DRAFTING NOTE

PUBLIC FINANCE MANAGEMENT ACT 2026

1. Status and purpose of this note

This drafting note is explanatory and is not part of the proposed Assembly Act. It identifies the legislative need, the relationship with earlier Eritrean law, the principal matters retained, the modernization choices made and the place of the draft within the emerging constitutional statute book. The instrument remains a consultation draft and should be finalized only after legal, institutional, fiscal and public review.

2. Legislative need and prior law

The earlier finance instruments are fragmented among budget, Treasury, corporation and transaction-specific measures. A democratic government requires one chain of authority from appropriation to expenditure, accounting, reporting and audit.

3. What the draft retains

The draft retains annual budgeting, Treasury control, accounting officers, internal control, financial statements and audit.

4. What the draft updates and modernizes

It adds fiscal strategy, transparent and participatory budgets, commitment and cash controls, digital public accounts, contingency and emergency safeguards, grant and local-government rules, fiscal-risk reporting, sanctions tied to the Penal Code and strong National Assembly and Auditor General oversight.

5. Constitutional, code and treaty fit

The draft is framed under the Constitution of Eritrea 1997 and must be read with the Civil Code, Penal Code, Civil Procedure Code and Criminal Procedure Code of Eritrea 2015 where those Codes govern. It is also coordinated with the other institutional, financial, commercial, land, labour, administrative and sectoral drafts in this collection. References to international or regional standards guide compatibility and implementation; they do not bypass the Treaty-Making Act or convert an unincorporated instrument into domestic law.

6. Scope and organization

The principal divisions address preliminary provisions; institutions and responsibility; fiscal policy and budget preparation; legislative authorization; budget execution and control; revenue and treasury operations; assets, liabilities and fiscal risk; accounting, reporting and internal control; information systems, transparency and integrity; irregularities, responsibility and remedies; local government and public bodies; transitional and final provisions.

7. Transition, implementation and consultation

The draft preserves lawful accrued rights, completed transactions, pending proceedings and institutional continuity where appropriate, while preventing temporary savings from preserving unconstitutional coercion or indefinite executive discretion. Before enactment or issuance, authentic predecessor instruments and amendments should be verified, cross-references and fiscal capacity confirmed, implementing regulations and digital systems prepared, and affected institutions, professions, communities and the public given a practical opportunity to comment.

CONSULTATION DRAFT — NOT ENACTED LAW

ACT NO. ___ OF 2026

PUBLIC FINANCE MANAGEMENT ACT 2026

(ACT)

AN ACT TO GOVERN THE PREPARATION, AUTHORIZATION, EXECUTION, ACCOUNTING AND REPORTING OF THE NATIONAL BUDGET; TO ESTABLISH THE TREASURY, CONSOLIDATED FUND AND PUBLIC FINANCIAL MANAGEMENT SYSTEM; TO REGULATE PUBLIC REVENUE, EXPENDITURE, ASSETS, LIABILITIES, GRANTS, PUBLIC ENTITIES AND FISCAL RISKS; TO PROVIDE INTERNAL CONTROL, TRANSPARENCY AND ACCOUNTABILITY; AND TO PROVIDE FOR RELATED MATTERS.

PREAMBLE

WHEREAS Articles 32 and 42 of the Constitution of Eritrea allocate responsibility for legislation, the national budget and executive administration between the National Assembly and the President;
WHEREAS Article 55 of the Constitution establishes independent external audit of government revenue, expenditure and other financial operations;
WHEREAS no public money should be raised, retained, committed, spent, transferred or borrowed except under the Constitution and an Assembly Act;
WHEREAS democratic government requires a comprehensive budget, truthful accounts, transparent fiscal risks, effective internal controls, digital traceability and enforceable responsibility for public resources;
NOW, THEREFORE, be it enacted by the National Assembly of Eritrea, acting under Article 32 of the Constitution, as follows:

CHAPTER I
PRELIMINARY PROVISIONS

Article 1 — Short title

1. This Act may be cited as the “Public Finance Management Act 2026”.
2. It applies to every public entity and public resource except only as the Constitution expressly provides.

Article 2 — Purposes

1. to preserve legislative control of taxation and expenditure;
2. to maintain sustainable, comprehensive and transparent public finances;
3. to assign clear financial responsibility and internal control;
4. to produce timely budgets, accounts and reports; and

5. to protect public resources from waste, corruption and hidden obligation.

Article 3 — Interpretation

1. "accounting officer" means the person designated under Article 16;
2. "appropriation" means authority granted by an Appropriation Act to spend for a stated purpose and period;
3. "Consolidated Fund" means the fund established by Article 10;
4. "Minister" means the minister responsible for finance;
5. "public entity" includes every ministry, office, commission, court, local government, fund and statutory body using public resources;
6. "public money" includes revenue, grants, loans, deposits and money held by or for the State; and
7. "Treasury" means the institution established by Article 12.

Article 4 — Constitutional control of public money

1. No tax, compulsory charge, borrowing, guarantee or expenditure may be imposed or undertaken except under an Assembly Act.
2. An executive regulation may implement but shall not enlarge financial authority.
3. An appropriation authorizes but does not compel unlawful or wasteful expenditure.
4. Every public official is bound by the Constitution, this Act and the approved budget.

Article 5 — Principles

1. Public finance shall be lawful, comprehensive, affordable, economical, transparent, equitable and oriented to public value.
2. Policy shall consider macroeconomic stability, intergenerational fairness, gender, regional equality and environmental consequences.
3. Information shall be accurate, timely, comparable and accessible.
4. Secrecy shall never conceal illegality, corruption or material fiscal risk.

Article 6 — Application and precedence

1. This Act governs financial administration unless a more specific Assembly Act provides an equally protective rule.
2. Constitutionally independent institutions administer appropriations independently while complying with financial control, procurement and audit law.
3. A contract cannot override this Act.
4. An inconsistent unpublished direction has no effect.

CHAPTER II
INSTITUTIONS AND RESPONSIBILITY

Article 7 — National Assembly

1. The National Assembly enacts revenue and appropriation laws, approves borrowing as required, and oversees fiscal performance.
2. Its committees may require records and testimony subject to lawful protection.
3. The Assembly shall not administer individual transactions.
4. Its own finances are subject to this Act and audit.

Article 8 — President

1. The President shall cause the national budget and fiscal proposals to be prepared and submitted as required by the Constitution.
2. The President shall ensure faithful execution of appropriations through lawful executive institutions.
3. A presidential direction shall not authorize unappropriated expenditure.
4. Material fiscal policy shall be reported to the National Assembly.

Article 9 — Minister responsible for finance

1. The Minister leads fiscal policy, budget preparation, treasury management, accounting standards and consolidated reporting.
2. The Minister shall act within appropriations and shall not control adjudicative or constitutionally protected decisions.
3. Directions under this Act shall be written, published where generally applicable and reviewable.
4. The Minister shall disclose material conflicts.

Article 10 — Consolidated Fund

1. All national public revenue and money shall be paid into a Consolidated Fund unless an Assembly Act establishes a specific fund or authorizes retention.
2. The Fund is held for the people and administered by the Treasury.
3. Withdrawal requires appropriation or another express Assembly authority.
4. Every transaction shall be recorded in the central financial system.

Article 11 — Special funds

1. A special, revolving, trust or extrabudgetary fund may be created only by Assembly Act stating purpose, revenue, governance, reporting and termination.
2. It shall appear in consolidated fiscal documents and accounts.
3. Retained revenue shall not escape appropriation or audit.
4. A dormant or unnecessary fund shall be wound up lawfully.

Article 12 — Treasury

1. A National Treasury is established within the ministry responsible for finance.
2. It manages the Consolidated Fund, budget execution, cash, banking, accounting, fiscal reporting and financial systems.
3. It shall not perform external audit or monetary policy.
4. The Treasury shall maintain professional and politically impartial administration.

Article 13 — Treasury Secretary

1. The Treasury is headed by a Treasury Secretary appointed through an open merit process under the Civil Service Administration Act.
2. The Secretary is the principal professional adviser on public finance and may refuse an unlawful instruction.
3. The term, evaluation and removal shall protect professional integrity.
4. A refusal and disputed direction shall be recorded.

Article 14 — Chief Accountant

1. A professionally qualified Chief Accountant shall prescribe public accounting, consolidation and financial-statement standards.
2. The Chief Accountant may require correction and system access.
3. Standards shall be consistent with recognized public-sector practice and Eritrean law.
4. A departure shall be disclosed and justified.

Article 15 — Chief Internal Auditor

1. A Chief Internal Auditor shall set internal-audit standards and coordinate professional quality without controlling individual entity findings.
2. Internal auditors report functionally to an audit committee and administratively as law provides.
3. The office shall cooperate with the Auditor General without duplicating external audit.
4. Interference shall be reported.

Article 16 — Accounting officers

1. Each public entity shall have one accounting officer designated in writing.
2. The officer is personally responsible for lawful budgets, controls, records, assets, liabilities, procurement and accounts.
3. Delegation does not remove oversight responsibility.
4. The designation and acting arrangement shall be published.

Article 17 — Other officials

1. Every official controlling money, commitment, payroll, property or information is responsible for assigned duties.

2. A person shall verify authority and documentation before approval.
3. Split responsibility shall not be used to avoid accountability.
4. A suspected irregularity shall be reported through protected channels.

CHAPTER III
FISCAL POLICY AND BUDGET PREPARATION

Article 18 — Financial year

1. The national financial year begins on 1 January and ends on 31 December.
2. A change requires an Assembly Act and transitional accounts.
3. Every budget and report shall identify the period clearly.
4. Comparative information shall be preserved.

Article 19 — Fiscal strategy

1. The Government shall publish a medium-term fiscal strategy at least six months before the financial year.
2. It shall state macroeconomic assumptions, revenue, expenditure, balance, debt, reserves, risks and priorities for at least three years.
3. Alternative scenarios and sensitivity shall be disclosed.
4. The strategy shall explain compliance with fiscal rules.

Article 20 — Fiscal responsibility principles

1. Fiscal policy shall maintain debt sustainability, prudent deficits, realistic revenue and manageable contingent liabilities.
2. Temporary departure may respond to severe emergency or recession under an Assembly Act or approved budget.
3. The departure, cost, duration and return plan shall be published.
4. A numerical fiscal rule may be established by separate Assembly Act.

Article 21 — Budget circular

1. The Minister shall issue a public budget calendar and circular with ceilings, classifications, assumptions and submission requirements.
2. The circular shall allow adequate planning and consultation.
3. Ceilings shall reflect the fiscal strategy and lawful institutional independence.
4. Late changes require reasons.

Article 22 — Entity estimates

1. Each accounting officer shall prepare costed estimates linked to lawful functions, results, staffing, procurement and risks.
2. Existing commitments and maintenance shall be disclosed before new initiatives.
3. Capital projects require appraisal and lifecycle cost.

4. Estimates shall distinguish baseline, new policy and externally financed activity.

Article 23 — Independent institutions

1. The National Assembly, judiciary, Auditor General and other constitutionally independent institutions shall prepare their estimates independently.
2. The executive shall transmit them to the Assembly without alteration, accompanied by separate fiscal comments if necessary.
3. Consultation may resolve technical issues but shall not compromise independence.
4. Approved funds shall be released predictably.

Article 24 — Public participation

1. The Minister shall publish accessible pre-budget information and invite public submissions.
2. Consultation shall reach local government, business, labour, civil society, women, youth and disadvantaged communities.
3. Protected tax or security information may be withheld narrowly.
4. The budget shall summarize significant submissions and responses.

Article 25 — Budget documents

1. The budget shall include the Appropriation Bill, revenue proposals, fiscal strategy, estimates, program objectives, public investment, debt, guarantees, tax expenditure, public enterprises, grants and fiscal risks.
2. It shall cover the entire general government and identify consolidation boundaries.
3. Cash and accrual information shall be reconciled as standards require.
4. Documents shall be published when submitted.

Article 26 — Budget credibility

1. Forecasts shall use reasonable evidence and disclose methods, sources and uncertainty.
2. Revenue shall not be inflated to authorize unaffordable expenditure.
3. A material forecast change shall be updated before enactment.
4. Independent expert assessment may be provided to the Assembly.

CHAPTER IV
LEGISLATIVE AUTHORIZATION

Article 27 — Submission of national budget

1. The President shall submit the proposed budget to the National Assembly at least ninety days before the financial year.
2. The submission shall comply with Article 25 and be complete.
3. A late submission requires public reasons and a recovery timetable.
4. The Assembly shall receive electronic data capable of analysis.

Article 28 — Appropriation Act

1. An Appropriation Act shall specify amounts by vote, entity, program or another sufficiently clear purpose.
2. It may prescribe conditions and performance information.
3. A broad contingency shall not substitute for transparent appropriation.
4. Appropriation lapses at year end unless an Assembly Act provides lawful carryover.

Article 29 — Revenue authority

1. Revenue shall be assessed and collected only under an Assembly Act.
2. The annual budget may propose but does not itself create a tax unless enacted in statutory form.
3. Every exemption, remission and tax expenditure requires lawful authority.
4. Revenue laws and administrative guidance shall be published.

Article 30 — Failure to enact before year start

1. If an Appropriation Act is not enacted before the year begins, essential expenditure may continue monthly up to one-twelfth of the lower of the prior-year appropriation or proposed amount.
2. This authority lasts no more than three months unless extended by Assembly Act.
3. No new capital project, salary increase or discretionary program may begin under it.
4. Transactions shall be reported monthly.

Article 31 — Supplementary appropriation

1. Additional expenditure requires a Supplementary Appropriation Act where existing authority is insufficient.
2. The proposal shall identify financing, urgency, alternatives and effect on fiscal strategy.
3. Known expenditure shall not be deferred deliberately to a supplementary process.
4. Documents shall be published.

Article 32 — Virement and transfer

1. A transfer within an appropriation may be permitted by published limits in the Appropriation Act.
2. A transfer shall not change the essential legislative purpose, finance a new program or increase total spending.
3. Transfer between constitutional institutions requires their consent and Assembly authority.
4. Every virement shall be reported quarterly.

Article 33 — Contingency appropriation

1. A contingency appropriation may address urgent, unforeseen and unavoidable expenditure.

2. Use requires written reasons, Treasury approval and prompt publication.
3. It shall not finance predictable underbudgeting or evade Assembly scrutiny.
4. Use shall be included in the next report and supplementary law where required.

Article 34 — Emergency expenditure

1. During a constitutional emergency, expenditure remains subject to Articles 27 and 28 of the Constitution and this Act.
2. Immediate life-saving expenditure may be authorized under a narrow emergency appropriation or statutory mechanism.
3. The Government shall report within seven days and seek Assembly approval promptly.
4. Emergency secrecy shall be limited and audited fully.

CHAPTER V
BUDGET EXECUTION AND CONTROL

Article 35 — Warrants and allotments

1. Appropriation becomes available through Treasury warrants and cash allotments consistent with the enacted budget.
2. A warrant shall not alter purpose or withhold funds to influence an independent institution.
3. Allotments shall reflect realistic cash forecasts.
4. The Treasury shall publish aggregate releases.

Article 36 — Commitment control

1. No official shall enter a commitment without appropriation, available allotment, procurement authority and recorded commitment.
2. The financial system shall reject an unauthorized commitment.
3. A contract made in breach may expose the responsible official to liability without unfairly harming an innocent supplier.
4. Commitments shall be reconciled monthly.

Article 37 — Expenditure authorization

1. Payment requires lawful purpose, delivery verification, accurate invoice, approval and segregation of duties.
2. Advance payment shall be justified, secured where appropriate and monitored.
3. A person shall not approve payment to oneself or a related interest.
4. Electronic approval shall preserve identity and audit trail.

Article 38 — Economy and value

1. Accounting officers shall use resources economically, efficiently and effectively.
2. A lawful appropriation does not justify avoidable waste.
3. Material programs shall have objectives, indicators and evaluation.

4. Failure of a policy outcome is not misconduct absent negligence, deception or unlawful conduct.

Article 39 — Arrears

1. A public entity shall prevent, record, age and report payment arrears.
2. The Treasury shall publish a clearance strategy for material arrears.
3. An official shall not conceal an unpaid obligation by withholding an invoice.
4. Interest and supplier remedies are governed by law and contract.

Article 40 — Payroll control

1. Payment of salary requires an authorized position, verified identity, employment record and attendance or lawful leave.
2. Payroll and personnel systems shall be reconciled.
3. Ghost, duplicate and unauthorized payment shall be recovered and investigated.
4. National service shall not be used to conceal employment obligations contrary to law.

Article 41 — Grants and transfers

1. A public grant requires lawful criteria, agreement, monitoring and reporting proportionate to risk.
2. Political loyalty shall not determine eligibility.
3. Recipients are accountable for public money and subject to audit to that extent.
4. Unspent or misused funds may be recovered lawfully.

Article 42 — Official travel and allowances

1. Travel, per diem, housing, vehicle and other allowances shall follow published rules and actual public purpose.
2. Rates shall be reasonable and reviewed.
3. Duplicate, fictional and private expenditure is prohibited.
4. Senior officials are subject to the same documentary standards.

CHAPTER VI
REVENUE AND TREASURY OPERATIONS

Article 43 — Revenue administration

1. Every collector shall assess, collect, receipt, record and deposit revenue promptly.
2. Cash handling shall be minimized through accessible secure payment systems.
3. No collector may retain or offset revenue without law.
4. Refunds and write-offs require documented authority.

Article 44 — Treasury Single Account

1. Public bank accounts shall form a Treasury Single Account structure under Treasury control except where an Assembly Act protects institutional or trust separation.
2. The Treasury shall inventory and rationalize accounts.
3. No secret or personal account may hold public money.
4. Independent institutions retain spending authority over lawful appropriations.

Article 45 — Banking arrangements

1. The Treasury shall select public banking arrangements transparently in consultation with the National Bank.
2. Terms, fees, security and service continuity shall protect public value.
3. A bank shall provide timely statements and audit access.
4. Monetary-policy independence is unaffected.

Article 46 — Cash management

1. The Treasury shall prepare rolling cash forecasts and a borrowing-neutral cash plan.
2. Idle balances shall be consolidated or invested only under law.
3. Cash rationing shall be transparent and not create arbitrary arrears.
4. Forecast error shall be analyzed and corrected.

Article 47 — Investment of public money

1. Temporary public cash may be invested only in secure, liquid and lawfully authorized instruments.
2. Speculative investment is prohibited.
3. Custody, valuation, income and counterparty exposure shall be reported.
4. Public pension and sovereign funds require separate governing Acts.

Article 48 — Foreign currency

1. Public foreign-currency receipts and payments shall be recorded at transparent accounting rates.
2. No official may divert currency or use an undisclosed preferential rate.
3. Exchange risk and balances shall be reported.
4. The National Bank's lawful monetary functions remain unaffected.

CHAPTER VII
ASSETS, LIABILITIES AND FISCAL RISK

Article 49 — Asset management

1. Each entity shall maintain a verified register of land, buildings, equipment, vehicles, inventory, intellectual property and financial assets.

2. Acquisition, use, maintenance, transfer and disposal shall protect public value.
3. Personal or party use is prohibited.
4. Material losses shall be reported and investigated.

Article 50 — Disposal of public property

1. Disposal requires authority, valuation, transparency and competition unless a lawful exception is justified.
2. The responsible official shall disclose beneficial ownership and conflicts.
3. Proceeds shall be paid into the proper public fund.
4. Cultural, environmental and strategic assets receive applicable special protection.

Article 51 — Liabilities and commitments

1. Every entity shall record accounts payable, leases, concessions, settlements, pensions, guarantees and other obligations.
2. A contingent or future obligation shall not be hidden off balance sheet.
3. Legal disputes with material exposure shall be assessed with privilege protection.
4. Consolidated reports shall explain fiscal effects.

Article 52 — Public debt and guarantees

1. Borrowing, guarantees and on-lending are governed by the Government Borrowing and Public Debt Act.
2. The Treasury shall maintain a complete debt and guarantee register.
3. No entity may borrow or pledge public assets without statutory authority.
4. Debt information shall reconcile with the budget and accounts.

Article 53 — Public-private partnerships

1. A public-private partnership requires appraisal, affordability, competitive procurement, risk allocation and approval under law.
2. The full lifecycle obligation and beneficial ownership shall be disclosed.
3. A transaction shall not be used to evade debt or appropriation controls.
4. Performance and renegotiation shall be reported.

Article 54 — Public enterprises

1. The Minister shall publish an ownership and fiscal-risk report for public enterprises.
2. Enterprises shall have clear mandates, professional boards, accounts, audit and dividend policies.
3. Subsidies, guarantees and quasi-fiscal activity shall appear in the budget.
4. Commercial form does not remove public accountability.

Article 55 — Natural-resource revenue

1. Revenue from minerals, fisheries, land, energy and other natural resources shall be assessed, received and reported comprehensively.
2. Contracts, beneficial ownership, production, royalties and State interests shall be disclosed subject to narrow lawful protection.
3. Stabilization or savings funds require Assembly Acts.
4. Intergenerational value and environmental liabilities shall be considered.

Article 56 — Fiscal risk statement

1. The annual budget shall include a quantified fiscal-risk statement covering macroeconomic shocks, debt, guarantees, enterprises, litigation, disasters, pensions, projects and financial-sector exposure.
2. Probability ranges and mitigation shall be stated where practicable.
3. Material new risk shall be reported during the year.
4. Classification shall not suppress aggregate exposure.

CHAPTER VIII
ACCOUNTING, REPORTING AND INTERNAL CONTROL

Article 57 — Accounting standards

1. Public accounts shall follow standards prescribed by the Chief Accountant consistently with recognized public-sector practice.
2. The basis of accounting and transition shall be disclosed.
3. Uniform classifications shall link budget, treasury, procurement, payroll, debt and assets.
4. Manual records shall be reconciled to digital systems.

Article 58 — Internal control

1. Each accounting officer shall maintain controls proportionate to risk, including authorization, segregation, reconciliation, access, continuity and fraud response.
2. Controls shall be documented and tested.
3. A control override requires lawful exceptional authority and audit trail.
4. Management remains responsible notwithstanding audit.

Article 59 — Internal audit

1. Every major entity shall have an independent internal-audit function or shared service.
2. It shall have unrestricted access and report functionally to an audit committee.
3. Plans shall be risk-based and findings tracked.
4. Internal audit shall not approve transactions it later audits.

Article 60 — Audit committees

1. A major entity shall have an audit and risk committee with a majority of qualified independent members.
2. The committee shall review controls, accounts, risks, internal audit and external-audit response.
3. It shall not manage operations.
4. Minutes and an annual activity summary shall be maintained.

Article 61 — In-year reports

1. The Treasury shall publish monthly aggregate and quarterly detailed budget-execution reports within thirty days after period end.
2. Reports shall compare budget, releases, commitments, expenditure, revenue, financing and results.
3. Variances and arrears shall be explained.
4. Entity-level data shall be available in reusable format.

Article 62 — Annual financial statements

1. Each accounting officer shall submit annual statements within three months after year end.
2. The Treasury shall submit consolidated whole-of-government statements within six months.
3. Statements shall include budget comparison, cash flow, assets, liabilities, commitments, contingencies and notes.
4. The responsible officer shall certify completeness and disclose known irregularity.

Article 63 — Annual performance report

1. Each entity shall report outputs, outcomes, procurement, staffing, projects and reasons for material variance.
2. Performance information shall be reliable and linked to expenditure.
3. Failure to meet a target shall be explained honestly.
4. Reports shall be published with financial statements.

Article 64 — External audit and Assembly review

1. All public entities and resources are subject to the Auditor General Act.
2. The Treasury and entities shall provide timely unrestricted lawful access.
3. The National Assembly shall consider audit reports and require corrective responses.
4. Management shall track and publish implementation of recommendations.

CHAPTER IX
INFORMATION SYSTEMS, TRANSPARENCY AND INTEGRITY

Article 65 — Integrated financial system

1. The Treasury shall maintain a secure integrated public financial management information system.
2. The system shall cover budget, commitment, payment, revenue, assets, accounts and reporting and interoperate lawfully with procurement, payroll and debt systems.
3. Every transaction shall have unique identity and audit log.
4. Offline continuity shall preserve controls and later reconciliation.

Article 66 — Cybersecurity and data

1. Financial systems shall apply access control, encryption, backup, incident response and independent testing.
2. Personal and commercially sensitive data shall be protected under law.
3. A material breach shall be reported and contained promptly.
4. Cybersecurity shall not justify hiding fiscal totals or public contracts.

Article 67 — Public fiscal portal

1. Budgets, reports, appropriations, transfers, contracts, debt and other public fiscal information shall be available through a free searchable portal.
2. Data shall be timely, accessible and downloadable.
3. A non-digital access route shall remain available.
4. Authentic versions and corrections shall be preserved.

Article 68 — Artificial intelligence and automation

1. Automated tools may assist forecasting, anomaly detection and administration.
2. Human officials remain responsible for decisions and verification.
3. A system shall be tested for accuracy, bias, explainability and security.
4. No automated output alone may impose personal liability or deny a lawful payment without review.

Article 69 — Conflicts and gifts

1. A financial official shall disclose interests, recuse and comply with ethics law.
2. A person shall not participate in a transaction benefiting a related interest.
3. Gifts, commissions, kickbacks and facilitation payments are prohibited.
4. Beneficial ownership shall be verified where material.

Article 70 — Protected disclosures

1. An official or other person may report suspected financial wrongdoing through protected channels.
2. Retaliation is prohibited.
3. Reports shall be assessed independently and evidence preserved.
4. Knowingly false malicious reporting may be addressed under general law without chilling good faith.

CHAPTER X
IRREGULARITIES, RESPONSIBILITY AND REMEDIES

Article 71 — Irregular expenditure

1. Irregular expenditure includes spending without authority, contrary to purpose or through material control breach.
2. The accounting officer shall record, contain, investigate and report it.
3. Recording does not validate the expenditure.
4. Recovery and corrective action shall distinguish fraud, negligence and system failure.

Article 72 — Unauthorized commitment

1. A person who knowingly commits public money without authority may be subject to discipline, surcharge or civil recovery under due process.
2. The State's obligation to an innocent counterparty shall be determined by contract and public law.
3. Ratification requires lawful appropriation and reasons and shall not erase misconduct.
4. Material cases shall be reported to the Assembly and Auditor General.

Article 73 — Loss and recovery

1. Loss, theft, overpayment and damage shall be quantified and recovery pursued where economical and fair.
2. Recovery from salary or property requires notice and lawful procedure.
3. A write-off requires delegated authority, reasons and reporting and does not extinguish criminal liability.
4. Insurance and restitution shall be credited.

Article 74 — Disciplinary and criminal referral

1. A credible breach shall be referred to the appropriate disciplinary or investigative authority.
2. The Treasury shall not determine criminal guilt.
3. The Advocate General shall exercise independent prosecution functions under law.
4. Administrative action shall preserve fair trial and evidence.

Article 75 — Surcharge

1. A court or lawfully constituted tribunal may surcharge an official for intentional or grossly negligent financial loss.
2. The official has notice, evidence, hearing, representation and appeal.
3. Amount shall reflect causation, contribution, mitigation and ability as law provides.
4. Good-faith policy judgment is not surcharge merely because it failed.

Article 76 — Civil and judicial remedies

1. The State may seek injunction, restitution, tracing, declaration and compensation.
2. A supplier, employee or beneficiary may challenge unlawful financial action in a competent court.
3. Courts may preserve public assets and order transparent compliance.
4. Remedies under procurement, tax, employment and criminal law remain available.

CHAPTER XI
LOCAL GOVERNMENT AND PUBLIC BODIES

Article 77 — Local government finance

1. Local governments are governed by this Act subject to the Local Government Act and lawful fiscal autonomy.
2. They shall adopt budgets, controls, accounts and reports consistent with national standards.
3. Transfers shall be predictable and transparent.
4. National supervision shall be lawful, proportionate and reviewable.

Article 78 — Statutory bodies and funds

1. A statutory body shall comply unless its establishing Act provides a specific constitutionally justified arrangement.
2. Its governing board and accounting officer are responsible for finance and reporting.
3. Own revenue and donor funds remain public money where applicable.
4. Consolidation and audit boundaries shall be clear.

Article 79 — Classified and security entities

1. Security, defence and intelligence finances are fully governed and auditable.
2. Protected annexes and cleared personnel may safeguard legitimate secrets.
3. Classification shall not conceal unlawful spending, private benefit or aggregate fiscal effect.
4. The responsible Assembly committee shall receive protected oversight information.

Article 80 — Foreign grants and aid

1. A foreign grant, loan or technical-assistance agreement affecting public finance shall be approved under treaty, borrowing and budget law.
2. All cash and in-kind support shall be valued and reported.
3. A donor condition cannot displace the Constitution, procurement or audit.
4. Parallel accounts shall be integrated or fully reconciled.

CHAPTER XII
TRANSITIONAL AND FINAL PROVISIONS

Article 81 — Opening balance sheet

1. Within twelve months, the Treasury shall prepare an opening balance sheet of cash, accounts, assets, debt, arrears, guarantees and major contingencies.
2. Entities shall certify submissions and preserve evidence.
3. Uncertainty shall be disclosed rather than concealed.
4. The Auditor General may audit the opening position.

Article 82 — Bank-account and commitment census

1. Every public entity shall disclose all bank accounts and outstanding commitments within sixty days.
2. The Treasury shall freeze or close unauthorized accounts under fair transitional procedure.
3. Legitimate third-party and institutional interests shall be protected.
4. Concealment is serious misconduct.

Article 83 — Phased implementation

1. The Minister shall publish a costed three-year implementation plan for systems, standards, training and reporting.
2. Core legality, appropriation, bank-account, commitment and transparency rules apply immediately.
3. Phasing shall not authorize secret or unrecorded finance.
4. Progress shall be reported quarterly.

Article 84 — Capacity and professionalization

1. Public finance positions shall have merit-based qualifications and continuing education.
2. Existing staff shall receive fair assessment, bridging and training.
3. Lack of party or military service shall not disadvantage a candidate.
4. Professional certification may be recognized proportionately.

Article 85 — Regulations and Treasury instructions

1. The President may issue regulations on executive financial administration on recommendation of the Minister.
2. The Minister may issue Treasury instructions within this Act.
3. Neither may create tax, borrowing, appropriation, offence or exemption beyond an Assembly Act.
4. Generally applicable instruments shall be consulted upon and published.

Article 86 — Review of prior instruments

1. The Minister, Advocate General and Auditor General shall review prior budget, treasury, accounts, property and financial instruments within twelve months.
2. Verified repeal, consolidation and savings shall be proposed.
3. Authentic enacted text shall not be silently changed.
4. Unpublished authority to spend or retain money has no effect.

Article 87 — Repeal and savings

1. Prior public-finance instruments are repealed only when identified by verified number, year and title in the statute-law revision schedule.
2. Lawful appropriations, contracts, claims, accounts and employment interests continue subject to this Act.
3. Secret funds, personal public accounts and unreviewable spending authority are not preserved.
4. Existing instructions expire within eighteen months unless lawfully remade.

Article 88 — Commencement

1. This Act enters into force ninety days after publication in the Gazette.
2. Articles 4, 10, 16, 35 to 37, 43, 44, 51, 57, 62, 64, 70 and 79 apply immediately.
3. The first full budget under this Act shall be the financial year beginning after at least six months of preparation.

Made at Asmara, this ___ day of __________ 2026.

THE NATIONAL ASSEMBLY OF ERITREA