

# **NOTES OF EXPLANATIONS AND ELABORATION TO THE PUBLIC ACCOUNTS**

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The numbered notes that follow relate directly to the content of the financial statements above and are numbered accordingly.

### **1. General Information**

The Financial Statements depicts the financial performance of the Government of Sierra Leone for the financial year ended 31<sup>st</sup> December 2013 on the basis of moneys received by, held in or paid out of the Consolidated Fund including amounts allocated to Projects during the year under review. The Government through the Accountant General's Department (known as the Treasury) operates a centralised treasury function that accounts for moneys collected by the National Revenue Authority and administers cash expenditures incurred by all ministries, departments and agencies (MDAs) during the financial year. The amounts appropriated to the MDAs are not controlled by the MDAs but are deployed on their behalf by the Treasury on presentation of appropriate documentation and authorisation. Thus, the amounts reported as allocations/appropriations in the Statement of Cash Receipts and Payments are those the Treasury has expended for the benefit of the MDAs.

In effect, the Annual Public Accounts of the Government of Sierra Leone include the results of financial operations of all its Ministries, Departments and Agencies that were processed through the National Treasury and Other Public Funds relating to Donor Funds, especially Donor financed Development Projects, Receipts and Payments submitted in respect of their operations during the financial year 2013 has been included in the Financial Statements.

### **2. Summary of Significant Accounting Policies**

The following accounting policies have been applied in dealing with items which are considered material in relation to the Annual Statement of Public Accounts.

#### **(a) Basis of preparation**

The Financial Statements of the Central Government has been prepared using cash basis of accounting in compliance with International Public Sector Accounting standard (IPSAS).

Revenues are reported in the period in which they are received and expenditures for Government operations are recognised when goods and services are received.

#### **(b) Depreciation**

No depreciation has been provided for as fixed assets are written off in the year of acquisition

#### **(c) Staff Loans and Advances**

Loans and Advances to government employees are recorded on a historic cost basis without any provision for diminution in value.

**(d) Investments in Public Enterprises**

Investments in Public Enterprises have been included in the accounts at the Government's Share of their nominal values as the Costs and Open Market Values of those Shares are not available.

**(e) Classification of Accounts**

The Public Accounts are classified in the same form as the National Budget and in accordance with the approved Chart of Accounts

**(f) Foreign Currency Translation**

The functional and reporting currency is Leones. Transactions in currencies other than Leones are translated into Leones at the prevailing rate of the transaction.

Assets and Liabilities denominated in foreign currencies are translated using the closing rates of exchange at the end of the year. Any resulting foreign exchange gains or losses are taken up in the General Revenue Account.

**3. Taxation**

The amount of Le1,833 billion represents total tax collected from various sources and paid into the consolidated fund for the year 2013.

In Millions of Leones				
	Actual 2013	Estimates	Variance	Percentage Variance
PAYE- GOVERNMENT EMPLOYEES	101,646	55,917	45,729	82%
PERSONAL INCOME TAX	793,563	111,572	681,992	611%
WITHHOLD.TAX	9,335	13,166	(3,831)	-29%
IIMPORT DUTIES	484,443	405,565	78,878	19%
GOODS AND SERVICE TAX	443,710	360,803	82,907	23%

TOTAL TAX RECEIPT	1,832,697	947,022	885,675
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Detail analysis is provided in Appendix A

#### 4. Non-Tax

The amount of Le 478,823 billion represent amount collected from various sources (See Appendix A).

#### 5. Other Receipts

##### Staff Loans and Advances

The amount of Le560 million represents the total repayment during the year of Loans outstanding balance of loans and advances given to employees of Government as well as Members of Parliament.

##### Project and Subvented Agencies

The total amount of Le 1,250,150 million for PIUs and Subvented Agencies includes direct disbursements to projects and Government of Sierra Leone grants and counterpart funding during the year as follows:

In millions of Leones	
	2013
External Grants	615,628
Gosl Transfer	634,522
	<b>1,250,150</b>

#### 6. External Assistance

In millions of Leones (unless otherwise stated)

Details	Budget	FY 2013	
		Actual	Variance
<b>GRANTS</b>			
HIPC Debt Relief Assistance	19,985.00	8,222.54	11,762.46
Other External Budgetary Assistance	178,932.00	302,428.06	(75,389.06)

UK DFID	94,874.00	<b>£13.62</b>	91,613.07	3,260.93
European Union	58,577.00	<b>€28.19</b>	165,616.60	(107,039.60)
African Development Bank	29,200.00		-	29,200.00
IBRD	-			-
IDA	-	<b>\$7.47</b>	32,075.05	(32,075.05)
Peace Building Fund	44,388.00			44,388.00
Japanese				-
Other Projects	-	<b>\$3.06</b>	13,123.34	(13,123.34)
MDRI Fund Transfer	-			-
Petroleum Strategic Fund Transfer	-		-	-
<b>Total Grants</b>	<b>198,917.00</b>	<b>-</b>	<b>310,650.59</b>	<b>(63,626.59)</b>

## 7. Other Borrowings

The amount of Le364,664 million represents loans disbursed to projects during the year 2013.

The amount of Le34,657 million is the net of treasury bearer bonds issued and matured during the year. Appendix J shows the details of the movement within the year.

The amount of Le305,802 million is the net of treasury bills issued and matured during the year. Appendix I shows the details of the movement within the year.

## 8. Payments

### Wages, Salaries and Employee Benefits (See Appendix C)

The amount of Le51,338 million for Pensions, Gratuities and Other Retirement Benefits represents mainly payments made in the form of Gratuities and Pensions to Employees that have retired before 2002 in the case for pensions and those that retired in 2013 and beyond only gratuities are paid, also a total of Le79,403 million was paid out as government contributions to social security for public workers

In millions of Leones	
	<b>2013</b>
Wages and Salaries	1,073,892
o/w Charged Emoluments	
Education	326,374
Health	110,631

Public Order and Safety	91,678
Defence	69,977
Recreation, Culture and Safety	-
Economic Services	59,996
General Public Service	221,193
Foreign Missions	51,765
Local Councils	5,750
Others	5,787
Social Security Contributions	79,403
Pensions, Gratuities and Other Retirement Benefits	51,338

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### **Non-salary, non-interest recurrent expenditure (See Appendix D)**

In millions of Leones	
	<b>2013</b>
Non-Salary, Non-Interest Recurrent Expenditure	854,046
o/w Education	145,803
Health	38,067
Defence	63,298
Police	60,045
Agriculture	18,849

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### **Domestic Development Expenditures (See Appendix F)**

The total amount of Le 373,389million (Le 412,912 million 2013) for Domestic Development Expenditure represent the Government contribution to various Development Projects.

## **9. Loans and Interest Payments**

In millions of Leones	
	<b>2013</b>

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Interest on Ways and Means	4,796.91
Interest on Treasury Bills	214,596.04
Interest on Treasury Bearer Bonds	55,259.77
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Interest on NNIB Securities	274,653.72
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### **Loan Repayments**

In millions of Leones

	<b>2013</b>
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Principal Repayment	86,706
Ways and Means Repayments	46,832
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	<b>133,538</b>
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### **10. Other Payments**

Staff Loans and Advances of Le817 million represents loans issued to employees of Government as well as Members of Parliament during the year. Wages arrears of Le 6,441 million represents payments to employees for previous years. This amount has been reported separately. See appendix C on wages, salaries and employee for details. Parastatal and Domestic arrears of Le 1,000 million and Le 17,215 million respectively, represent amount owed but paid during the year 2013. This amount has been reported separately. See appendix D on non-salary, non-interest recurrent expenditures for details.