Art72/MFIN/DIR/03/2007

26th June, 2007

Chairman
CEO

Ministry of Finance Directive to the Public Sector
Defining Ownership of Assets and Liabilities when New Public Sector Organisations are Established

In the light of the ongoing restructuring taking place within the public service, it is considered necessary to give clear policy direction in regard to the ownership of assets and liabilities that may be subject to transfer from Government Departments to newly set up public organisations. This requirement is all the more essential in view of the increased relevance of balance sheet items within the context of the accruals accounting methodology, aspects of which are being increasingly resorted to.

With immediate effect, therefore, whenever new public organisations are established to take over responsibilities, in part or otherwise, from Government Departments/Ministries, an official Memorandum of Understanding (MOU) shall be drawn up, as per Annex A, attached to this Directive, between the parties concerned, clearly identifying the assets (both tangible and financial) and liabilities, that will be taken over by the new organization, as well as those that will be retained by the respective Government Department/Ministry.

This procedure will ensure that ownership of assets and responsibility for the collection of dues and the settlement of liabilities are clearly identified, whilst facilitating and speeding up the accruals accounting reporting process

A copy of the MOU is to be submitted to the Treasury Division and the Financial Management Monitoring Unit within the Ministry of Finance.

Alfred Camilleri
Permanent Secretary
c.c. Permanent Secretary