AFRICAN ASSOCIATION OF ACCOUNTANTS GENERAL

AAAG GUIDELINES FOR DRAFTING ROBUST PUBLIC FINANCIAL MANAGEMENT (PFM) LAWS

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1.0 Introduction and rationale

The African Association of Accountants General (AAAG) has increasingly received requests from member countries for examples of Public Financial Management (PFM) Acts to guide the drafting, review or modernisation of national legislation. This demand reflects a common reform priority across the continent: countries want PFM laws that strengthen fiscal discipline, improve transparency, clarify accountability, support service delivery, and enable credible reporting of public resources.

The purpose of these guidelines is not to encourage countries to copy another jurisdiction's law. African countries operate under different constitutions, legal traditions, decentralisation models, public sector structures, languages, fiscal capacities and reform trajectories. A useful PFM law must therefore be anchored in international good practice, while remaining flexible enough to fit common law, civil law and mixed legal systems across Anglophone, Francophone and Lusophone Africa.

These guidelines provide a continental reference point. They identify the minimum thematic areas that should be addressed in a modern PFM Act, explain the policy rationale for each area, and set out the scope, objectives, principles and core drafting requirements for each recommended part of the legislation. They also provide adaptation notes to assist countries that use different institutional names, budget classifications and legal drafting traditions.

Core rationale

A modern PFM Act should create one coherent legal framework for raising, receiving, managing, spending, accounting for, reporting on, auditing and overseeing public resources. It should close gaps created by fragmented laws, ensure that all entities drawing from public coffers or exercising public service mandates are accountable, and provide a legal basis for digital, risk-based and performance-oriented PFM.

2.0 Benchmark basis and African comparability

The guidelines draw on comparable international, regional and African benchmarks. Countries should use these benchmarks as reference points, not as rigid templates. The final Act should reflect national constitutional requirements, local language needs, reform capacity and institutional arrangements.

Benchmark	Relevant focus	How it informs drafting
PEFA Framework	PFM performance across the budget cycle: budget reliability, transparency of public finances, management of assets and liabilities, policy-based fiscal strategy and budgeting, predictability and control in budget execution, accounting and reporting, and external scrutiny and audit.	Use PEFA findings to identify legal gaps and prioritise reforms.
IMF Fiscal Transparency Code	Fiscal reporting, fiscal forecasting and budgeting, fiscal risk analysis and management, and resource revenue management.	Use to strengthen fiscal reporting, fiscal risk statements, debt transparency and natural resource revenue disclosure.
OECD Budgetary Governance	Clear fiscal objectives, medium-term planning, alignment of budgets with	Use to strengthen budget credibility, parliamentary

Benchmark	Relevant focus	How it informs drafting
	priorities, transparency, participation, capital budgeting, performance, evaluation and value for money.	information and performance orientation.
IPSAS and GFSM 2014	Accrual-based financial reporting, consolidation, chart of accounts alignment, statistical reporting and comparability.	Use to design accounting, reporting, consolidation and SCOA provisions.
INTOSAI ISSAI principles	Independence, credibility, quality and professionalism of public sector auditing.	Use to strengthen the external audit and legislative oversight provisions.
Open Budget Survey	Budget transparency, opportunities for public participation and legislative/audit oversight.	Use to design publication requirements, citizens budgets and participation mechanisms.
IMF PIMA	Planning, allocation and implementation institutions for public investment; legal framework, staff capacity and IT systems as cross-cutting factors.	Use to strengthen public investment appraisal, selection, budgeting and implementation provisions.

Benchmark	Relevant focus	How it informs drafting
WAEMU/UEMOA and CEMAC directives	Regional harmonisation of budget laws, public accounting, budget nomenclature, state accounting plans, fiscal reporting and transparency in Francophone legal systems.	Use to align Francophone reforms with monetary union or regional obligations.
Lusophone PFM practice	SISTAFE, SIGFE, SIGOF and similar integrated systems; civil-law budget framework laws and regulations; Portuguese-language terminology and administrative traditions.	Use to adapt drafting to Portuguese legal concepts and implementation through regulations, manuals and integrated systems.
African peer learning through CABRI and AAAG	Practical country experience, budget reforms and public finance capabilities across African ministries of finance and treasuries.	Use peer practice to sequence reforms and avoid importing provisions that exceed institutional capacity.

3.0 Purpose, intended users and how to use the guidelines

These guidelines support countries to prepare a PFM Act that is coherent, comprehensive, enforceable and capable of being implemented. They are intended for Ministries of Finance, Accountant General offices, Treasuries, budget offices, Attorneys-General, legal drafting departments, Parliaments, Supreme Audit Institutions, internal audit authorities, SOE oversight units, local government authorities, PFM reform units and development partners supporting national legal reform.

a) Use the guidelines as a diagnostic tool to compare the current legal framework against core PFM requirements.
b) Use the thematic areas to determine which matters should be in the principal Act, which should be in regulations, and which should be in Treasury instructions, manuals or administrative circulars.
c) Use the section-by-section guidance to draft each part of the Act with a clear rationale, scope, objective, principle and enforceable provision.
d) Use the adaptation notes to align the law with Anglophone, Francophone or Lusophone legal traditions, as well as federal, unitary, decentralised, fragile, resource-rich or small-state contexts.
e) Use the implementation framework to sequence reforms and avoid legislating requirements that cannot be operationalised without systems, capacity and transitional provisions.

4.0 Scope of a modern PFM Act

The scope of a PFM Act should be broad enough to cover the full flow of public resources and all institutions that plan, manage, receive, collect, spend, administer or report on such resources. Coverage should be based not only on the legal form of an institution, but also on whether it performs a public function, is established by enabling legislation, is controlled by government, delivers public services, or draws resources from public coffers.

Recommended scope clause

This Act applies to all organs of State, ministries, departments, agencies, constitutional offices, statutory bodies, commissions, subnational governments, local authorities, public funds, extra-budgetary funds, social security funds, state-owned enterprises, public corporations, entities established by enabling legislation to deliver public services, and any other body, whether public or private, that collects, receives, manages, controls, expends, administers or reports on public resources, draws resources from public coffers, receives public guarantees, or is prescribed by regulations.

The PFM Act should expressly provide that, subject only to the Constitution, it is the primary and overriding law governing the raising, receipt, custody, management, commitment, expenditure, borrowing, investment, accounting, reporting, auditing, oversight and disposal of public resources. Where any other law contains provisions relating to public finance, that law should be read together with the PFM Act and, to the extent of any inconsistency on a public financial management matter, the PFM Act should prevail unless the Constitution expressly provides otherwise.

The Act should also make clear that specialised laws dealing with procurement, revenue administration, public debt, public-private partnerships, state-owned enterprises, local government, social security funds or other public bodies remain applicable only to the extent that they regulate sector-specific or technical matters and do not conflict with the core financial governance requirements established under the PFM Act. Such laws should be cross-referenced in the PFM Act to ensure coherence, while avoiding duplication, overlap or competing mandates.

In applying the PFM Act, the constitutional independence of Parliament, the Judiciary, constitutional commissions, the Auditor-General or Court of Accounts, and other independent institutions should be respected. However, such independence should not exempt any institution from the general principles of lawful use of public resources, fiscal responsibility, accountability, transparency, financial reporting, internal control, audit and oversight required under the PFM Act. The Act should therefore distinguish between institutional independence in decision-making and universal accountability for the management of public resources.

5.0 Guiding principles for modern PFM legislation

Principle	Drafting meaning
Legality and supremacy	Public resources may only be raised, committed, spent, borrowed, invested, transferred, written off or disposed of under lawful authority. The PFM Act should be the primary law governing public financial matters.
Fiscal responsibility and sustainability	Fiscal policy should protect macroeconomic stability, debt sustainability and intergenerational equity through credible fiscal rules, medium-term planning and transparent correction mechanisms.
Comprehensiveness and unity	Budgets and financial reports should cover all public revenues, expenditures, assets, liabilities, guarantees, funds and entities within the public sector boundary.
Transparency and public access	Key fiscal documents and reports should be timely, complete, understandable, accessible and published through digital and non-digital channels appropriate to the country context.
Accountability and stewardship	Authority over public resources should be matched with clear responsibility, reporting duties and consequences for non-compliance.
Economy, efficiency, effectiveness and value for money	Public resources should be used for authorised purposes and should deliver the greatest feasible service delivery and development impact.
Equity and inclusion	PFM systems should support fair allocation of resources, citizen engagement, gender-responsive budgeting, youth priorities and service delivery to vulnerable groups.

Principle	Drafting meaning
Risk management and resilience	Fiscal decisions should identify, disclose and manage fiscal risks, including debt, State Owned Enterprises (SOE), Public Private Partnerships(PPP), arrears, litigation, disasters, climate and natural resource volatility.
Anticipatory and future-focused PFM	The PFM framework should enable Government to identify emerging fiscal, economic, social, environmental, technological and service delivery risks before they materialise, and to design timely interventions to prevent, reduce or mitigate their impact. The Act should support forward-looking planning, early-warning mechanisms, scenario analysis, fiscal risk forecasting, disaster and climate preparedness, digital readiness, and policy measures that strengthen resilience rather than relying only on reactive responses after problems have occurred.
Digital integrity and interoperability	Digital PFM systems should support audit trails, data quality, cybersecurity, secure access controls, integration and preservation of electronic records.
Adaptability and continuous reform	The Act should allow regulations, Treasury instructions, manuals and transition plans to be updated as standards, technology, fiscal conditions and national priorities evolve, while preserving legal certainty and accountability.

6.0 Key PFM thematic areas

A comprehensive PFM Act should address the full PFM cycle and the cross-cutting systems needed to make that cycle work. The following themes provide the minimum architecture for robust legislation.

Theme	What the Act should cover
Legal foundations	Interpretation, application, supremacy, objectives and fiscal principles.
Institutional accountability	Roles of Parliament, Cabinet, Minister of Finance, Treasury, Accountant General, budget office, accounting officers, internal audit, Auditor-General/Court of Accounts, SOEs and local governments.
National planning and policy alignment	Legal linkage between national development plans, sector strategies, medium-term expenditure frameworks, annual budgets, public investment plans and performance targets; requirements for realistic costing, prioritisation, approval, monitoring and reporting of plans; and alignment of public resources with service delivery outcomes.
Fiscal responsibility	Fiscal policy objectives, Medium Term Fiscal Framework (MTFF)/ Medium Term Expenditure Framework (MTEF), fiscal rules, escape clauses and fiscal risk disclosure.
Budget management	Budget calendar, preparation, approval, appropriation, execution, virements, supplementary budgets, contingencies and performance budgeting, ensuring that the annual budget is aligned to approved national plans, sector priorities and the MTFF/MTEF.

Theme	What the Act should cover
Revenue collection and management	Legal authority to collect revenue, public funds, retention, grants, resource revenues, refunds, write-offs and remittance.
Treasury and cash management	TSA, bank accounts, cash plans, reconciliations, disbursements and investment of temporary surpluses.
Expenditure and commitments	Commitment controls, procurement linkages, payroll, supplier payments, arrears and emergency spending controls.
Debt, guarantees and fiscal risks	Borrowing authority, debt strategy, guarantees, on-lending, fiscal risk statements, PPP risk and subnational borrowing.
Public investment and PPPs	Project appraisal, selection, budgeting, implementation, maintenance, handover and climate/disaster resilience.
Assets and liabilities	Registers, valuation, verification, maintenance, disposals, losses, inventory and arrears.
Accounting and reporting	SCOA, IPSAS transition, financial statements, consolidation, GFSM mapping, in-year and annual reports.
Internal control and audit	Internal controls, risk management, internal audit, audit committees and management responses.
External audit and oversight	Auditor-General/Court of Accounts independence, access, audit types, parliamentary scrutiny and follow-up.
SOEs and public bodies	Corporate plans, budgets, reports, audits, dividends, guarantees, subsidies and fiscal risk monitoring.

Theme	What the Act should cover
Subnational PFM	Transfers, local revenues, borrowing rules, reporting, consolidation and oversight of decentralised service delivery.
Digital PFM and data governance	IFMIS, e-procurement, revenue systems, HR/payroll, debt and asset systems, cybersecurity, audit trails and open data.
Transparency and citizen engagement	Publication of fiscal documents, citizens budgets, participation, accessibility and multilingual communication.
Enforcement and sanctions	Financial misconduct, surcharges, offences, recovery, administrative measures, due process and whistle-blower protection.
Implementation and review	Regulations, Treasury instructions, manuals, transitional provisions, capacity building, monitoring and periodic review.

7.0 Recommended structure and section-by-section drafting guidance

AAAG recommends that countries use the following structure as a minimum architecture. Countries may combine or separate parts depending on constitutional requirements and legal drafting conventions, but the substance should be covered either in the principal Act or in binding subsidiary legislation.

Part I. Preliminary provisions, interpretation, application and supremacy

Rationale	This part creates the legal foundation for the whole Act. Weak definitions and narrow application clauses often allow public resources to fall outside the control framework.
Scope	• Short title, commencement, interpretation, objects of the Act, application, supremacy, relationship with other laws, saving of constitutional independence. • Coverage should extend to all entities that receive, collect, manage, control, expend or report on public resources, including entities established by enabling legislation or drawing resources from public coffers.
Objectives	• Provide legal certainty and uniform vocabulary. • Ensure the Act applies across the public sector boundary and service delivery ecosystem. • Prevent conflicting provisions in other laws from weakening public finance controls.
Core principles	• Legality • Comprehensiveness • Supremacy of the PFM framework • Functional coverage over institutional labels
Key drafting requirements	• Define key terms such as budget, appropriation, public resources, public money, public officer, accounting officer,

	public body, public fund, state enterprise, commitment, arrears, guarantee, contingent liability and financial misconduct. • State that no public resource may be raised, received, retained, committed, spent, borrowed, invested, written off or disposed of except as authorised by law. • Provide that specialised laws must be read consistently with the PFM Act unless the Constitution expressly provides otherwise.
Adaptation notes	Common-law systems may place most provisions in one principal Act with regulations. Civil-law systems may place high-level principles in an organic budget law and operational rules in decrees, regulations or instructions.

Part II. National Planning, Fiscal Responsibility, and Macroeconomic Framework

Rationale	National planning and fiscal responsibility provisions ensure that public resources are allocated in line with national development priorities, available fiscal space, macroeconomic stability, debt sustainability and intergenerational equity. They create a clear link between long-term national development plans, medium-term fiscal and expenditure frameworks, annual budgets, public investment programmes and service delivery outcomes. These provisions also provide a transparent anchor for budget decisions and help ensure that fiscal policy is forward-looking, credible and sustainable.
Scope	National development plans, sector strategies, medium-term development plans, medium-term fiscal framework, medium-term expenditure framework, macro-fiscal forecasts, fiscal policy objectives, fiscal responsibility principles, fiscal rules, fiscal strategy paper, fiscal risk statement, debt and deficit targets, public investment planning, escape clauses and correction mechanisms.

Objectives	• To ensure that fiscal policy and annual budgets are guided by approved national plans and development priorities. • To set credible and measurable fiscal objectives. • To align annual budgets with medium-term plans, sector priorities, available resources and service delivery targets. • To require realistic costing of plans and programmes before they are included in the budget. • To require transparent justification where fiscal rules are suspended, breached or adjusted
Core principles	• Policy alignment • Prudence • Realism • Sustainability • Transparency • Intergenerational equity • Affordability • Prioritisation and • Results orientation.
Key drafting requirements	• The Act should require the Government to prepare, approve and periodically review national development plans, medium-term plans or equivalent policy frameworks that guide public resource allocation. • It should require the annual budget, medium-term fiscal framework and medium-term expenditure framework to be aligned with approved national and sector plans. • It should require Cabinet or the Minister responsible for finance to approve and publish a medium-term fiscal strategy. • It should provide measurable fiscal rules or principles, including debt, deficit, expenditure, arrears or guarantee limits suited to national circumstances.

	• It should require major plans, programmes and public investment projects to be costed, prioritised and assessed for affordability before budget inclusion. • It should require independent or technical validation of macroeconomic assumptions where feasible. • It should provide escape clauses for shocks, but require disclosure, time limits, fiscal impact analysis and correction plans.
Adaptation notes	Countries with central planning institutions should clarify the respective roles of the planning authority, Ministry of Finance, Cabinet, sector ministries and subnational governments. Countries with integrated finance and planning ministries may combine these functions under one institutional framework. Countries in monetary unions should align the Act with convergence criteria. Resource-rich countries should include rules for natural resource revenue forecasting, stabilisation, savings and intergenerational equity. Federal and decentralised countries should provide for alignment between national plans, subnational plans, intergovernmental transfers and local service delivery priorities.

Part III. Institutional framework, roles and accountability

Rationale	PFM laws fail when mandates overlap or accountability is unclear. This part assigns authority and responsibility across the fiscal architecture.
Scope	Parliament, Cabinet, Minister of Finance, Treasury, budget office, Accountant General, debt management office, revenue authorities, accounting officers, internal audit authority, Auditor-General or Court of Accounts, public officers, SOEs, statutory bodies and subnational governments.
Objectives	• Clarify who approves, controls, records, reports and audits public resources. • Pair delegated authority with responsibility and sanctions. • Separate policy, execution, accounting, control, audit and oversight roles.
Core principles	• Clear mandates • Segregation of duties • Answerability • Professional stewardship • No authority without accountability
Key drafting requirements	• State the functions and powers of each principal institution. • Require accounting officers to maintain effective systems of internal control and certify regularity, completeness and accuracy of financial information. • Provide delegation powers with written instruments, limits and accountability. • Require cooperation and information sharing across institutions.
Adaptation notes	Use country-specific titles. Anglophone systems may refer to accounting officers, controlling officers or permanent secretaries. Francophone systems may use ordonnateurs and comptables

	publics. Lusophone systems may use ordenadores de despesa and related public finance officers.

Part IV. Budget preparation, approval, execution and adjustment

Rationale	The budget is the central instrument for authorising public revenue and expenditure. The law should make the budget credible, comprehensive, policy-based and executable.
Scope	Budget calendar, budget circular, ceilings, medium-term expenditure framework, programme and performance budgeting, gender and climate tagging, budget documentation, appropriation, warrants/allotments, virements, supplementary budgets, contingency funds and in-year reporting.
Objectives	• Ensure budgets are prepared on time and based on realistic ceilings. • Link resources to national priorities, programmes and measurable results. • Control changes to the approved budget while allowing limited flexibility.
Core principles	• Budget credibility • Comprehensiveness • Parliamentary authority • Performance orientation • Orderliness
Key drafting requirements	• Prescribe a budget calendar and mandatory budget documents. • Require all revenues and expenditures to be reflected gross unless a specific law permits retention. • Define rules for supplementary estimates, virements, contingency advances, carryovers and reallocations.

	• Require in-year variance reports and corrective measures where execution deviates materially from the approved budget.
Adaptation notes	Francophone countries may align this part with the annual finance law, rectifying finance law and settlement law. Lusophone countries may integrate economic and social plans with the State Budget. Anglophone countries may keep appropriation and supplementary appropriation rules in separate annual laws.

Part V. Revenue mobilisation, administration and management

Rationale	A PFM Act should ensure that all public revenue is lawfully imposed, collected, recorded, safeguarded, remitted and reported.
Scope	Taxes, non-tax revenue, fees, fines, grants, donor funds, natural resource revenue, dividends, asset proceeds, local revenues, retention, earmarking, refunds, write-offs, arrears, revenue forecasting and digital revenue systems.
Objectives	• Ensure all revenue has legal authority.

	• Prevent unauthorised retention or off-budget use of public revenue. • Improve forecasting, collection, reconciliation and reporting.
Core principles	• Legality of taxation and charges • Completeness • Gross budgeting • Transparency • Equity
Key drafting requirements	• State that no tax, fee, levy or charge may be imposed, varied or collected except under law. • Require revenue collectors to bank and report revenue within prescribed timelines. • Define conditions for refunds, remission, write-offs and retention of revenue. • Require reconciliation between revenue systems, banks, Treasury records and financial statements.
Adaptation notes	Where revenue authorities have separate legislation, the PFM Act should still govern custody, remittance, reporting, write-off and consolidation of public revenue.

Part VI. Public funds, Treasury and cash management

Rationale	Fragmented bank accounts and funds weaken cash control, create idle balances and obscure the government cash position. This part should establish unity of treasury.
Scope	Consolidated or general revenue fund, special funds, extra-budgetary funds, TSA, bank account opening and closure, cash flow forecasting, payment scheduling, disbursements, reconciliations, investment of temporary surpluses and cash reporting.
Objectives	• Consolidate cash resources and improve liquidity management. • Ensure all bank accounts are authorised, reconciled and visible to the Treasury. • Support timely payments while preventing idle balances and overdrafts.
Core principles	• Unity of treasury • Liquidity • Safety of public money • Efficiency • Traceability
Key drafting requirements	• Establish a Treasury Single Account or equivalent unified banking arrangement. • Require prior Treasury approval for all public bank accounts. • Define rules for special funds, including purpose, governance, reporting, audit and sunset/review provisions. • Mandate monthly bank reconciliations and cash flow plans.
Adaptation notes	Subnational autonomy should be respected, but cash balances receiving national transfers should remain visible for consolidation. Small states may adopt phased TSA coverage.

Part VII. Expenditure control, commitments, payroll and procurement linkages

Rationale	Many fiscal problems arise before payment, when commitments are made without budget authority or cash availability. The Act should control the full expenditure chain.
Scope	Commitment authority, procurement linkages, purchase orders, contract registration, payroll controls, supplier management, expenditure verification, payment approval, arrears prevention, multi-year contracts and emergency spending.
Objectives	• Prevent unauthorised commitments and arrears. • Ensure procurement decisions are consistent with budget authority and cash plans. • Protect payroll integrity and supplier payment discipline.
Core principles	• Prior authorisation • Value for money • Regularity • Affordability • Segregation of duties
Key drafting requirements	• Prohibit commitments without approved budget, delegated authority and commitment recording in the financial system. • Require multi-year commitments to be approved within medium-term ceilings. • Require payroll and HR changes to be authorised, validated and reconciled. • Require arrears registers, ageing analysis and clearance plans.
Adaptation notes	Procurement legislation may remain separate, but the PFM Act should require budget checks, commitment control and integration of procurement and financial systems.

Part VIII. Public debt, guarantees and fiscal risk management

Rationale	Debt, guarantees, PPPs, arrears, SOE obligations and disasters can create major fiscal shocks. The law should make fiscal risks visible and manageable before they crystallise.
Scope	Borrowing authority, debt instruments, annual borrowing plans, medium-term debt strategy, debt register, guarantees, on-lending, sub-loans, derivatives, arrears, contingent liabilities, PPPs, SOE risks, subnational borrowing, natural disasters and climate risks.
Objectives	• Centralise and control borrowing authority. • Maintain comprehensive debt and guarantee records. • Disclose fiscal risks and adopt mitigation measures.
Core principles	• Debt sustainability • Transparency • Central control • Risk-based decision-making • Prudence
Key drafting requirements	• Specify who may borrow on behalf of the State and under what approvals. • Require a published medium-term debt strategy and annual borrowing plan. • Require guarantees, on-lending and PPP fiscal commitments to be approved, recorded and disclosed. • Require an annual fiscal risk statement covering material risks and mitigation measures.
Adaptation notes	Federal and decentralised countries need explicit borrowing rules for states, provinces and local governments. Monetary union members should align with regional debt and deficit rules.

Part IX. Public investment management, PPPs and climate-resilient investment

Rationale	Public investment drives service delivery and growth, but weak appraisal, selection and implementation can create waste and debt pressure.
Scope	Project identification, appraisal, independent review, selection, budgeting, procurement readiness, implementation, monitoring, maintenance, ex-post evaluation, PPP approvals, climate and disaster risk screening, asset handover and operation.
Objectives	• Ensure only affordable, prepared and value-for-money projects enter the budget. • Link projects to national and sector plans. • Manage PPP and climate risks across the project lifecycle.
Core principles	• Affordability • Value for money • Whole-life costing • Transparency • Resilience
Key drafting requirements	• Require all major projects to undergo feasibility, cost-benefit or cost-effectiveness appraisal before budget inclusion. • Require a public investment pipeline and clear gateway approvals. • Require PPPs to be assessed for affordability, fiscal risk and value for money before signing. • Require maintenance obligations and asset registration after completion.
Adaptation notes	Countries may set thresholds by regulation. Fragile or capacity-constrained countries may begin with simple appraisal templates and expand gradually.

Part X. Asset, inventory and liability management

Rationale	Public assets are often poorly recorded, under-maintained or disposed of without adequate control. Liabilities and arrears may also remain hidden.
Scope	Fixed assets, infrastructure, heritage assets, inventories, stores, vehicles, land, leases, intangible assets, asset registers, verification, maintenance, insurance, disposal, losses, theft, recoveries, write-offs, liabilities and arrears.
Objectives	• Safeguard public assets throughout their lifecycle. • Ensure liabilities and arrears are identified, recorded and managed. • Support accrual accounting and whole-of-government reporting.
Core principles	• Stewardship • Lifecycle management • Verification • Transparency • Recovery of losses
Key drafting requirements	• Require each entity to maintain asset and inventory registers in formats prescribed by the Accountant General or Treasury. • Provide rules for periodic physical verification, maintenance planning and disposal. • Provide procedures for reporting losses, theft, damage and recoveries. • Require liabilities and arrears to be recorded, aged and disclosed.
Adaptation notes	Countries transitioning to accrual IPSAS may phase valuation of infrastructure, land and heritage assets while immediately requiring existence registers and control procedures.

Part XI. Accounting, Standard Chart of Accounts, financial reporting and consolidation

Rationale	Credible reports are essential for decision-making, accountability and comparability. The Act should establish a uniform accounting and reporting architecture.
Scope	Accounting basis, IPSAS transition, financial statements, consolidation, accounting policies, SCOA, budget classifications, GFSM mapping, monthly and quarterly reports, annual accounts, audit submission timelines, electronic records and record retention.
Objectives	• Produce reliable, timely and comparable financial information. • Link budgets, accounts, statistics and reports through a common chart of accounts. • Support transition to accrual accounting in a controlled and sequenced manner.
Core principles	• Accuracy • Reliability • Timeliness • Comparability • Completeness
Key drafting requirements	• Designate the Accountant General or equivalent authority as responsible for accounting standards, policies and reporting formats. • Mandate a Standard Chart of Accounts covering administrative, economic, functional, programme, fund, project, geographic and financing segments as appropriate. • Require annual financial statements and consolidated accounts within prescribed deadlines. • Allow a phased IPSAS implementation roadmap with milestones and transitional disclosures.

Adaptation notes	Francophone and Lusophone countries may align state accounting plans with regional or national nomenclature. Countries should avoid hard-coding excessive chart details in the Act; these should be updated through regulations or manuals.

Part XII. Digital PFM systems, records and data governance

Rationale	Digital systems are now central to budget execution, reporting, revenue, payroll, procurement and debt management. The law should make digital records legally valid and auditable.
Scope	IFMIS, TSA platforms, e-revenue, e-procurement, HR/payroll, debt systems, asset systems, project systems, system interfaces, user access, cybersecurity, data ownership, audit trails, electronic signatures, records retention, backups and open data.
Objectives	• Provide legal backing for digital PFM operations. • Ensure systems are integrated, secure and auditable. • Protect the integrity, confidentiality and availability of financial data.
Core principles	• Interoperability • Data integrity • Cybersecurity • Auditability • Continuity
Key drafting requirements	• Mandate use of approved financial systems for commitments, payments, accounting and reporting. • Require unique transaction identifiers, audit trails and segregation of access rights. • Recognise electronic records and signatures where consistent with national law.

	• Require disaster recovery, backups, cybersecurity controls and periodic system audits.
Adaptation notes	Countries with limited connectivity should provide transitional rules for offline or hybrid processes while preserving eventual integration and audit trails.

Part XIII. Internal control, internal audit, risk management and audit committees

Rationale	Internal controls and internal audit provide management assurance before problems become external audit findings or fiscal losses.
Scope	Internal control standards, risk management, risk registers, internal audit mandate, independence, reporting lines, audit committees, management responses, follow-up and quality assurance.
Objectives	• Prevent, detect and correct irregularities. • Embed risk management in daily financial management. • Provide independent internal assurance to accounting officers and governance bodies.
Core principles	• Preventive control • Risk-based assurance • Independence • Proportionality • Management accountability
Key drafting requirements	• Require accounting officers to establish and maintain internal controls. • Require risk assessments and risk registers for major entities and programmes. • Define internal audit independence, access rights and reporting obligations.

	• Establish audit committees or equivalent oversight committees with clear mandates.
Adaptation notes	Countries may choose centralised internal audit, decentralised internal audit or hybrid models. The Act should state minimum independence and access requirements regardless of model.

Part XIV. External audit, legislative oversight and follow-up

Rationale	External audit and legislative scrutiny close the accountability loop. The law should guarantee access to information and ensure audit recommendations are followed up.
Scope	Auditor-General or Court of Accounts mandate, independence, access to information, financial, compliance, performance, IT, forensic and environmental audits, audit timelines, reporting to Parliament, Public Accounts Committee, Treasury memoranda and follow-up.
Objectives	• Ensure independent scrutiny of public resources. • Strengthen legislative oversight of budget execution and audit findings. • Require timely management responses and corrective action.
Core principles	• Audit independence • Accountability • Transparency • Professionalism • Timely follow-up
Key drafting requirements	• Provide unrestricted access to records, systems, premises and officials, subject only to constitutional safeguards. • Set deadlines for submission of accounts to the Auditor-General and audit reports to Parliament. • Require accounting officers and the Minister of Finance to respond to audit findings within defined timelines.

	• Provide for public release of audit reports except for lawful and narrowly defined confidentiality grounds.
Adaptation notes	Civil-law countries with Courts of Accounts may adapt terminology and judicial audit functions. Common-law countries may emphasise Auditor-General reporting and Public Accounts Committee follow-up.

Part XV. State-owned enterprises, statutory bodies and public corporations

Rationale	SOEs and statutory bodies often create significant fiscal risks through borrowing, guarantees, arrears and subsidies. They should not sit outside the PFM accountability framework.
Scope	Corporate plans, annual budgets, borrowing, guarantees, subsidies, dividends, performance agreements, financial reporting, audits, board accountability, monitoring units, fiscal risk reporting, public service obligations and restructuring.
Objectives	• Bring SOE financial activity into the fiscal framework. • Ensure transparent performance and fiscal risk reporting. • Control borrowing, guarantees and budget transfers.
Core principles	• Ownership accountability • Transparency • Fiscal risk management • Commercial discipline • Public service accountability
Key drafting requirements	• Require SOEs and statutory bodies to submit corporate plans, budgets and financial reports to the responsible Minister and Minister of Finance. • Require approval for borrowing, guarantees, major investments and retention of surpluses where fiscal risk is material.

	• Require audited financial statements and performance reports. • Require monitoring of subsidies, dividends, public service obligations and arrears.
Adaptation notes	Where a separate SOE law exists, the PFM Act should at least govern reporting to Treasury, fiscal risk disclosure, borrowing controls and consolidation requirements.

Part XVI. Subnational governments and intergovernmental fiscal relations

Rationale	Decentralisation improves service delivery only when accompanied by clear fiscal powers, reporting duties and accountability mechanisms.
Scope	Transfers, grants, local revenue, borrowing controls, local budgets, bank accounts, reporting, audit, consolidation, capacity support, conditional grants, equalisation mechanisms and local public bodies.
Objectives	• Align decentralisation with fiscal discipline and service delivery. • Ensure transparent and predictable intergovernmental transfers. • Enable consolidation of public sector finances.
Core principles	• Subsidiarity • Equity • Predictability • Local accountability • Coherence
Key drafting requirements	• Define minimum PFM requirements for subnational budgets, accounts, reports and audits. • Set rules for conditional and unconditional transfers.

	• Provide borrowing limits and approval procedures for local governments. • Require timely reporting to support national consolidation and fiscal risk monitoring.
Adaptation notes	Federal countries should respect constitutional fiscal autonomy. Unitary countries may set more uniform rules for local authorities. Both models should require consistent reporting and audit.

Part XVII. Transparency, public participation and publication

Rationale	PFM legislation should enable citizens, Parliament and oversight bodies to understand how public resources are raised and used.
Scope	Budget documents, citizens budget, pre-budget statement, approved budget, in-year reports, mid-year review, year-end report, audit report, debt reports, fiscal risk statements, procurement information, public participation mechanisms, fiscal portals and open data standards.
Objectives	• Make fiscal information timely, accessible and understandable. • Create structured opportunities for public input into budget decisions. • Improve trust and social accountability.
Core principles	• Openness • Accessibility • Inclusiveness • Timeliness • Non-discrimination
Key drafting requirements	• Mandate publication of core fiscal documents within specified timelines. • Require simplified citizens budgets and annual citizen accountability reports.

	• Require public participation at key stages of the budget process. • Require information to be accessible in official languages and, where appropriate, local languages and disability-accessible formats.
Adaptation notes	Francophone, Lusophone and Anglophone countries should ensure that technical terms are translated accurately and that the legally authoritative version is clearly identified.

Part XVIII. Integrity, offences, sanctions, surcharges and recovery

Rationale	A PFM Act must be enforceable. Clear sanctions deter misconduct and protect the integrity of public resources.
Scope	Financial misconduct, unauthorised expenditure, irregular expenditure, fruitless and wasteful expenditure, false records, concealment, obstruction of audit, misuse of funds, conflicts of interest, surcharge, recovery, administrative sanctions, criminal referrals and whistle-blower protection.
Objectives	• Create proportionate consequences for breaches. • Recover losses and protect public resources. • Encourage reporting of wrongdoing and protect good-faith disclosures.
Core principles	• Due process • Proportionality • Deterrence • Recovery • Integrity
Key drafting requirements	• Define categories of financial misconduct and the officers accountable for them. • Provide administrative sanctions, surcharges and recovery powers without prejudicing criminal prosecution.

	• Protect persons who report suspected wrongdoing in good faith. • Require disciplinary authorities to act on audit, internal audit and investigation findings.
Adaptation notes	Countries should align sanctions with public service, anti-corruption, criminal procedure and whistle-blower laws. The PFM Act should not create unenforceable sanctions or duplicate offences inconsistently.

Part XIX. Regulations, Treasury instructions, transitional provisions and review

Rationale	A principal Act should establish durable legal rules while allowing detailed procedures to evolve through regulations and instructions.
Scope	Regulation-making powers, Treasury instructions, accounting manuals, internal audit manuals, SCOA manuals, debt procedures, implementation roadmaps, repeal and savings, transitional arrangements and periodic review.
Objectives	• Operationalise the Act through practical instruments. • Allow phased implementation where capacity and systems are developing. • Ensure the law remains current.
Core principles	• Legal certainty • Adaptability • Sequencing • Continuity • Capacity-sensitive reform
Key drafting requirements	• Empower the Minister of Finance to issue regulations and the Treasury/Accountant General to issue binding instructions within the Act.

	• Provide transitional periods for major reforms such as accrual IPSAS, TSA expansion, IFMIS integration and SOE reporting. • Require a formal review of the Act at least every five years or earlier where required by major reform or constitutional change.
Adaptation notes	Civil-law jurisdictions may use decrees and arrêté-type instruments. Common-law jurisdictions may use regulations, statutory instruments and Treasury circulars. All instruments should be publicly accessible.

8.0 Country customisation guidance

No two African PFM environments are identical. Countries should adapt these guidelines to their constitutional, legal, administrative, linguistic and fiscal contexts while preserving the core objectives of transparency, accountability, fiscal discipline, efficient service delivery and sound management of public resources.

Country context	Recommended adaptation
Anglophone/common-law systems	Use a principal PFM Act supported by regulations, Treasury instructions and manuals. Pay close attention to accounting officer responsibility, parliamentary appropriation, Auditor-General independence, Public Accounts Committee follow-up and enforceable sanctions.
Francophone/civil-law systems	Align with organic budget laws, public accounting regulations, budget nomenclature, state accounting plans and regional directives where applicable. Reflect the separation between authorising officers and public accountants and the role of Courts of Accounts.
Lusophone/civil-law systems	Align with budget framework laws and integrated state financial administration systems such as SISTAFE, SIGFE or SIGOF. Ensure Portuguese legal terminology is precise and that regulations/manuals translate the Act into operational procedures.
Federal or highly decentralised systems	Respect constitutionally assigned fiscal powers while establishing minimum standards for reporting, borrowing, transfers, audit and consolidation.

Country context	Recommended adaptation
Small island or small administrations	Avoid over-complex institutional requirements. Allow shared services, centralised internal audit, simplified reporting formats and phased digital systems.
Fragile, post-conflict or capacity-constrained contexts	Sequence reforms carefully. Prioritise budget control, cash management, bank reconciliation, payroll integrity, basic reporting and audit follow-up before advanced accrual and performance systems.
Resource-rich countries	Include natural resource revenue forecasting, stabilisation/savings funds, disclosure of production/revenue assumptions, fiscal risk reporting, and transparent rules for withdrawals and investments.
Countries transitioning to accrual IPSAS	Legislate the mandate and roadmap, but allow phased recognition and valuation. Require disclosures of transition progress, accounting policies and consolidation boundaries.

8.1 Recommended legal reform process

1. Conduct a diagnostic review of the existing Constitution, PFM laws, budget laws, public debt laws, audit laws, procurement laws, SOE laws, local government laws, anti-corruption laws and regulations.
2. Map reform gaps against PEFA, IPSAS readiness, GFSM/SCOA alignment, internal audit maturity, public investment diagnostics, fiscal risk reviews, SOE diagnostics and digital PFM assessments.
3. Establish a PFM legal reform taskforce including the Ministry of Finance, Attorney-General or legal drafting department, Accountant General,

budget office, debt office, internal audit, Auditor-General or Court of Accounts, Parliament, revenue authority, SOE oversight body, local government representatives and key service delivery ministries.

4. Identify what belongs in the principal Act, what should be in regulations, and what should be in manuals, circulars or system procedures.
5. Prepare a multilingual and stakeholder engagement plan for Anglophone, Francophone, Lusophone and local-language contexts.
6. Validate the draft with implementing institutions before submission to Cabinet or Parliament, ensuring that each new obligation has an owner, timeline, system requirement and capacity plan.

9.0 Implementation, monitoring and review framework

A PFM Act should not end at enactment. Each country should prepare a practical implementation framework showing the regulations, instructions, systems, capacity building and monitoring mechanisms required to give effect to the Act.

Indicative phase	Implementation priorities
0-6 months	Legal dissemination, stakeholder sensitisation, translation where required, establishment of implementation governance, drafting of priority regulations and Treasury instructions.
6-18 months	Budget calendar enforcement, commitment control strengthening, bank account rationalisation, TSA roadmap, standard reporting templates, internal audit strengthening, arrears register, fiscal risk reporting pilot.
18-36 months	SCOA rollout, IFMIS integration, e-procurement/payment interfaces, public investment gateway process, SOE reporting framework, fiscal transparency portal, consolidated reporting improvements.
3-5 years	Accrual IPSAS transition milestones, expanded whole-of-government consolidation, advanced fiscal risk analysis, performance budgeting maturity, regular spending reviews and periodic legal review.

Monitoring expectation

The Minister of Finance or Treasury should submit an annual PFM Act implementation and compliance report to Cabinet and Parliament. The report should cover regulations issued, institutions brought into scope, reporting compliance, audit follow-up, fiscal risk disclosures, digital system integration, capacity building and outstanding implementation risks.

10.0 Drafting quality checklist

Checklist area	Question for drafters
Scope	Does the Act cover all entities that collect, receive, manage, spend, control or report on public resources, including entities drawing from public coffers or established by enabling legislation to deliver public services?
Constitutional alignment	Does the Act respect constitutional roles of Parliament, Cabinet, subnational governments, the Auditor-General/Court of Accounts, Judiciary and independent commissions?
Legal hierarchy	Does the Act state its relationship with other laws and prevent conflicting financial provisions?
Institutional clarity	Are mandates and responsibilities clearly assigned and are delegations controlled?
Budget credibility	Does the Act require a realistic calendar, fiscal strategy, ceilings, appropriations and controlled adjustments?

Checklist area	Question for drafters
Cash and commitments	Does the Act prevent unauthorised commitments, arrears, fragmented bank accounts and off-budget funds?
Fiscal risk	Does the Act cover debt, guarantees, SOEs, PPPs, arrears, disasters, climate and other material fiscal risks?
Reporting	Does the Act require timely in-year and annual reporting, consolidation, SCOA alignment and IPSAS transition arrangements?
Digital systems	Does the Act recognise electronic records, audit trails, system integration, cybersecurity and data governance?
Oversight	Does the Act support independent audit, legislative scrutiny, public reporting and follow-up?
Enforcement	Are offences, sanctions, surcharges, recovery and whistle-blower protection clear and enforceable?
Implementation	Does the Act include regulations, manuals, transition periods, capacity building and periodic review?

11.0 Key terms and definitions

Term	Suggested definition
Accounting officer	The public officer designated by law or appointment as responsible and accountable for the financial administration, internal control, reporting and stewardship of a ministry, department, agency, public body or vote.
Arrears	Amounts due and payable by a public body that remain unpaid after the due date prescribed by contract, law or regulation.
Budget	The annual and, where applicable, medium-term estimates of public revenues, other receipts, expenditures, financing, assets and liabilities authorised or presented for authorisation in accordance with the Constitution and this Act.
Commitment	An obligation, whether contractual or otherwise, that is expected to result in expenditure or a liability for a public body.
Contingent liability	A possible obligation arising from past events whose existence or amount will be confirmed by uncertain future events, including guarantees, litigation, indemnities, PPP commitments and callable capital.
Financial misconduct	Any act or omission by a public officer or public body that contravenes this Act, regulations or lawful instructions and results in, risks or conceals unauthorised, irregular, fruitless, wasteful, fraudulent or negligent use of public resources.
Fiscal risk	The possibility that actual fiscal outcomes deviate from forecasts or targets due to macroeconomic, debt, SOE, PPP, financial sector, natural disaster, climate, legal, security, health or other shocks.

Term	Suggested definition
Public body	Any organ of State, ministry, department, agency, constitutional office, statutory body, commission, public fund, subnational government, local authority, state-owned enterprise, public corporation, or other body established by law, controlled by government, delivering a public service mandate, or drawing resources from public coffers.
Public officer	A person holding or acting in a public office, employed or engaged by a public body, exercising delegated financial authority, or responsible for collecting, receiving, managing, controlling, committing, expending, accounting for, reporting on, auditing or safeguarding public resources.
Public resources	Public money, public revenue, grants, loans, guarantees, public assets, public liabilities, public investments, natural resource revenues, donor funds and any other financial or economic resources owned, controlled, received, collected, managed or expended by or on behalf of the State or a public body.
Treasury Single Account	A unified structure of government bank accounts that gives the Treasury consolidated visibility and control over public cash resources while allowing operational accounts where authorised.
Standard Chart of Accounts	A structured coding framework used to classify budget, accounting and reporting transactions by administrative, economic, functional, programme, fund, project, location, financing and other segments as prescribed.

12.0 Selected benchmark references

The following references were used as benchmark anchors. Countries should supplement them with national constitutions, regional treaty obligations, national PFM diagnostic reports, and current country-specific laws.

a) PEFA Secretariat - PEFA Framework and related guidance on assessing PFM performance across the budget cycle.
b) International Monetary Fund - Fiscal Transparency Code and Fiscal Transparency Handbook.
c) International Monetary Fund - Government Finance Statistics Manual 2014.
d) International Monetary Fund - Public Investment Management Assessment (PIMA) framework.
e) International Monetary Fund - Treasury Single Account guidance.
f) Organisation for Economic Co-operation and Development - Recommendation on Budgetary Governance and budget institutions guidance.
g) International Public Sector Accounting Standards Board - IPSAS Accounting Standards and Conceptual Framework.
h) INTOSAI - ISSAI 100 Fundamental Principles of Public-Sector Auditing.
i) International Budget Partnership - Open Budget Survey methodology and country results.
j) WAEMU/UEMOA - Directive No. 06/2009/CM/UEMOA on budget laws and related public finance directives.
k) CEMAC - 2011 harmonised public finance directives.
l) CABRI - African budget reform and public finance capability resources.

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