

PREFACE

The Ministry of Finance Economic Planning and Development is required under sections 13 & 83 of the Public Financial Management Act (PFMA 2003) to prepare financial reports, financial statements and the associated information in accordance with General Accepted Accounting Practices (GAAP).

In compliance with the legislative requirement, I am pleased to report that the financial statements have been prepared in accordance with the PFM Act, 2003 and International Public Sector Accounting Standards (IPSAS) Cash Basis Stage 2, which incorporating financial assets and liabilities.

The principle objective of the Consolidated Financial Statements is to account and report to the National Assembly the revenue performance (for both tax and non-tax revenue), grants and loans received and the expenditures (recurrent and development) incurred in a defined accounting period.

The Consolidated Financial Statements have provided the performance on Revenues, Grants, and Loans that consist of Domestic Revenues, Program Grants, Dedicated Grants and Project Grants. Total Revenue, Grants, and Loans for the year ending 30th June 2019 were initially approved at **K1, 268 Trillion** and at mid-year review; the revised budget was **K1, 203 Trillion**. The actual revenue and grants received amounted to **K1, 144 Trillion**.

I further report that recurrent expenditures were budgeted at **K1, 136 Trillion** but later revised upwards to **K1, 174 Trillion**. The actual out-turn was **K1, 106 Trillion**. This represents 94% actual expenditure against the revised budget.

The Government will continue to champion a number of reforms in the Public Financial Management Systems (PFMS), such as migration to Electronic Funds Transfer (EFT). In addition, the Government continues to invest in operational efficiency and controls in the current IFMIS. In this regard, servers and network infrastructure to support IFMIS operations have been installed and preparations for migration to new IFMIS are underway. The review of the Public Finance Management Act (PFMA) 2003 is still in progress.

I would like to confirm that the Government has procured a new IFMIS platform to replace the current IFMIS that will support further reforms in the PFMS for instance system integrations and

automations; decentralization of financial management systems; the payment systems and the digitalization of the government financial records.

The Government will continue to promote prudent public management and accountability through the provision of quality and timely financial reporting.

To the best of my knowledge, these financial statements fairly presents the public funds of the Government of the Republic of Malawi as at 30th June 2019 and its operations for the financial year ended on that date.

Hon. Joseph Mwanamveka (MP)

MINISTER OF FINANCE, ECONOMIC PLANNING AND DEVELOPMENT