) The expenses for that category in the previous financial year; (iii) Details on additional budget appropriations done under a rectifying Budget. (g) Details on all beneficiaries from public allowances granted in the financial year and the amounts they have received; (h) Details on contingency expenses; (i) Details on all adjustments to budget appropriations done according to the present law; (j) Revenues from the fees; (k) Other information considered to be necessary. <p>5 –The information on assets and liabilities shall include:</p> <ul style="list-style-type: none"> (a) Details on the investment of public monies during the financial year; (b) Details on any changes made under article 18.2 concerning borrowings and loans in the previous financial year; (c) Details on any loans by the Government during the financial year; (d) Details on any borrowings by the Government during the financial year; (e) Details on the differences between the amounts of guarantees and borrowings estimated by the Government during the financial year and the guarantees actually granted and the amounts actually borrowed; (f) Details on the difference between the amount foreseen for Government contingency liabilities and the amount of contingency liabilities that actually took place; (g) Asset accounting at the end of the financial year; (h) Other information considered to be necessary.

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<p>to be incurred by the Transitional Administration during the fiscal year and guarantees actually made and loans actually incurred;</p> <p>(f) details of difference between the estimated amount of contingent liabilities of the Transitional Administration that were expected to give rise to actual liabilities during the fiscal year and the amount of contingent liabilities that actually gave rise to liabilities;</p> <p>(g) a full accounting of assets held by the Transitional Administration at the end of the fiscal year; and</p> <p>(h) other information considered necessary by the Head of the Central Fiscal Authority</p>	
<p style="text-align: center;"><u>Section 40</u> <u>Independent audit</u></p> <p>40.1 An independent auditor, appointed in accordance with the Section 7 of Regulation 2000/1, shall prepare and submit to the Transitional Administrator a report on the financial statements for the previous fiscal year.</p> <p>40.2 The Transitional Administrator shall present the report of the independent auditor to the National Council within the earlier of:</p> <p>(a) 30 days after it is presented to the Transitional Administrator; or</p> <p>(b) 30 days after the reconvening of the National Council if it is not sitting at the time the report is provided to the Transitional Administrator.</p> <p>40.3 The independent auditor shall have unrestricted access to all information and explanations that, in the independent auditor's judgment, are necessary for the purposes of the audit.</p> <p>40.4 The independent auditor shall submit his report by December 31 following the end of the fiscal year to which the annual report relates.</p> <p>40.5 Copies of all reports prepared by an independent auditor referred to in Section 40.1, including the report described in that Section, shall be circulated to the National Council and shall be made publicly available.</p>	<p>Article 39 Opinion of the High Administrative, Tax and Audit Court</p> <p>1 – Until the High Administrative, Tax and Audit Court is established, the tasks indicated in section 129.3 of the Constitution shall be carried out by an independent auditor, to be appointed by the Minister of Finance.</p> <p>3 – The Government shall present the report by the external auditor to the National Parliament:</p> <p>(a) Within 30 days after its presentation to the Prime Minister;</p> <p>(b) Within 30 days after the end of the National Parliament's recess, should it be closed on the date the report is delivered to the Prime Minister.</p> <p>4 – The Government shall provide all information and explanations required for the audit.</p> <p>5 – The external auditor shall present his report by 30 September after the end of the financial year to which the report relates.</p> <p>6 – Copies of the reports drafted by the external auditor within the scope of the present article shall be sent to the National Parliament and put at the disposal of the public.</p> <p>Article 45 Referral of the opinion by the High Administrative, Tax and Audit Court</p> <p>For purposes of enforcing eventual financial or criminal responsibilities resulting from the execution of the State Budget, the Plenary of the National Parliament may choose to refer to the competent entities the opinion of the High Administrative, Tax and Audit Court regarding the Final Budget Execution Report.</p>
<p style="text-align: center;"><u>Section 41</u> <u>Definitions</u></p> <p>In this Part:</p> <p>"autonomous public authority" means a legal person established or acquired by the Transitional Administration where:</p>	

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<p>(a) the authority is independent of the Transitional Administration; and (b) the Transitional Administration has 100% of the ownership interests in the authority.</p> <p>"Director" of an autonomous public authority means a member of the governing body of the Authority; and</p> <p>"Responsible Minister" means a Minister designated in a Regulation establishing an autonomous' public authority as the Minister responsible for receiving reports from the Authority as required under this Regulation and where no Minister is designated in this manner, the Head of the Central Fiscal Agency.</p>	
<p style="text-align: center;"><u>Section 42</u> <u>Precedence of Regulations</u></p> <p>Where a provision of this Regulation differs from a provision of a Regulation establishing an Autonomous Public Authority that is a Banking and Payments Authority, the provisions of the Regulation establishing a Banking and Payments Authority shall apply.</p>	
<p style="text-align: center;"><u>Section 43</u> <u>Capitalization of autonomous public authorities</u></p> <p>An appropriation may be made for payment to an autonomous public authority as capitalization of the autonomous public authority where:</p> <p>(a) the autonomous public authority issues to the Transitional Administration shares or other similar equity evidence of capital contribution in the Autonomous Agency; (b) the rules establishing the autonomous public authority provide that the Transitional Administration is entitled to receive all capital and accumulated reserves of the autonomous public authority upon winding up of the autonomous public authority; (c) the rules establishing the autonomous public authority set out the purpose of the authority and require the authority to apply its capital and income exclusively for that purpose; (d) the rules establishing the autonomous public authority do not prevent the application of Part VIII to officers of the autonomous public authority; (e) the rules establishing the autonomous public authority prohibit the issue of new shares or equity interests to owners other than the Transitional Administration; and (f) the rules referred to in paragraphs (c) and (d) can only be changed by Regulation.</p>	<p>Article 46 Capitalization of autonomous funds Budget appropriations for paying an autonomous fund in the event of its transformation into a public company are allowed if:</p> <p>(a) The autonomous fund issues to the Government stock or other proof of participation in the capital of the public company; (b) The diploma creating the autonomous fund foresees that the Government is entitled to receiving all accrued capital and reserves even after liquidation; (c) The diploma creating the autonomous fund displays its social purpose and determines that it should apply its capital and revenues exclusively for that purpose, forbidding the issuing of new stock to owners other than the Government.</p>

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<p style="text-align: center;"><u>Section 44</u> <u>Acquisitions from autonomous public authorities</u></p> <p>An appropriation may be made to purchase goods or services from an autonomous public authority where the amount to be paid does not exceed the market value of the goods or services.</p>	<p>Article 47 Acquisitions from autonomous funds Budget appropriations for the purchase of goods and services from autonomous services are allowed provided that the amount to be paid does not exceed the market value of those goods and services.</p>
<p style="text-align: center;"><u>Section 45</u> <u>Loans to autonomous public authorities</u></p> <p>Section 12 applies to a loan to an autonomous public authority.</p>	<p>Article 48 Borrowing by autonomous funds The provisions of article 17 of the present diploma apply to borrowings from the Government by an autonomous fund.</p>
<p style="text-align: center;"><u>Section 46</u> <u>Accounting practises</u></p> <p>46.1 Unless another period is approved by the Head of the Central Fiscal Authority, the financial year of an autonomous public authority shall be the fiscal year.</p> <p>46.2 Subject to Section 46.3, an autonomous public authority must keep accounts and financial records in accordance International Accounting Standards that properly record and explain its transactions and financial position and must keep those records in a way that:</p> <p>(a) enables the preparation of the financial statements required by this Regulation; and (b) allows those financial statements to be conveniently and properly audited in accordance with this Regulation.</p> <p>46.3 The Head of the Central Fiscal Authority may permit interim cash-basis accounting standards for accounts and financial records for the first fiscal year of an autonomous public authority.</p> <p>46.4 An autonomous public authority must retain its accounts and financial records for at least 7 years after completion of the transactions to which they relate.</p> <p>46.5 An autonomous public authority must make the records available at all reasonable times for inspection by any director of the autonomous public authority.</p>	<p>Article 49 Accounting practises 1 – The financial year of an autonomous fund shall coincide with the calendar year. 2 – Autonomous funds shall maintain their accounts and financial records in conformity with the International Accounting Standards, duly recording and explaining their transactions and financial situation, and maintaining those records so as: (a) To enable the drafting of the financial balances required by the present diploma; (b) To enable these financial balances to be duly audited according to the present diploma. 3 – The Government, through the Minister of Finance, may allow temporary cash-basis accounting standards for accounts and financial records concerning the first year of an autonomous fund. 4 – Autonomous funds shall maintain their accounts and financial records for at least seven years after the conclusion of the transactions they concern. 5 – Autonomous funds shall provide their records for purposes of inspection and verification.</p> <p>Article 15 Revenues allocated to autonomous funds Revenues allocated to autonomous funds must be attributed only to the intended purposes.</p>
<p style="text-align: center;"><u>Section 47</u> <u>Interim reports</u></p>	<p>Article 50 Reports</p>

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<p>47.1 The Head of the Central Fiscal Authority may prescribe by administrative instruction the form and classifications to be applied in interim and final reports of an autonomous public authority.</p> <p>47.2 Each autonomous public authority shall prepare for the periods set out in Section 47.3 an interim report that must include:</p> <p>(a) a report of operations; and (b) financial statements, including a balance sheet, profit and loss statement, and related statements that present a true and fair view of the financial status of the autonomous public authority.</p> <p>47.3 Interim reports required under Section 47.2 shall cover:</p> <p>(a) the first 3 months of each financial year; (b) the first 6 months of each financial year; and (c) the first 9 months of each financial year.</p> <p>47.4 An interim report required under Section 47.2 shall be provided to the Responsible Minister within two months after the end of the period covered in the report.</p> <p>47.5 The Head of the Central Fiscal Authority may, on application by the Responsible Minister~ grant an extension to the period set out in Section 47.4.</p> <p>47.6 The Responsible Minister must present to the National Council an interim report of an autonomous public authority within the earlier of:</p> <p>(a) 30 days after it is presented to the Responsible Minister; or (b) 30 days after the reconvening of the National Council if it is not sitting at the time the interim report is provided to the Responsible Minister,</p>	<p>Autonomous funds report according to Title VI Chapter II, with the due alterations.</p>
<p style="text-align: center;"><u>Section 48</u> <u>Annual reports</u></p> <p>48.1 Each autonomous public authority shall prepare an annual report that must include:</p> <p>(a) a report of operations;</p>	

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<p>(b) details of any transactions described in Section 50 carried out by the autonomous public authority in the fiscal year; and</p> <p>(c) independently audited financial statements for the fiscal year, including a balance sheet, profit and loss statement, and related statements, that present a true and fair view of the financial statements of the autonomous public authority.</p> <p>48.2 The annual report required under Section 48.1 shall be provided to the Responsible Minister within three months after the end of the financial year of an autonomous public authority.</p> <p>48.3 The Head of the Central Fiscal Authority may, on application by the Responsible Minister, grant an extension to the period set out in Section 48.2.</p> <p>48.4 The Responsible Minister must present to the National Council an annual report of an autonomous public authority within the earlier of:</p> <p>(a) 30 days after the annual report is presented to the Responsible Minister; or</p> <p>(b) immediately after the reconvening of the National Council if the National Council is not sitting 30 days after the annual report is presented to the Responsible Minister.</p>	
<p style="text-align: center;"><u>Section 49</u> <u>Independent audit</u></p> <p>The accounts, records and financial statements of each autonomous authority shall be audited by an independent auditor approved by the Transitional Administrator upon the recommendation of the Head of the Central Fiscal Authority.</p>	
<p style="text-align: center;"><u>Section 50</u> <u>Responsible Minister to be notified of significant events</u></p> <p>If an autonomous public authority proposes to do any of the following things, the Directors' of the autonomous public authority must immediately give the Responsible Minister and the Head of the Central Fiscal Authority written particulars of the proposal to:</p> <p>(a) form a company or participate in the formation of a company;</p> <p>(b) participate in a partnership, trust, unincorporated joint venture or similar arrangement;</p> <p>(c) acquire or dispose of a shareholding in a company;</p> <p>(d) acquire or dispose of a business;</p> <p>(e) significantly modify a business;</p>	

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<p>(t) commence or cease a business activity; or (g) make a significant change in the nature or extent of its interest in a partnership, trust, unincorporated joint venture or similar arrangement.</p>	
<p style="text-align: center;"><u>Section 51</u> <u>Keeping Responsible Minister and Head of the Central Fiscal Authority informed</u></p> <p>5 1.1 The Directors of an autonomous public authority must provide the Responsible Minister or the Head of the Central Fiscal Authority with such reports, documents and information in relation to those operations as the Responsible Minister or Head of the Central Fiscal Authority requests.</p> <p>5 1.2 Reports, documents and information requested under Section 51,1 must be provided as soon as possible, irrespective of whether the information is considered sensitive or commercial in confidence.</p>	
<p style="text-align: center;"><u>Part IX</u> <u>Accountability and sanctions</u></p> <p style="text-align: center;"><u>Section 52</u> <u>Responsibility for budget implementation</u></p> <p>52.1 The Heads of Agencies shall be responsible for the management and control of the procedures and requirements established by this Regulation and shall be responsible for effective, efficient and ethical use of the appropriated funds for the appropriate purposes.</p> <p>52.2 The Head of the Central Fiscal Authority shall be responsible for the organization and management of the budget implementation procedures, and shall also be responsible for the oversight of the Treasury on matters prescribed in this Regulation.</p>	<p>Article 43 Accountability for budget execution 1 – The holders of public bodies are politically, financially, civilly and criminally accountable for the acts and omissions they perform within the exercise of their budget execution duties, according to the Constitution and further applicable legislation, which typifies the criminal and financial infractions, as well as the respective sanctions, whether they are done intentionally or not. 2 – Every holder of a political body is responsible for the efficient, effective and ethical use of the budget appropriations allocated to him. 3 – Staff members and officers shall be disciplinarily, civilly and criminally accountable for their acts and omissions that violate the budget execution rules, according to the Constitution and applicable legislation.</p> <p>Article 44 Financial accountability Subject to the specific manners for enforcing the remaining accountability forms indicated in the previous paragraph, the financial accountability is enforced by the High Administrative, Tax and Audit Court, according to the respective legislation.</p>
<p style="text-align: center;"><u>Section 53</u> <u>Civil Penalties</u></p> <p>53.1 An officer or employee of an Agency or an autonomous public authority must exercise his or her powers and discharge his or her duties with the degree of care and diligence that a reasonable person would exercise if that person were an officer or employee of the Central Fiscal Authority or an autonomous' public authority in similar</p>	

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<p>circumstances.</p> <p>53.2 An officer or employee of an Agency or an autonomous public authority who makes a business judgment is taken to meet the requirements of Section 53.1 if the officer or employee:</p> <ul style="list-style-type: none"> (a) makes the judgment in good faith and for a proper purpose; (b) does not have a material personal interest in the subject matter of the judgment; (c) informs him or herself about the subject matter of the judgment to the extent that a reasonable person in his or her circumstances would do; and (d) reasonably believes that the judgment is in the best interest of the Transitional Administration, provided a reasonable person in his or her circumstances would hold the same belief. <p>53.3 An officer or employee of an Agency or an autonomous public authority must not improperly use his or her position to:</p> <ul style="list-style-type: none"> (a) gain an advantage for himself or herself or someone else; or (b) cause a detriment to an Agency or an autonomous public authority. <p>53.4 A person who obtains information because they are, or have been, an officer or an employee of an Agency or an autonomous public authority must not improperly use the information to:</p> <ul style="list-style-type: none"> (a) gain an advantage for himself or herself or someone else; or (b) cause a detriment to an Agency or an autonomous public authority. <p>53.5 A person who is found by a court of competent jurisdiction to have contravened any of Sections 53.1, 53.2, 53.3, or 53.4 may be ordered by the court to pay a civil penalty of up to U.S. \$250,000 if the contravention:</p> <ul style="list-style-type: none"> (a) materially prejudices the interests of the Transitional Authority or an autonomous public authority, (b) materially prejudices the ability of the Transitional Authority or an Agency to pay creditors of the Transitional Administration or the autonomous public authority, or (c) is serious. <p>53.6 A court of competent jurisdiction may order a person to compensate the Transitional Administration or an autonomous public authority for any damage suffered by the Transitional Authority or the autonomous public authority if:</p>	

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<p>(a) the person contravened any of Sections 53.1, 53.2, 53.3, or 53.4; and (b) the damage resulted from the contravention.</p> <p>53.7 A civil penalty ordered under Section 53.5 or a compensation amount ordered under Section 53.6 is a civil debt payable to the Transitional Administration or an autonomous public authority and may be enforced as if the order were judgment debt arising from civil proceedings against the person to recover a debt due by the person.</p>	
<p style="text-align: center;"><u>Section 54</u> <u>Offence for actions for improper purpose</u></p> <p>An officer or employee of an Agency or an autonomous public authority who as the result of recklessness or intentional dishonesty fails to exercise his or her powers and to discharge his or her duties for a proper purpose consistent with the person's responsibilities to the Agency or autonomous public authority is guilty of an offence and is liable to imprisonment for maximum of 5 years.</p>	
<p style="text-align: center;"><u>Section 55</u> <u>Offence for improper use of position</u></p> <p>An officer or employee of an Agency or an autonomous public authority who:</p> <p>(a) uses his or her position dishonestly with the intention of directly or indirectly gaining an advantage for himself or herself, or someone else, or causing a detriment to the Transitional Administration or an autonomous public authority; or (b) uses his or her position recklessly without regard to whether his or her conduct may directly or indirectly gain an advantage for himself or herself, or someone else, or cause a detriment to the Transitional Administration or an autonomous public authority;</p> <p>is guilty of an offence and is liable to imprisonment for maximum of 5 years.</p>	
<p style="text-align: center;"><u>Section 56</u> <u>Offence for misuse of information</u></p>	

Old Law UNTAET/REG/2001/13	New Law
<p>An officer or employee of an Agency or an autonomous public authority who obtains information because they are, or have been, an officer or an employee of an Agency or an autonomous public authority and who uses the information dishonestly to:</p> <p>(a) gain an advantage for himself or herself or someone else; or (b) cause a detriment to the Transitional Administration or an autonomous public authority;</p> <p>is guilty of an offence and is liable to imprisonment for maximum of 5 years.</p>	
<p style="text-align: center;"><u>Section 57</u> <u>Receipt of public money by Agency or Agency employee</u></p> <p>A person who receives public money contrary to Section 5.1 with the intention of:</p> <p>gaining an advantage for himself or herself or someone else; or causing a detriment to the Transitional Administration or an autonomous public authority;</p> <p>is guilty of an offence and is liable to imprisonment for maximum of 7 years.</p>	
<p style="text-align: center;"><u>Section 58</u> <u>Receipt of public money by another person</u></p> <p>A person who receives public money contrary to Section 5.1 with the intention of:</p> <p>(a) gaining an advantage for himself or herself or someone else; or (b) causing a detriment to the Transitional Administration or an autonomous public authority;</p> <p>is guilty of an offence and is liable to imprisonment for maximum of 7 years.</p>	
<p style="text-align: center;"><u>Section 59</u> <u>Deposit of public money into a non-official bank account</u></p> <p>A person who recklessly or with the intent to gain an advantage for himself or herself or someone else at the detriment of the Transitional Administration deposits money into an account other than an official bank account as required by Section 5.2 is guilty of an offence and is liable to imprisonment for maximum of 7 years.</p>	

Old Law UNTAET/REG/2001/13	New Law
<p style="text-align: center;"><u>Section 60</u> <u>Failure to deposit public money into an official bank account</u></p> <p>A person who recklessly or with the intent to gain an advantage for himself or herself or someone else at the detriment of the Transitional Administration fails to deposit money into &1 account promptly as required by Section 5.3 guilty of an offence and is liable to imprisonment for maximum of 2 years.</p>	
<p style="text-align: center;"><u>Section 61</u> <u>Purporting to act in an official capacity</u></p> <p>A person who receives public money contrary to Section 5.4 is guilty of an offence and is liable to imprisonment for maximum of 12 years.</p>	
<p style="text-align: center;"><u>Section 62</u> <u>Improper application, disposal or use of public money</u></p> <p>A person who recklessly or with the intent to gain an advantage for himself or herself or someone else at the detriment of the Transitional Administration improperly applies, disposes of, or uses public money contrary to Section 6.1 is guilty of an offence and is liable to imprisonment for maximum of 7 years.</p>	
<p style="text-align: center;"><u>Section 63</u> <u>Expenditure of public money not authorized by an expenditure authorization notice</u></p> <p>A person who recklessly or with the intent to gain an advantage for himself or herself or someone else at the detriment of the Transitional Administration facilitates the expenditure of public money not authorized by an expenditure authorization notice contrary to Section 6.2 is guilty of an offence and is liable to imprisonment for maximum of 2 years.</p>	
<p style="text-align: center;"><u>Section 64</u> <u>Offence of non-compliance with accounting practices</u></p> <p>If a requirement of Section 46 is contravened, each officer or employee of the autonomous public authority who:</p> <p>(a) caused the contravention; or (b) failed to take all reasonable steps to comply with the requirement, or secure compliance with the requirement;</p>	

Old Law UNTAET/REG/2001/13	New Law
is guilty of an offence and is liable to imprisonment for maximum of 6 months	
<p style="text-align: center;"><u>Section 65</u> <u>Offence of failure to keep informed</u></p> <p>If a requirement of Section 51 is contravened, each director of the autonomous public authority who:</p> <p>(a) caused the contravention; or</p> <p>(b) failed to take all reasonable steps to comply with the requirement, or secure compliance with the requirement of that Section</p> <p>is guilty of an offence and is liable to imprisonment for maximum of 3 months.</p>	
<p style="text-align: center;"><u>Section 66</u> <u>Initial accounting of assets</u></p> <p>The account of assets of the Transitional Administration referred to in Section 39.5(g) may be based on estimates derived from surveys or other methods for accurate records such as asset registers if available.</p>	
<p style="text-align: center;"><u>Section 67</u> <u>Designation of Agencies and Programs</u></p> <p>Pending the establishment of Agencies by Regulation, the Transitional Administrator may designate bodies within the Transitional Administration as constituting Agencies or Programs for the purpose of this Regulation.</p>	
<p style="text-align: center;"><u>Section 68</u> <u>Transition from Regulation 2000/20</u></p> <p>Upon the entry into force of this Regulation, Regulation 2000/20 shall cease to be of further effect and all transactions entered into on the basis of Regulation 2000/20 shall continue under the authority of this Regulation.</p>	<p>Article 51 Repeals UNTAET Regulation 2001/13, of 20 July, on Budget and Financial Management, is hereby repealed.</p>
<p>Part XI Entry into force Section 69 Entry into force The present Regulation, with the exception of Section 11 Guarantees and borrowings by the Transitional Administration, shall enter into force on upon signature. Section 11 shall enter into force on a date to be set by the Transitional Administrator. Sergio Vieira de Mello Transitional Administrator</p>	<p>Article 52 Entry into force The present diploma enters into force on the day after its publication. Approved by the Council of Ministers on August 2009. The Prime Minister, Kay Rala Xanana Gusmão</p>

Old Law UNTAET/REG/2001/13	New Law
	<p>The Minister of Finance,</p> <p>Emília Pires</p>
<p>Schedule 1 Designated services authorities The following <i>Programs</i> are <i>designated services authorities</i>: the Dili Harbour Authority; the Dili Airport Authority; and the Power Authority.</p>	