

Publish in one volume complete rules and regulations for guidance of customs officers.

Publish weekly decisions of Secretary or Treasury affecting customs.

Consolidate into one Bureau of Internal Revenue the following bureaus: Administracion del Impuesto de Licores, the Direccion General de Catastro and the Seccion de Ingresos.

Place Bureau of Internal Revenue under an Administrator General of demonstrated executive ability.

Reorganize force of liquor inspectors.

Transfer alcohol rectification plant to new Bureau of Internal Revenue.

Collect retail liquor taxes in advance, quarterly instead of monthly.

Assess lands and buildings separately in cities.

Enter all exempted real property on tax lists.

Collect real estate tax- semi-annually instead of tri-annually -- and on a fiscal year instead of a calendar year basis.

Transfer custody of customs and internal revenue stamps to immediate office of Secretary of Finance and Treasury.

Place all collectors of internal taxes under Bureau of Internal Revenue.

#### Detailed Discussion of Expenditures. (B)

Place Members of the National Assembly on a salary basis not exceeding B.750.00 per annum.

Abolish contract method of feeding prisoners in jail and substitute Government operation.

Discontinue policy of paying salaries to notaries.

Revise the postal rates.

Discontinue allowing discount on the sale of postage stamps.

Establish regular audit of post office accounts.

Reduce to a minimum the number of free messages on telegraph and telephone lines.

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Establish practice of appropriating funds for the several government offices for telegraph and telephone expense, and reimbursing the Telegraph and Telephone Office from these appropriations.

Revise the telegraph rates.

Reorganize the Public Health ~~Officer~~ Service.

Reorganize secondary schools to provide full time staff of teachers.

Abolish schools of law, civil engineering and pharmacy.

Curtail support of Panaman students in secondary schools and foreign schools.

Establish higher standards for teachers.

Place greater emphasis on vocational training.

Appoint a business manager of the Department of Public Instruction.

Abolish the present practice of the Government entering into contracts for urbanizing the suburbs of Panama.

Revise methods of awarding contracts for public lighting.

Establish the principle that municipalities should share in the cost of public lighting.

#### Suggested Changes in Revenue System. (B)

Reduce gradually the import duties, with the exception of those on liquors and tobacco.

Establish a comprehensive specific tariff schedule.

Increase gradually the real property tax rate.

Revise the administrative procedure of the tax on inheritances and gifts.

Revise the stamp taxes.

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#### APPENDICES

Appendix A.PROPOSED ORGANIC BUDGET LAW (A)

Article 1. The National budget shall be transmitted by the President of the Republic to the National Assembly within the first ten days of the regular biennial session. The budget shall be presented in the form of a project of law, which shall be printed and distributed to all the members of the Assembly.

Article 2. The budget shall contain in one document an estimate of all the receipts that will be collected and the expenditures that will be required to carry on the business of the National Government during the fiscal biennium beginning with January 1st following the ordinary convening of the Assembly. Estimated receipts and expenditures shall be stated in gross sums without deductions of any kind.

Article 3. The fiscal period shall begin January 1st and end December 31st of the following year. For the purpose of liquidating the accounts pending at the close of each fiscal period, there is hereby established a supplemental period beginning January 1st and ending April 30th of the same year, during which period there shall be continued the collection of revenues pertaining to the previous fiscal period and the payment of liabilities incurred in that period. The revenues collected in the supplemental period and which belongs to the previous fiscal period shall be applied to the payment of the liabilities incurred in that period, which were pending payment at its close.

Article 4. No expenditures for any fiscal period shall be charged to the appropriations for any other fiscal period.

Liabilities which are properly chargeable to the fiscal period in which they have been incurred, and which are awaiting payment at the close of business on its closing date (December 31st) shall be payable in the supplemental period

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ending April 30, as provided in the preceding article: Liabilities properly incurred in a fiscal period but which have not been paid prior to April 30th following the close shall require new appropriations in a subsequent budget before they may be paid. Such liabilities pending payment at the close of the supplemental period shall be reported in detail to the President of the Republic. On April 30th following the close of the fiscal period all appropriation accounts for the preceding fiscal period shall be closed and all the revenues of that fiscal period uncollected on April 30th of the supplemental period following shall, if and when collected, be considered a part of the general fund of the period in which collected.

Article 5. The budget shall be divided into three parts. The first part shall consist of a summary of the budget of receipts and of expenditures; the second shall be the detail of the budget of receipts; and the third shall be the detail of the budget of expenditures.

Article 8: The budget of expenditures shall be based upon the budget of receipts and shall not exceed it.

Article 7. The budget of expenditures shall be considered as the estimate of the amounts required to carry on the government services included therein.

Article 8. When the annual budget has been approved and promulgated as provided by law, it shall be known and published, as the Ley de Los Presupuestos de Rentas y Gastos de la Republica de Panama.

Budget of Receipts. (C)

Article 9. The budget of receipts shall be divided into two parts. The first part shall contain the biennial provisions respecting public receipts, which the Government may consider necessary to include therein. These provisions shall not create new taxes nor modify nor suppress existing taxes.

Article 10. The second part of the budget of receipts shall contain the individual items of estimated receipts classified by main sources as

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follows:

- (a) National property (Propiedades nacionales)
- (b) National services (Servicios nacionales)
- (c) Taxes (Impuestos directos e indirectos)
- (d) Miscellaneous receipts (Ingresos varios)

The budget of receipts shall cite the laws in force authorizing the collection of revenues and other receipts.

Article 11. Miscellaneous receipts shall include amounts which it is estimated the National Government will receive from general sources, not included in (a), (b), or (c) of the preceding article, and shall cover among other things:-

- (1) Lottery receipts
- (2) Interest on the Constitutional Fund
- (3) Canal annuity
- (4) Reimbursements to the Government on account of payments improperly paid.

Article 12. The estimated proceeds from foreign or domestic loans, and similar transactions, shall not appear in the budget of receipts.

Article 13. The estimate of receipts for the biennium shall not exceed twice the average of the actual receipts of the three preceding completed calendar years plus 5 per cent of that average; except that, where it appears that additional revenues will be collected as the result of amendments or changes already made in the laws, such additional revenues shall be included as a separate item, after computing the above mentioned estimate, which cannot exceed twice the average for the three preceding completed calendar years, plus 5 per cent of that average.

The estimate of receipts, subject to the limitations provided in the preceding paragraph, shall be accepted unless there is, in the opinion of the President of the Republic, justification for a lower estimate, in which case

the President shall give his reasons for such opinion in his message accompanying the budget.

Article 14. All receipts from whatever source derived shall be covered into a single general fund to meet the expenditures of the National Government, with the exception of the proceeds of the National Lottery, which, after payment of the operating expenses of the Lottery, shall be used for the support and encouragement of Public Welfare, Public Health and Public Education.

Article 15. No item shall be included in the budget of receipts unless it represents an estimate of the receipts expected to be obtained from a definite source stated in the item.

Budget of Expenditures. (C)

Article 16. The budget of expenditures shall be divided into two parts. The first shall contain the provisions or regulations relative to public expenditures which in the opinion of the President should be included in the biennial budget law. The second part shall contain the estimated expenditures required to carry on the government services for the fiscal biennium to which the budget of expenditures corresponds.

Article 17. Expenditures shall be divided into sections, (secciones) corresponding to the respective departments and independent offices. The sections (secciones) shall be divided into chapters (capitulos) which shall include all related services, and chapters shall be divided into items (partidas) numbered in a single series for the entire budget. For this purpose a block of numbers shall be assigned to each section (seccion) of the budget of expenditures, making due allowance for items (partidas) that may be authorized by additional credits during the fiscal period.

Article 18. Expenditures shall be stated in detail in accordance with the classifications required by articles 17 and 25 of this law, and the credits opened for such expenditures, as well as additional credits passed in accordance

with the provisions of this law, shall be applied exclusively to the objects for which they have been appropriated.

Article 19. No item shall be included in the budget of expenditures unless it is supported by an amount estimated to be required for the purpose or object stated in the item. For the payment of contingent expenditures (*gastos imprevistos*), definite sums shall be stated, which shall not exceed for any department or independent office 2 per cent of its expenditure budget. Public debt service charges shall not be included as expenditures in calculating this limitation.

Article 20. The budget of expenditures shall not exceed the budget of receipts.

Article 21. The Assembly may reduce or eliminate any item of expenditures proposed by the President; but motions to increase an item or insert a new one shall only be heard on three days notice to the Secretary of the Treasury. Upon receipt of such notice, the Secretary shall obtain from the Comptroller General an opinion in writing on the need of the proposed expenditures and the availability of the funds thereof. Such opinion shall be immediately published in the Official Gazette and in one daily newspaper of general circulation in the Republic, and presented to the Assembly on the day of the hearing.

Article 22. The budget law shall contain no legislation except that affecting the availability of appropriations carried in the budget and the manner of obligating and expending such funds.

#### Formation of the Budget. (C)

Article 23. In the formation of the budget each Secretary shall prepare and transmit to the President of the Republic, not later than June 30, every two years, an estimate of the expenditures required for the next fiscal biennium. Such estimate shall be in comparative form, and shall include the actual expenditures



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tures for the current fiscal biennium, and the amounts estimated for the succeeding fiscal biennium, classified in accordance with the main classification prescribed in article 17 and such detailed classification of items as may be prescribed in accordance with article 25 of this law, and said estimate shall cite the law, contract or other provision, if any, which authorizes the expenditure.

Article 24. The Comptroller General, under the general direction of the President of the Republic, shall assemble and correlate the estimates of expenditures submitted by the Secretaries and shall prepare the draft of the biennial and, budget bill and of any additional credits, as authorized by this law, with the approval of the President, shall introduce such changes in the estimates of expenditures as the estimated receipts and the financial condition of the country may seem to require in order to assure a balanced budget.

Article 25. The Comptroller General, under the general direction of the President of the Republic, shall prescribe, in regulations covering the subject, the detail in which the items of expenditures shall be stated in the estimates of expenditures presented for the preparation of the biennial budget.

Article 26. The President of the Republic shall transmit with the biennial budget a report concerning the financial condition of the country, the condition of its credits, and a general outline of the fiscal policy of the National Government.

#### Additional Credits (C)

Article 27. Should the necessity arise, during a recess of the Assembly, to make an expenditure, which in the judgment of the President of the Republic cannot be avoided, and for which no appropriation or an insufficient appropriation has been made, an additional credit to the budget of the department concerned may be authorized. Such additional credits shall be authorized by the Cabinet Council, under the joint responsibility of the whole Cabinet, in accordance with the Constitution.

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Additional credits shall be of two kinds to be known respectively as "Extraordinary Credits".

Article 28. Supplemental credits shall be those authorized to increase existing appropriations when the latter have proved to be insufficient for the requirements of the services for which they were appropriated.

Article 29. Extraordinary credits shall be those authorized in case of internal disorder, conflagrations, foreign aggression, plague or other public calamity.

Article 30. When it is desired to obtain the opening of an additional credit, the Secretary concerned shall submit to the Cabinet Council, through the Comptroller General, a report, which in the case of a supplementary credit shall contain:-

- (a) Amount of the original credit
- (b) Total amount drawn against such credits, with an explanation of the principal purposes for which the expenditures were made.
- (c) Particulars of encumbrances still unpaid, chargeable to the original credit.
- (d) Balance unexpended in the original credit.
- (e) Balance unencumbered in the original credit.
- (f) Reasons why the original credit has become insufficient and detailed statement of individual expenditures proposed.

In the case of an extraordinary credit, the report of the Secretary concerned shall contain:-

- (a) Detailed statement of the proposed expenditure.
- (b) Justification of the proposed expenditure, indicating fully its urgency, and the injury which would result to the country if the expenditure were not made.

The Comptroller General shall verify the statements contained in the said report and shall express his opinion in writing as to the advisability of granting such additional credits and indicating the sources of the funds necessary to cover them. The report of the Secretary proposing the supplementary credit

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and the opinion of the Comptroller General shall be immediately published in the Official Gazette and in one daily newspaper of general circulation in the Republic.

No supplemental credit may be authorized by the Cabinet Council for any item which has been expressly denied by the National Assembly.

In no case shall supplemental credits disturb the equilibrium of the budget.

No additional credit, after approval of the Cabinet Council, shall become effective until notice thereof shall have been received by the Comptroller General.

Article 31. The President of the Republic shall present to the regular session of the National Assembly, together with the budget, a statement of all additional credits authorized during the recess of the Assembly by the Cabinet Council, for the approval thereof, in accordance with the Constitution.

Such statement of additional credits shall be accompanied by certified copies of all the documents prepared in connection with the authorization of the credits.

Article 32. No additional credit shall be authorized by the National Assembly except upon the formal request of the President of the Republic.

Article 33. The same procedure shall be followed in connection with the authorization of additional credits by the National Assembly as is required by article 30 for the authorization of such credits by the Cabinet Council.

Article 34. No additional credit nor any law involving the expenditure of public funds shall be passed by the National Assembly unless the Assembly shall at the same time provide for the funds whereby such credit or law shall be financed.

#### Revenue Bills (C)

Article 35. No bill shall be passed by the National Assembly which shall repeal any law the revenues from which are included in the budget law of the current or of the following fiscal biennium, unless the Assembly shall provide

at the same time new revenues to replace those discontinued by the repeal of such law, or unless it is provided in such repeal bill that its repeal provisions shall not take effect until after the close of the fiscal period covered by the budget law.

#### Approval of the Budget (C)

Article 36. If the budget has not been approved by the National Assembly before the opening of the fiscal biennium for which it has been prepared, the budget law of the preceding fiscal biennium shall continue to be in force, in accordance with the Constitution.

#### General Provisions (C)

Article 37. The first budget to be prepared under the provisions of this law shall be for the fiscal biennium January 1, 1931 to December 31, 1932.

Article 38. For the eighteen months' period July 1, 1929 to December 31, 1930, the President of the Republic is hereby empowered to authorize by Executive Decree a budget, the authorized expenditures of which shall not exceed the estimated receipts for the period.

Article 39. The estimate of receipts for the period July 1, 1929 to December 31, 1930 shall not exceed one and one-half times the average of the actual receipts of the three preceding completed calendar years, plus 5 per cent of that average; except that, where it appears that additional revenues will be collected as the result of amendments or changes already made in the laws, such additional revenues shall be included in the estimate.

Article 40. All the provisions relating to the expenditure of funds contained in this law and in the law creating the Office of Accounting and Fiscal Control (Contraloria) shall apply to the expenditures for the eighteen month's period July 1, 1929 to December 31, 1930.

Article 41. All laws and parts of laws inconsistent with this law are hereby repealed.

Article 42. This law shall go into effect on the same date as the law creating the Office of Accounting and Fiscal Control (Contraloria).

APPENDIX BPROPOSED LAW (A)

Relating to the Reorganization of the Government Accounting  
and Auditing Procedure and the Creation of the Office of  
Accounting and Fiscal Control.

Organization of the Office of Accounting and Fiscal Control. (B)

Article 1. There is hereby created an office of Accounting and Fiscal Control, which shall be known as the Contraloria and shall be so designated hereafter in this law. It shall be an independent office in the executive branch of the Government responsible only to the President of the Republic.

Article 2. The Contraloria shall be in charge of an official to be known as the Comptroller General of the Republic, who need not be a citizen of Panama, and who shall be qualified by training and experience in fiscal matters and in accounting. He shall be appointed by the President with the approval of the National Assembly. His period of office shall be four years, coterminous with that of the President of the Republic. He shall receive a salary of                      per annum. He may be reappointed.

The Comptroller General may not be removed from office except for malfeasance or misfeasance in office and only after the filing of formal and complete charges in the Supreme Court of the Republic. The Comptroller General shall be given full opportunity to answer these charges in writing or orally in open court.

Article 3. The Comptroller General shall have as assistant in the discharge of his duties a Deputy Comptroller General, who need not be a citizen of Panama, and who shall be appointed by the President of the Republic upon the recommendation of the Comptroller General. He shall receive a salary of                      per annum. He may be removed for cause by the President upon the

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recommenda<sup>400</sup>tion of the Comptroller General.

Article 4. The Deputy Comptroller General shall discharge such duties as may be assigned to him by the Comptroller General. He shall serve in the place of the latter in the event of disability due to sickness or other temporary cause, or, in the event of resignation or removal, until the vacancy shall have been filled.

Article 5. The Contraloria shall have such other officials and employees as may be required in the performance of its functions and duties. They shall be appointed by the President of the Republic upon the recommendation of the Comptroller General. They may be removed for cause by the President upon the recommendation of the Comptroller General. Their salaries shall be fixed by the annual budget.

Functions and Powers of the Contraloria. (B)

Article 6. The Contraloria shall be the central accounting and auditing office of the National Government. It shall;

1. Establish and maintain the controlling fund accounts and the controlling general accounts of the National Government.
2. Prescribe the system of accounts, accounting forms, documents and reports required or used by all departments and offices or services of the National Government.
3. Establish and maintain effective control over all cash, stamped paper, postage and other stamps, and other property, movable or immovable, belonging to or entrusted to the National Government, and in the care, custody or control of officials, employees or agents of the National Government.
4. Maintain accounts with all persons who receive and disburse funds or who have the care, custody or control of funds or property of any kind belonging to the National Government or for which the National Government is in any way responsible.
5. Establish regulations for the information and guidance of all persons who receive and disburse funds or who have the care, custody or control of funds or property of any kind belonging to the National Government or for which the National Government is in any way responsible.

6. Have exclusive jurisdiction over the examination and audit of all debts and claims in favor of or against the National Government, and in the examination and audit of accounts of agents, officials and employees who receive, disburse, or have the custody of funds and other property of the National Government or for which the National Government is in any way responsible. The balances certified by the Comptroller General shall be final and conclusive upon the executive branch of the National Government.
7. Prescribe the time and form in which all accounts shall be rendered to the Contraloria for audit and settlement.
8. Take the necessary measures to enforce the payment of all debts and obligations due the National Government.
9. Examine and verify, by personal inspection and otherwise, the cash, postage and other stamps, stamped paper, materials and supplies, equipment and other property of the National Government, wherever located, as well as inspect the management exercised by officials, employees or agents of the National Government; also the books, records, accounts and methods employed in connection therewith.
10. Examine and audit the books, records, accounts and documents of the Banco Nacional, of the municipalities, and of any organization, society, school, or other body receiving any monies toward its support directly or indirectly from the National Treasury.
11. Formulate the records necessary to establish the control over all revenues that accrue to the National Government.
12. Advise, in writing, the heads of departments and independent offices, of the expenditures or proposed expenditure of public funds or the proposed or actual use of public property, which in its judgment is unnecessary or superfluous.
13. Promulgate rules and regulations which, within the limits of statutory law, shall have the force of law, governing official travelling expenses incurred by government officials and employees, and, in general, governing the receipts, disbursements and legal disposition of funds and property of the National Government.
14. Promulgate from time to time upon its own initiative or upon request, decisions which, within the limits of statutory law, shall have the force of law, regarding the object or purpose of appropriations, loan funds, special funds or reserves, the legality of expenditures, and the disposition of public property.
15. Make investigations upon the request of the President of the Republic, of the administrative organization and methods of conducting business of any department or other independent office or of any organization receiving funds toward its support from the National Treasury or using the credit of the National Government.

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Article 7. The Comptroller General shall also discharge the duty, under the general direction of the President of the Republic, of preparing the draft of the biennial budget bill and of additional credits, in accordance with the provisions of the organic budget law.

Article 8. All bonds and other documents representing the public debt shall be countersigned by the Comptroller General, or by a person duly authorized to represent him. The signature of the Comptroller General or of the person designated by him shall be necessary to the validity of such bonds or documents before they are issued.

Article 9. The Comptroller General, or an official or employee designated by him for the purpose, shall be present and take part in the destruction of bonds or other evidence of public debt of the National Government, stamped paper, postage stamps, revenue stamps and other similar items, which have been ordered to be destroyed.

Article 10. The appointment of all officials, employees and agents of the National Government shall be registered in the Contraloria. For this purpose, the original or a certified copy of the decree or other document which appoints to the National service any person, shall be transmitted to the Contraloria by the head of the department or other independent office who has the power to make such appointments. The Comptroller General shall not approve the payment of any salary or other remuneration by way of salary to any person whose appointment has not previously been filed and registered in the Contraloria, or whose appointment does not comply with existing law and regulations. He shall disallow such illegal salary payments in the accounts rendered to the Contraloria for examination, audit, and settlement. The officer responsible for making such illegal payments shall be held responsible under his bond for the full reimbursement of the amounts illegally expended.



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Receiving and Disbursing Officers. (B)

Article 11. All officials, employees and agents of the National Government who receive and disburse, or who have the care, custody, or control of public funds, shall render monthly accounts in accordance with regulations promulgated by the Comptroller General with the approval of the Executive Power.

Article 12. All persons who have the care, custody and control of funds of the National Government shall be accountable for such funds in accordance with this law, and shall be responsible for all losses which may arise due to negligence or illegal use of such funds.

Article 13. All persons who are accountable for property of the National Government shall be responsible for the money value of such property in case of loss or serious damage due to negligence or to its improper or illegal use, whether or not the said property was in the personal custody of the accountable person at the time the loss or damage occurred.

Article 14. No official, employee or agent of the National Government shall be relieved of responsibility by alleging compliance with an order of a superior authority relating to a payment or to the disposition of funds or property for which he is responsible; but the superior who ordered such payment or disposition of funds or property shall be responsible in the first instance for the loss which the National Government may have suffered by his order.

Article 15. No official, employee or agent of the National Government shall be relieved of responsibility for the funds or property in his care, custody or control, except by the written certificate of the Comptroller General or of such person as he may designate for the purpose.

Article 16. Every official, employee or agent of the National Government, who collects or receives funds or revenues belonging to the National Government

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or for which the National Government is in any way responsible to others, shall issue a receipt therefor containing the details required by official forms which shall be approved by the Contraloria. No such receipt shall be required in the sale of postage stamps, stamped paper, market coupons, and similar property or documents, the value of which is charged to the issuing office in the accounts of the Contraloria.

#### Disbursement of Funds (B)

Article 17. All disbursements made in the city of Panama from funds of the National Government, or from funds under its control, shall be made on the authority of an order or warrant drawn on a Treasury depositary to the order of the creditor, or to the order of an official paymaster, as the case may be. The order or warrant drawn in favor of an official paymaster shall bear on its face the inscription "Advance for Official Purposes".

Article 18. No order or warrant issued on account of a disbursement made in the City of Panama shall be valid for payment unless signed by the Secretary of Finance and Treasury and countersigned by the Comptroller General or by officials designated by them for that purpose. The Comptroller General shall not countersign such an order or warrant until the corresponding disbursement account has been examined and audited.

Article 19. All payrolls, purchase vouchers and other claims payable in the City of Panama by the National Government shall be forwarded to the Contraloria by the department or other independent office in which the claims originate. The manner and form in which such claims shall be forwarded to the Contraloria and the signature and certificates that shall be required on such documents shall be prescribed by the Comptroller General.

Article 20. All disbursements of public funds outside of the City of Panama shall be made in accordance with regulations promulgated by the Contraloria. Advances of public funds to disbursing officers for such purpose

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will be made only by warrant signed by the Secretary of Finance and Treasury and countersigned by the Comptroller or by officials designated by them for that purpose. Such warrants shall bear on their face the inscription "Advance for Official Purposes".

Restrictions Governing Appropriations (B)

Article 21. No contract may be entered into, nor may any obligations be incurred, which requires an expenditure of government funds unless there exists in the budget, in an additional credit to the budget, in a special law including appropriations enacted subsequent to the budget, in a loan fund or special fund, an item, the balance of which is available, free from other encumbrances, to pay in full the proposed contract or obligation.

Provided: that a contract for public works or for other similar projects, the completion of which may extend over more than one fiscal period, may be entered into if an unencumbered balance of the appropriation for the fiscal period is available to meet the cost of that part of the contract which may be performed in the current fiscal period.

Article 22. The estimated cost of all contracts and other obligations shall be entered in the accounts of the respective appropriations, loan funds or special funds from which they are to be paid at the time the contract or obligations are approved or authorized. The form of such accounts, the manner in which they shall be kept, and the office which shall maintain them, shall be prescribed by the Comptroller General. General contracts for supplies and services covering a long period of time which obligate the National Government to pay only as articles are definitely ordered or services are actually rendered are excepted from the foregoing requirement that they shall be entered in the respective appropriation or fund accounts at the time they are authorized. In such cases, the order issued in conformity with the contract shall constitute the encumbrance for accounting purposes.

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Article 23. Any contract or other obligation authorized by a department or other independent office, for which no appropriation, loan fund or special fund exists, or the amount of which is in excess of the free and unencumbered balance in the appropriation, loan fund or special fund from which it was to be paid except as is provided for in Article 21 of this law, shall be wholly null and void. The official or other employee who authorized such contract or other obligation shall be responsible to the National Government, or to the other party to the contract or obligation, in the same manner as if the transaction had been effected between private persons.

Article 24. Each department and other independent office shall issue a written order for all material, supplies and equipment purchased, or for repair work or services ordered from private business establishments. The form and procedure relating to such orders shall be prescribed by the Comptroller General.

#### Surety Bonds (B)

Article 25. Every official, employee and agent of the National Government, and every person, firm or corporation who by reason of existing or future laws is required to be bonded to the National Government for any purpose whatsoever, and every official, employee and agent of the National Government whose duties require him to receive, disburse or handle public funds, or who has the custody care or control of public funds, shall execute a bond for the sum and in the manner set forth in the following articles and in accordance with regulations promulgated by the Comptroller General. The Comptroller General shall also determine which officials, employees and agents of the National Government who have the custody, care, or control, of property of the Government other than public funds shall execute a bond.

Article 26. The form and the amount of the bond required by the preceding article shall be determined by the Comptroller General, unless otherwise

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specifically provided by law. Until the bond has been approved as to form, legality and amount, and has been accepted by the Comptroller General as fully protecting the interests of the National Government, the person from whom such bond is required, if an official, employee or agent of the National Government, shall not be permitted to assume the office or to exercise the duties to which the bond refers, and, if the bond be required from a person not an official, employee or agent of the National Government, or from a firm or corporation, such person, firm or corporation, shall not be permitted to enter into the engagement or render the services for which the bond is required.

Article 27. When they have been accepted, the bonds referred to in the preceding article shall be registered and filed in the Contraloria.

Article 28. No person may serve as guarantor on a bond, who is, at the time the bond is signed, an official or employee of the National Government or who is a member of the National Assembly.

Article 29. In the text of the bonds of officials, employees or agents of the National Government, reference shall be made to the responsibility or liability of the guarantor for the acts of the public official, employee or agent, not only in the discharge of the specific duties of his office or employment, but also in the discharge of such other duties or commissions as may be confided to him by virtue of his office.

Article 30. All of the foregoing provisions with respect to bonds shall apply to the Comptroller General and the Deputy Comptroller General except that the Executive Power shall pass upon the amount, form and sureties of the bonds of the Comptroller General and the Deputy Comptroller General.

Monthly Reports to be Rendered by the Contraloria. (B)

Article 31. The Comptroller General shall, as soon as may be possible after the close of each month, submit to the President of the Republic a report covering the operations of the National Government for the preceding month and

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for the fiscal period to the close of the preceding month; a copy of this report shall be sent to the Secretary for Finance and Treasury. The report shall contain the following information:

- A) A Balance Sheet of Assets and Liabilities of the National Government.
- B) A Statement of Operations.
- C) A Statement of the Cash Account.
- D) A Summary Statement of the Budget.
- E) A Detailed Statement of Appropriations.
- F) A Statement of Loan Funds and Special Funds.

Article 32. The Balance Sheet shall include the assets, liabilities and reserves as of the close of the month for which it has been prepared.

Article 33. The Statement of Operations shall include the following details for the preceding month and for the fiscal period to the close of the preceding month:

1. The amount of revenue, classified according to the budget.
2. The amount expended for operating expense, classified according to the main branches of service of the National Government and according to broad objects of expenditures as personal services, materials, and such other classifications as the Comptroller General may prescribe.
3. The excess of revenues over operating expenses, or the excess of operating expenses over revenues.
4. The amount paid as interest on the public debt.
5. The amount paid as amortization of the public debt, classified according to the several issues of bonds or to the nature of the debt amortized.
6. The amount expended for permanent property, classified according to the main branch of service of the National Government.
7. The total amount of expenditures.
8. The deficit or surplus, or the difference between the total revenues and the total expenditures.

Article 34. the Statement of the Cash Account shall state the balance on hand and in banks at the close of the last day of the preceding month; the

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amounts received during the month; the amounts disbursed during the month; and the balance on hand and in banks at the close of the month.

Article 35. The Summary Statement of the Budget shall contain the following information:

1. The amount of estimated receipts for the fiscal period, as shown by the budget.
2. The amount collected to the close of the month and those budgeted for the same period.
3. The amount uncollected at the close of the month.
4. The available cash balance at the close of the month.
5. The amount of appropriations for the fiscal period.
6. The amount expended on account of appropriations to the close of the month, and the amount appropriated for the same period.
7. The amount of appropriations unexpended at the close of the month.

Article 36. The Detailed Statement of Appropriations shall contain the following information for each item in the budget:

1. Item number.
2. Title of the item.
3. Amount authorized in the budget.
4. Additional authorizations.
5. Total authorizations.
6. Amount expended up to the beginning of the month.
7. Amount expended during the month.
8. Total expenditures to the close of the month.
9. Amount unexpended at the close of the month.
10. Amount of encumbrances pending at the close of the month.
11. Amount unencumbered at the close of the month.

Article 37. The Statement of Loan Funds and Special Funds shall contain the following information for each loan fund and special fund:

1. Amount in the fund at the close of the last day of the preceding

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- fiscal period.
2. Additions to the fund during the month.
  3. Additions to the fund during the fiscal period, to the close of the month.
  4. Total available funds during the fiscal period to the close of the month.
  5. Expenditures from the fund during the month.
  6. Expenditures from the fund during the fiscal period to the close of the month.
  7. Balance in the fund at the close of the month.
  8. Location of the balance in the fund.

Biennial Report of the Comptroller General. (B)

Article 38. The Comptroller General shall submit to the President of the Republic and to the National Assembly by June first following the close of each fiscal biennium, a report relating to the finances of the National Government for the preceding fiscal period. The report shall contain, among such other data, as the Comptroller General may determine, the following:

1. The Comments and recommendations which the Comptroller General may consider it desirable to make respecting the public finances and the results of the operations of the period, including such amendments to the laws as he may deem necessary.
2. A Statement of Assets and Liabilities as of the close of the fiscal period.
3. A Summary Statement of the financial operation of the budget for the fiscal period.
4. Comparative Statement in detail of the revenues as estimated in the budget and as actually received during the fiscal period including the supplemental period.
5. Statement of actual expenditures and of liabilities unpaid, by departments or other independent offices, compared with the total amounts



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appropriated in the budget.

6. Statement of the Cash Account of the National Government for the fiscal period, showing the balance of cash at the beginning of the period, the receipts and disbursements during the period, including the supplemental period, and the balance of cash on hand at the close of the fiscal period, supported by a schedule showing the distribution of the cashbalance at the close of the fiscal period among theseveral depositaries.

7. Statement in detail, of the accounts or debts due the National Government and uncollected at the close of the fiscal period.

8. Statement, in detail, showing the condition of the public debt at the close of the fiscal period and reflecting the transactions in the public debt during the fiscal period, including a statement showing the debts and all obligations of the Banco Nacional and of the municipalities, and all other obligations for which the National Government may be contingently liable.

9. Detailed statement of each item of the budget, showing for the fiscal period, including the supplemental period, the amount authorized, the amount expended, and the difference between the amount authorized and the amount expended.

10. Statement showing the condition of each loan fund and special fund and reflecting the transactions in such funds during the fiscal period.

Report to be Rendered Monthly to the Comptroller General (B)

Article 39. Such offices as maintain independent appropriation ledgers shall submit a monthly report to the Comptroller General within ten days of the close of each month, reflecting the condition of their respective appropriation accounts. This Report shall contain the same information as that described in Article 36 of this law.

Report to be Published Every Three Months by the Comptroller General (B)

Article 40. The Comptroller General shall publish every three months in the official Gazette a detailed statement of the expenditures of the National Govern-

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ment, other than salaries of regular employees, made during the preceding three months' period of the fiscal biennium. The Statement shall show the name of the payee, the purpose for which the expenditure was made and the amount paid. The publication of this statement shall be made within thirty days after the close of the three months' period to which it applies.

General Provisions (B)

Article 41. The Comptroller General and any other official or employee of the Contraloria duly authorized by the Comptroller General for such purposes, shall have the authority to cite witnesses, take oaths and receive declarations in any investigation which is within the functions, powers and duties of the Comptroller General, or which he may be called upon to make by the President of the Republic or the National Assembly.

Article 42. The Office of the Fiscal Agent is hereby abolished. The personnel, books, records and accounts, files, furniture and other property belonging to such office shall be transferred to the Contraloria.

Article 43. The officials and employees engaged in the work of examining and auditing in the Department of Finance and Treasury and in other offices of the National Government shall upon the request of the Comptroller General and the approval of the President of the Republic be transferred to the Contraloria, where all such work shall be centralized.

Article 44. Officials and employees transferred to the Contraloria in accordance with Articles 42 and 43 shall be subject to appointment and removal in the same manner as other employees referred to in Article 5. They may be reappointed by the President of the Republic upon the recommendation of the Comptroller General and assigned to their respective duties as the organization and needs of the Contraloria may require.

Article 45. The Comptroller General, as soon as he has been appointed and has assumed the duties of his office, with the approval of the President of the Republic, shall prepare and promulgate the regulations necessary for the

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organization of the Contraloria and for the examination and closing of all accounts which are required to be submitted to the Contraloria, or which may be pending examination and audit in the Office of the Fiscal Agent at the time this law goes into effect. He shall likewise have power to issue new regulations at any time, with the approval of the Executive Power, concerning the organization and duties of the Contraloria.

Article 46. All laws, decrees, regulations and circulars relating to the Office of the Fiscal Agent or to the examination and audit of accounts in other departments and offices of the National Government, shall continue in force and shall apply to the Contraloria insofar as they do not conflict with this law.

Article 47. All laws and parts of laws inconsistent with this law are hereby repealed.

Article 48. This law shall go into effect on July 1, 1929.

Transitory Provisions (B)

Article 49. The President of the Republic may, upon the approval of this law appointat once, provisionally, a Comptroller General, who shall thereupon take such steps and make such preliminary plans as may be required to enable the Contraloria to begin to function upon the date this law goes into effect.

Article 50. The President of the Republic may assign provisionally to the said provisional Comptroller General such employees now in the service of the National Government as may be necessary to assist in the preliminary work of organizing the Contraloria.

Article 51. To meet the salary and expenses of the provisional Comptroller General, the President of the Republic is hereby authorized to set aside from any funds in the public treasury not otherwise appropriated.

Article 52. Upon the datethis law goes into effect, the provisional Comptroller General and such provisional employees as may have been assigned to him shall cease to function.

Appendix C

## MEMORANDUM SOBRE DIVISION TERRITORIAL DE LA

REPUBLICA DE PANAMA (A)

La República de Panamá está dividida actualmente en nueve (9) Provincias y una intendencia (San Blas).

Las Provincias se subdividen en Distritos, de los cuales hay sesenta y dos (62).

Se sugiere dividir la República en siete (7) Provincias, como en 1904 y dos (2) Comarcas. Las Provincias se subdividirían a su vez en Distritos de los cuales habría solamente veintiocho (28) o sea menos de la mitad de los que hay actualmente (62) con la economía consiguiente y haciendo más eficiente la Administración Pública.

Division Territorial de la República (B)

La República de Panamá estará dividida, para los efectos administrativos en siete (7) Provincias y dos (2) Comarcas así:

- a) Provincia de Bocas del Toro, con los mismos límites que hoy tiene;
- b) Provincia de Coclé, con los mismos límites que hoy tiene;
- c) Provincia de Colón con los mismos límites que hoy tiene, y salvo el lindero oriental que lo formará una línea recta hacia el Sur que partiendo de Playa Colorada al Oeste de la Punta de San Blas, llegue hasta encontrar el río Mandinga y siga luego éste, aguas arriba hasta sus cabeceras;
- d) Provincia de Chiriquí, con los mismos límites que hoy tiene;
- e) Provincia de Los Santos, con los mismos límites que tenía esta Provincia antes de la expedición de la ley 55 de 1914 y con la ciudad de Los Santos como cabecera;
- f) Provincia de Panamá, con los límites que hoy tiene;