

ORGANIC LAW OF THE FINANCIAL ADMINISTRATION OF THE PUBLIC SECTOR
Passed by the National Legislative Commission on July 28, 2000

NATIONAL LEGISLATIVE COMMISSION

In exercise of the powers conferred on it by Article 6.1 of Decree of the National Constituent Assembly, which establishes the Transition Regime of the Public Authorities, published in the Official Gazette of the Bolivarian Republic of Venezuela No. 36.920 of March 28, 2000,

DECREES

the following:

**ORGANIC LAW OF THE FINANCIAL ADMINISTRATION
OF THE PUBLIC SECTOR**

**TITLE 1
GENERAL PROVISIONS**

Article 1. This purpose of this Law is to regulate the financial administration, the internal control system of the public sector, and the aspects related to macroeconomic coordination, the Macroeconomic Stabilization Fund and the Intergenerational Savings Fund.

Article 2. The financial administration of the public sector comprises the set of systems, bodies, regulations and procedures that participate in the collection of public revenue and in its application for accomplishing the objectives of the State and shall be governed by the constitutional principles of legality, efficiency, solvency, transparency, responsibility, fiscal balance and macroeconomic coordination.

Article 3. The basic systems of budget, public credit, treasury and accounting, regulated in this Law; as well as the systems of taxation and administration of property, regulated by special laws are subsystems of the financial administration of the public sector. Said systems shall be interrelated and each shall act under the coordination of a governing body.

Article 4. The Ministry of Finance coordinates the financial administration of the national public sector and directs and supervises the implantation and maintenance of the systems that integrate it, according to the Constitution and the law.

Article 5. The internal control system of the public sector, whose governing body is the National Superintendency of Internal Auditing, comprises the set of rules, bodies and control procedures, integrated into the processes of financial administration and the internal audit. The internal control system shall act in coordination with the External Control System headed by the Comptroller General of the Republic, for the purpose of promoting efficiency in the collection and use of public resources, observance of legal rules in the operations of the State, the reliability of the information generated and disseminated thereon; as well as to improve administrative capacity for evaluating the handling of the resources of the State and guarantee reasonable compliance with the accountability of officials for their actions .

Article 6. The entities or agencies that form the public sector subject to the regulations of this Law, with the specificities that the same establishes, are enumerated as follows:

1. The Republic.
2. The states
3. The Caracas Metropolitan District.
4. The districts
5. The municipalities
6. The independent agencies (*institutos autónomos*)
7. State and other public legal entities.
8. Commercial companies in which the Republic and other persons referred to in this article have holdings equal or greater than fifty percent (50%) of the share capital. Companies wholly owned by the State are also included, whose function, through possession of shares in other companies, is to coordinate the state commercial activities of a sector of the national economy.
9. Commercial companies in which the persons referred to in the preceding clause have holdings equal or greater than fifty percent (50%) of the share capital.
10. Foundations, civil associations and other institutions constituted with public funds and directed by some of the persons referred to in this article, when the totality of the budgetary contributions in a year, made by one or more of the persons referred to in this article, represents fifty percent (50%) or more of their budget.

Article 7. For the purposes of this Law the following definitions are made:

1. Functionally decentralized non-commercial entities means those indicated previously in clauses 6, 7, and 10 of the preceding article, which do not engage in activities of production of goods and services intended for sale and whose income or resources come fundamentally from the budget of the Republic.
2. Decentralized commercial entities means those whose principal activity is the production of goods or services intended for sale and whose income or resources come fundamentally from that activity.
3. The national public sector means the set of entities enumerated in Article 6 of this Law, except those mentioned in numbers 2, 3, 4 and 5, and those created by them.
4. Public debt means the indebtedness resulting from public credit operations. Public debt is not considered to be the budgetary or Treasury debt.
5. Ordinary revenue means recurring revenue.
6. Extraordinary revenue means non-recurring revenue, such as that from public credit operations and from laws that originate incidental revenue or whose effectiveness does not exceed three years.
7. Current revenue means recurring revenue, whether or not tax, oil or non-oil.
8. Capital revenue means revenue from sales of assets and from transfers for capital purposes
9. Total revenue means the sum of current and capital revenue.
10. Recurring revenue means revenue that is expected to be produced or has been produced for over three years.

Article 8. For the purposes established in this Law, the economic-financial year shall commence on January 1 and terminate on the December 31 each year.

TITLE II Budgetary System

CHAPTER I General Provisions

First Section Common Rules and Regulations

Article 9. The budgetary system is integrated by the set of principles, bodies, regulations and procedures that govern the budgetary process of the entities and bodies of the public sector.

Article 10. Public budgets shall express the national, state and local plans, prepared on the general lines of the economic and social development plan of the Nation approved by the National Assembly, in those aspects that require the public sector to collect and allocate resources that lead to the accomplishment of the objectives of economic, social and institutional development of the country; and shall be adapted to the rules of fiscal discipline contained in this Law and in the multi-annual budget framework.

The annual operating plan, coordinated by the Ministry of Planning and Development, shall be submitted to the National Assembly at the same time as the formal submission of the budget bill.

Article 11. The National Executive may establish limiting rules and controls on the use of budgetary credits by the agencies referred to in Article 6, additional to those established in this Law. Such limitations and rules shall not apply to the budgets of the Legislative Power, Judicial Power, the bodies of the Citizens' Power and Electoral Power, of the states, the Caracas Metropolitan District, the districts, the municipalities and the Central Bank of Venezuela.

Article 12 The public budgets shall comprise all the revenue and all the expenditure, as well as the financing operations not set off between each other for the related economic-financial year.

With the annual budget bill, the Ministry of Finance shall present the accompanying statements of account which describe the social welfare plans and the nature and importance of fiscal risks that can be identified, such as:

1. Contingent obligations, that is, those whose effective materialization, amounts and enforceability depend on uncertain future events that may in fact not occur, including guarantees and litigious matters that could originate expenses in the period;
2. Tax expenditure, such as exceptions, exemptions, deductions, deferments and other fiscal sacrifices that may affect the estimated fiscal product for the period;
3. Quasi-fiscal activities, that is, those operations related to the financial or exchange system, or with the public commercial domain, including the foreseeable fiscal effects of subsidy measures, so that the economic effects can be evaluated and the efficiency of the policies expressed in said activities.

The obligation established in this article shall not be required when such data cannot be quantifiable or whose total or partial content has been declared secret or confidential in accordance with the law.

Article 13. The public revenue budgets shall enumerate the different sections of current and capital revenue and the amounts estimated for each of them. All items shall be represented by a numerical figure.

The names of the different items of revenue shall be sufficiently specific to identify the respective sources.

For the purposes of calculating the Constitutional Appropriation (*Situado*) and other legal uses ordinary revenue shall mean current revenue, excluding refunds.

Article 14. The public expenditure budgets shall contain the current and capital expenditure and shall utilize the most suitable techniques for formulating, executing, monitoring and evaluating the policies, plans of action and production of goods and services of public sector entities and agencies, as well as the economic and financial impact of the execution of the expenditure and the linkage of these to their sources of financing. For each budgetary credit, the specific objective for which it is intended shall be clearly established, along with the concrete results expected, in quantitative terms, by performance indicators, provided they are technically possible.

The regulations of this Law shall establish the techniques of budgetary planning and the classifiers of expenditure and revenue that shall be utilized.

Article 15. The financing operations shall comprise all the financial sources and applications, whether or not originating monetary movements during the economic-financial year.

Financial sources derive from the reduction of financial assets and from increases in liabilities, such as public credit operations.

Financial applications are increases in financial assets and reductions in liabilities, such as amortization of the public debt.

Article 16. Without prejudice to the economic equilibrium of the fiscal management established for the multi-annual budget period, public budgets shall balance the total amounts authorized for expenditure and financial applications and the total amounts estimated as revenue and financial sources.

Article 17. The budgets shall indicate the administrative unit responsible for the production of goods and services budgeted. In cases of budgetary execution with participation of different administrative units from one or more public entities or bodies, the budgets shall indicate the activities that correspond to each of them and the resources assigned for accomplishment of the planned objectives.

Article 18. The proper authorities shall appoint the officials responsible for the targets and objectives, who shall participate in their formulation and shall be responsible for their accomplishment through the efficient utilization of the allocated resources.

When necessary for establishing coordination between the plans of entities or bodies, technical-administrative mechanisms shall be set up with representation from the institutions participating in said plans.

Article 19. When the budgets include credits for works, property or services whose execution exceeds the budget year, information shall also be included on the total amount, the timetable of execution, the resources disbursed in preceding periods, those which must be spent in the future and the respective authorization for expenditure in the corresponding budget year. If the financing has different origins, it shall be shown as current or capital revenue, or from financial sources. The information referred to in this article shall be broken down in the budget bill and its impact shall be evaluated in the multi-annual budget framework.

Section II Organization of the System

Article 20. The National Budget Office is the governing body of the Public Budget System and shall be under the responsibility and direction of a Head of Office, of free appointment and removal by the Minister of Finance.

Article 21. The National Budget Office shall be a specialized dependency of the Ministry of Finance and shall have the following powers:

1. Participate in the formulation of the budgetary aspects of financial policy which, for the National public sector, are prepared by the Ministry of Finance.
2. Participate in the drafting of the Annual Operating Plan and prepare the public sector Consolidated Budget.
3. Participate in the preparation of the multi-annual budget framework of the National public sector under the guidelines of economic and fiscal policy formulated in a coordinated manner by the Ministry of Planning and Development, the Ministry of Finance and the Central Bank of Venezuela, in accordance with the law.
4. Prepare the budget bill and all the reports required by the proper authorities.
5. Analyze the draft budget that shall be submitted for its consideration and proposal of any corrections it considers necessary.
6. Approve, jointly with the National Treasury Office, the planning of the execution of the budget law.
7. Prepare and issue the regulations and instructions relative to the development of the different stages of the budgetary process.
8. Advise the entities or agencies governed by this Law on budget matters.
9. Analyze the applications for budgetary changes that must be submitted to it and issue its opinion thereon.

10. Evaluate the execution of the budgets applying the principles and criteria established by this Law, its regulations and the respective technical standards.
11. Inform the Minister of Finance, with the regularity that the latter requires, on the budgetary management of the public sector.
12. Any others that are conferred on it by law.

Article 22. The officials and other workers in the service of the entities and bodies whose budgets are governed by this Law are obliged to supply the information required by the National Budget Office, and to comply with the technical rules and instructions issued by it.

Article 23. Each of the entities or bodies whose budgets are governed by this Law shall have administrative units that perform the budgetary functions established herein. These administrative units shall comply with the technical rules and instructions issued by the National Budget Office in accordance with this Law and its regulations.

CHAPTER II

Budgetary system of the Republic and its functionally decentralized non-commercial entities

Section I

Entities and bodies governed by this Chapter

Article 24. This Chapter shall govern the entities of the national public sector indicated in clauses 1, 6, 7 and 10 of Article 6 of this Law, except those that by the nature of their commercial functions shall be governed by Chapter IV of this Title.

Section II

Multi-annual budget framework

Article 25. The multi-annual framework for the formulation of the budget shall be drafted by the Ministry of Finance, in coordination with the Ministry of Planning and Development and the Central Bank of Venezuela, which shall establish the maximum limits of expenditure and borrowing that have to be taken into account in the national budgets for a period of three years, the indicators and other rules of fiscal discipline that guarantee fiscal solvency and sustainability, as well as balancing the national economic financial management in said period, so that ordinary revenue is sufficient to cover ordinary expenditure.

The multi-annual budget framework shall specify the following:

1. The corresponding period and the financial results expected of the fiscal management of each year. These results shall be offset so that the summation of the period shows a balance or surplus between ordinary revenue and ordinary expenditure, the former understood as current revenue deducting the contributions to the Macroeconomic Stabilization Fund and the Intergovernmental Savings Fund, and the latter as total expenditure, excluding the direct investment of the central government. The fiscal adjustment made to achieve equilibrium shall not be concentrated in the last year of the multi-annual framework period.

2. The maximum limit of the total expenditure incurred, calculated for each year of the multi-annual framework period, in relation to gross domestic product, with indication of the minimum primary financial result and the minimum non-oil financial results, corresponding to each fiscal year, according to the requirements of fiscal sustainability.

Primary financial result shall mean the difference resulting from total revenue and total expenditure, excluding expenditure related to interest on the Public Debt, and as the non-oil financial result, the result of the difference between non-oil revenue and total expenditure.

3. The maximum borrowing limit that has to be taken into account in each year of the framework period, in accordance with the requirements of fiscal sustainability. The maximum borrowing limit for each period shall be defined at a prudent level in relation to the size of the economy, reproductive investment and the capacity to generate fiscal revenue. In any event, for the determination of the borrowing capacity, the global amount of the external financial assets of the Republic shall be taken into account.

Article 26. The proposed multi-annual budget framework shall be accompanied by the saving-investment-financing account budgeted for the period referred to in said framework, the objectives of economic policy with express indication of fiscal policy, as well as the estimates of expenditure for each of the fiscal years of the period. These estimates shall be linked to macroeconomic projections for the medium term and those corresponding to the first year of the period shall be explicitly stated so as to constitute the basis of the budgetary negotiations for that period.

Article 27. The National Executive, through the Ministry of Finance, shall submit to the National Assembly the proposed multi-annual budget framework, during the second half of July of the first and fourth years of the constitutional period, and the same shall be approved by law before August 15 of the year of submission.

Article 28. The National Executive shall submit annually to the National Assembly, before July 15, a global report that contains:

1. An evaluation of the execution of the Budget Law of the preceding year, compared with the budgets approved by the National Assembly, with an explanation of the differences in revenue, expenditure and financial results.
2. A document with the most relevant proposals that the budget bill shall contain for the following year, with an indication of the general amount of said budget, its agreement with the macroeconomic and social objectives defined for the public sector in the multi-annual budget framework and the sustainability thereof, for the purposes of providing the basis for the discussion of said bill.
3. The saving-investment financing account and aggregate estimates of expenditure for of the following two years, in accordance with the updated macroeconomic projections and the sustainability thereof, in accordance with the limitations of the multi-annual budget framework.

The National Assembly shall inform the National Executive of the agreement resulting from the deliberations on the global report referred to in this article, before August 15 each year.

Article 29. The modifications to the limits on expenditure, borrowing and financial results established in the multi-annual framework budget law shall only apply in cases of states of exception decreed in accordance with the law, or of changes that significantly affect the service of the Public Debt. In the latter case, the proposed modifications shall be submitted for consideration to the National Assembly with a reasoned exposition of the causes and may only affect the rules of maximum expenditure limit, primary result and non-oil result of the economic-financial management.

Section III Structure of the Budget Law

Article 30. The Budget Law shall have three titles whose content shall be as follows:

Title I	General Provisions.
Title II	Revenue and Expenditure Budget and Financing Operations of the Republic.
Title III	Revenue and Expenditure Budget and Financing Operations of the functionally decentralized non-commercial entities of the Republic.

Article 31. The General Provisions constitute the supplementary regulations of Title II of this Law which shall govern each budget year. They shall contain rules that relate directly and exclusively to the passage, execution and evaluation of the budget of which they form part. Consequently, they cannot contain permanent provisions, they cannot amend or repeal laws in effect, or create, amend or eliminate taxes or other revenue, except for changes authorized by the laws creating the respective taxes.

Article 32. For the Republic, revenue shall be considered to be all that is expected to be collected during the year and financing from donations, representing or not entry of cash into the Treasury.

The expenditure budget of the Republic shall identify the production of goods and services that it is proposed to achieve in the year by each of the authorizing agencies and the corresponding budgetary credits. The budgetary credits shall state the estimated expenditure for the year, whether or not resulting in outflows of funds from the Treasury.

The financial operations shall contain all the financial sources, including the estimated surpluses on the date of the end of the year preceding the budget year, calculated as set forth in the regulations of this Law, as well as the financial applications of the year.

Article 33. The budgets of the functionally decentralized bodies shall comprise their revenue, expenditure and financing. The revenue budgets shall include all collections made during the year. The expenditure budgets shall identify the production of goods and services, as well as the required budgeted credit. The budget credits shall state the expenditure estimated for the year, whether or not resulting in outflows of cash funds. The financial operations shall be budgeted as established for the Republic in the preceding article.

Article 34. The product of a section of revenue shall not be used to cover payment of specific expenditure, nor predetermined budgetary allocations to cover expenditure of bodies or specific state functions, except for constitutional uses. However and without constituting the possibility of creating extra-budgetary expenditure, the following revenue may be used for specific purposes:

1. Revenue from donations, inheritances or legacies in favor of the Republic or its functionally decentralized non-commercial bodies, with specified use.

2. Resources from public credit operations.
3. Revenue from the activities of the independent services without legal personality.
4. Receipts from the special contributions.

Section IV
Formulation of the Budget of the Republic
and its decentralized non-commercial bodies

Article 35. The President of the Republic, in Council of Ministers, shall fix annually the general guidelines for the formulation of the budget bill and expenditure priorities, based on of the limits and estimates established in the multi-annual budget framework.

For this purpose, the Ministry of Planning and Development shall evaluate compliance with national plans and policies and the general development of the country, as well as a projection of the macroeconomic variables and the estimates of physical targets contained in the annual operating plan for the year formulated. The Ministry of Finance in order to delimit the annual impact of the multi-annual budget framework, through the National Budget Office, shall prepare the budgetary policy guidelines that shall govern the formulation of the budget.

Article 36. The National Budget Office shall prepare the budget bill taking into account the drafts prepared by the bodies of the Republic and the functionally decentralized non-commercial entities, making any required adjustments.

Article 37. The bodies of the Judicial Power, the Citizens' Power and the Electoral Power shall formulate their respective proposed expenditure budgets taking into account the limitations established in the Constitution and in the multi-annual budget framework law and shall submit them to the National Assembly, but they shall also send them to the National Executive for inclusion in the budget bill.

Article 38. The Executive shall submit the budget bill to the National Assembly before October 15 each year, accompanied by preliminary recitals which, within the context of the multi-annual budget framework and in consideration of the Agreement of the National Assembly referred to in Article 27 of this Law, shall state the proposed objectives and the additional explanations relative to the methodology utilized for the estimates of revenue and financial sources and for determination of the authorizations for expenditure and financial applications, as well as the other information and considerations considered opportune.

Article 39. If for any reason, the Executive has not submitted the budget bill to the National Assembly within the period established in the preceding article, or the bill is rejected or not passed by the National Assembly before December 15 each year, the budget in effect shall be prolonged, with the following adjustments introduced by the National Executive shall:

1. In the revenue budgets:
 - a) Eliminate the sections of revenue that cannot be collected again.
 - b) Estimate each sections of revenue for the new period.

2. In the expenditure budgets:

- a) Eliminate the budget credits that cannot be repeated, because the objectives for which they were budgeted have been accomplished.
- b) Include in the budget of the Republic the allocation for Constitutional Appropriation (*Situado*) corresponding to the ordinary revenue estimated for the new financial year, and legal contributions that must be made in accordance with the provisions of the laws in effect on the date of submission of the respective budget bill.
- c) Include the budget credits indispensable for payment of interest on the Public Debt and the installments that must be paid for commitments arising from the execution of international treaties.
- d) Include indispensable budget credits to guarantee the continuity and efficiency of the State administration, especially educational, health, welfare and security services.

3. In the financing operations:

- a) Eliminate resources from authorized public credit operations for the amount utilized.
- b) Exclude the surpluses from previous periods, when the prolonged budget included its utilization.
- c) Include the resources from public credit operations, whose receipt must occur in the related year.
- d) Include financial applications indispensable for the amortization of the Public Debt.

4. Adapt the objectives and targets to the modifications that result from the preceding adjustments.

In any event, the National Executive shall comply with the multi-annual budget framework and the agreement referred to in Article 28 of this Law.

Article 40. In case of prolongation, the National Executive shall order publication of the corresponding decree in the Official Gazette of the Bolivarian Republic of Venezuela.

Article 41. During the period of operation of the prolonged budgets the general provisions of the preceding budget shall govern, insofar as they are applicable.

Article 42. If the National Assembly passes the budget law during the first quarter of the year in which the prolonged budgets would have come into effect, that law shall govern from April 1 until December 31, and the budget credits equivalent to the commitments acquired for account of the prolonged budgets shall be considered approved. If by March 31, said law has not been approved, the prolonged budget shall be considered definitively in operation until the termination of the period.

Section V

Execution of the budget of the Republic and its decentralized non-commercial bodies

Article 43. If during the execution of the budget a reduction in the resources estimated for the financial year is evidenced, in relation to the estimates of the Budget Law, which can be offset by resources from the Macroeconomic Stabilization Fund referred to in Chapter I of Title VIII of this Law, the President of the Republic, in Council of Ministers, shall order the necessary adjustments, on the opinions of the Ministry of Planning and Development and the Ministry of Finance through the

National Budget Office and the National Treasury Office. The decision shall be published in the Official Gazette of the Bolivarian Republic of Venezuela.

Article 44. The refunds of disbursed funds, where applicable, shall be re-established at the level of aggregation approved by the National Assembly, provided the return is made during the execution of the budget under whose regime the operation was made.

Article 45. The levels of aggregation approved by the National Assembly in expenditure and financial applications of the Budget Law constitute the maximum limits of the authorizations available for expenditure.

Article 46. After enactment of the Budget Law, the President of the Republic shall decree the General Distribution of the Expenditure Budget, which shall consist of a disaggregated presentation to the last level provided in the classifiers and categories of planning utilized, of the credits and realizations contained in the budget law.

Article 47. A credit is considered disbursed when it is definitively used after incurring an expenditure. The regulations of this Law shall establish the criteria and procedures for the application of this article.

Article 48. The bodies of the Republic as well as the functionally decentralized non-commercial entities are obliged to keep records of budget execution, on the conditions fixed in the regulations of this Law. In any event, the settlement or time when the revenue and its effective collection accrue shall be recorded; and in the area of expenditure, in addition to the time these are incurred, as established in the preceding article, the stages of the commitment and payment.

The recording of the commitment shall be used as a mechanism to use preventatively the availability of the budget credits; and of the payment to reflect cancellation of the obligations assumed.

Article 49. Commitments cannot be acquired for which there are no budget credits, and credits cannot be used for a purpose other than that established.

Article 50. The bodies of the Republic as well as the functionally decentralized non-commercial entities shall plan, for each year, the physical and financial execution of the budgets, following the rules that shall be fixed in the regulations of this Law and the supplementary provisions and procedures issued by the National Budget Office and the National Treasury Office. Said planning shall be approved by the mentioned governing bodies, with the changes they consider necessary for coordination with the seasonal flow of revenue.

The total amount of the installments of commitments fixed for the year may not exceed the amount of the resources estimated for collection during the same.

Article 51. The Executive Vice President of the Republic, the ministers, the President of the National Assembly, the President of the Supreme Tribunal of Justice, the Comptroller General of the Republic, Public Prosecutor of the Republic, the Defender of the People, the President of the National Electoral Council, the Attorney General of the Republic, the National Superintendent of Internal Audit and the highest authorities of the decentralized non-commercial entities shall be the authorizers of commitments and payments with respect to the budget of each of the entities or agencies they direct. Said powers shall be exercised and may be delegated in accordance with the

regulations of this Law, except in relation to the National Assembly which shall be governed by its internal rules.

Article 52. The power to make amendments to increase the total amount of the expenditure budget of the Republic, at the request of the National Executive, is reserved for the National Assembly, which shall process the respective additional credits, amendments to the maximum limits for expenditure approved by the latter, in the amount determined by the Budget Law.

Amendments that involve increasing current expenditure to the detriment of capital expenditure may only be authorized by the National Assembly in exceptional cases duly documented by the National Executive.

No budgetary amendments that involve increasing current expenditure to the detriment of spending for the service of the public debt may be made.

Credits additional to the expenditure budget that have to be financed from revenue from public credit operations shall be decreed by the Executive Power, with the sole authorization contained in the corresponding borrowing law.

The Executive Power shall authorize the amendments to the budgets of the decentralized non-commercial entities, according to the procedure established in the regulations and shall immediately inform the National Assembly.

The regulations to this Law shall establish the scope and mechanisms for making the amendments to the budgets that may be necessary during its execution.

Article 53. The expenditure budget of the Republic shall contain a credit known as:

Rectifications to the Budget, whose amount may not be less than zero point five percent or higher than one percent of the ordinary revenue estimated in the same budget. The National Executive may use this credit to cover unforeseen expenditure that occurs during the year or to increase insufficient budgetary credits, subject to authorization by the President of the Republic in Council of Ministers. The decision will be published in the Official Gazette of the Bolivarian Republic of Venezuela. Except in cases of emergency, the resources of this credit may not be used to create new credits or to cover expenditure whose allocation has been reduced by the formal mechanisms of budgetary amendment.

No credits may be decreed in addition to the credits for budget rectifications, or to increase this by transfer.

Article 54. Payment may only be ordered to pay obligations validly contracted and incurred, except as provided in Article 113 of this Law.

Article 55. The regulations of this Law shall establish the rules for execution and planning of the commitments and payments, the supporting evidence that shall comprise the files on which said orders are based and any other aspect related to the execution of the expenditure budget which is not expressly stated in this Law.

The authorizers of payments may receive the proposals and the release the corresponding requests for payment by electronic means. In this case, the supporting documentation for the expenditure shall be in those units in which the obligations were recognized, for purposes of accountability.

Section VI
The settlement of the Budget of the Republic
and its functionally decentralized non-commercial entities

Article 56. The accounts of the revenue and expenditure budgets shall close on December 31 each year. After that date, the revenue collected shall be considered part of the budget in effect, irrespective of the days on which the obligation of payment or settlement of the same originated. After December 31 each year, no commitments shall be assumed or expenditure incurred for account of the year that ended on that date.

Article 57. Expenditure incurred and not paid at December 31 each year shall be paid during the following year, for account of the cash on hand and in banks existing on the date indicated.

The expenditure committed and not incurred at December 31 each year shall be automatically imputed to the following financial year, against the available credits for that year.

Commitments originating in final and binding judgment with authority of *res judicata* or recognized administratively in accordance with the procedures established in the Organic Law of the Attorney General of the Republic and in the regulations of this Law, as well as the those derived from refunds that must be made for taxes collected in excess, shall be paid for account of the budget credit which, to this end, shall be included in the respective expenditure budget.

The regulations of this Law shall establish the time limits and mechanisms for the application of these provisions.

Article 58. At the end of the year, information shall be collated from the dependencies responsible for the settlement and collection of revenue of the Republic and of its functionally decentralized non-commercial entities and the respective revenue budgets shall be closed.

The authorizing agencies of expenditure and payments shall proceed in the same way with the expenditure budget of the Republic and of its decentralized non-commercial entities.

This information, together with the analysis of agreement between the expenditure and the production of goods and services prepared by the National Budget Office shall be centralized in the National Public Accounting Office, for the drafting of the General Treasury (*Hacienda*) Accounts that the National Executive shall submit annually to the National Assembly of the Republic, pursuant to Article 127 of this Law.

Section VI
Evaluation of budget execution

Article 59. The National Budget Office shall evaluate the execution of the budgets of the Republic and its functionally decentralized non-commercial entities, both during the year and at the end thereof. For this purpose, the entities and their bodies shall:

1. Keep records of information of the physical execution of their budget, based on the established management indicators and in accordance with the corresponding technical standards.
2. Inform the National Budget Office of the results of the physical execution of their budgets, within the time limits determined in the regulations of this Law.

Article 60. The National Budget Office, based on the information stipulated in Article 58, that supplied by the Public Accounting System and any other information considered pertinent, shall conduct a critical analysis of the physical and financial results obtained and of their effects, shall interpret the differences with respect to the plan, determine their causes and prepare reports with recommendations for the highest authorities, those responsible for the agencies affected and the Ministry of Planning and Development.

The regulations of this Law shall establish the methods and procedures for the application of the provisions contained in this section, as well as the use of the information generated.

Article 61. If the evaluation of the physical results evidence unjustified failure to comply with the planned targets and objectives, the National Budget Office shall act in accordance with the provisions of the Title IX of this Law.

CHAPTER III

Budget system of the States, the Caracas Metropolitan District, the Districts, and the Municipalities

Article 62. The budget process of the states and municipalities shall be governed by the, Municipal Regime Organic Law, state laws and municipal ordinances, but shall be adapted, as far as possible, to the technical provisions established by the National Budget Office.

The budget laws and ordinances of the states and municipalities, not later than sixty (60) days after their approval, shall be sent, through the Executive Vice President of the Republic to the National Assembly, the Federal Council of Government, the Ministry of Planning and Development, and the National Budget Office, solely for the purpose of information. Not later than thirty days after the end of each quarter, information on the respective budget management shall also be sent to the National Budget Office.

Article 63. The budget system of the Metropolitan District and Capital District shall be adapted to the provisions of the Special Law on the Regime of the Caracas Metropolitan District.

Article 64. The principles and provisions established for national financial administration shall govern those of the states and municipalities, in so far as applicable. For these purposes, the provisions that regulate the area in said entities shall be adapted to constitutional principles and the provisions and rules established in this Law for their execution and development.

CHAPTER IV

Budgetary system of state companies and other functionally decentralized commercial entities

Article 65. The entities of the public sector referred to in clauses 8 and 9 of Article 6 of this Law shall be governed by this Chapter, as well as the other functionally decentralized commercial entities determined by the President of the Republic, according to the definition contained in Article 7.

Article 66. The directors or maximum executive authority of the entities governed by this Chapter shall approve the annual budget proposal of its management and shall send it, through the corresponding attached body, to the National Budget Office, before September 30 of the year preceding the respective year. The budget proposals shall set forth the general policies contained in the multi-annual budget framework and the specific guidelines that, in budget matters, are established by the Minister of Finance; they shall contain the plans of action, authorizations of expenditure and their financing, the cash and human resources budget to be utilized and shall establish the operating, economic and financial results established for the respective budget management.

The operating expenditure budget of the Central Bank of Venezuela shall be submitted for debate and passage by the National Assembly.

Article 67. The proposed budget of resources and expenditure shall be formulated utilizing the time of accrual or occurrence of the transactions as accounting basis.

Article 68. The National Budget Office shall analyze the proposed budgets of the entities governed by this Chapter in order to verify if they are within the framework of the policies, plans and strategies fixed for this type of institution. The report that for this purpose shall be produced in each case shall recommend the adjustments to be made if, in its opinion, the passage of the proposed budget without modifications could damage the property of the State or adversely affect the results of the policies and plans in effect.

Article 69. The proposed budgets, accompanied by the report mentioned in the preceding article, shall be submitted for approval of the President of the Republic, in Council of Ministers, in accordance with the modalities and time limits established in the regulations of this Law. The National Executive shall approve, before December 31 each year, with the adjustments it considers necessary, the budgets of state companies or other functionally decentralized commercial entities. This approval shall not imply limitations with respect to the volume of budgetary resources and expenditure and shall only establish the agreement between the objectives and targets of commercial management with the sectoral policy established by the governing agency.

If the entities governed by this Chapter do not submit their proposed budget in the period established in Article 66, the National Budget Office shall draft on its own initiative the respective budgets and submit them for consideration to the National Executive. For these purposes, said Office shall take into account the previous budget and the information accumulated on its execution.

Article 70. The representatives of state holdings or interests in companies and functionally decentralized commercial entities, on the bodies empowered to approve the respective budgets, shall propose and vote on the budget approved by the National Executive.

Article 71. The National Executive shall have published in the Official Gazette of the Bolivarian Republic of Venezuela a synthesis of the budgets of the entities governed by this Chapter.

Article 72. Budgetary modifications that involve a reduction of the operating or economic results established, substantially alter the planned investment or increase authorized borrowing shall be approved by the National Executive, on the opinion of the National Budget Office. In the framework of this provision and with the favorable opinion of the governing entity or body and of said Office, the entities governed by this Chapter shall establish their own system of budgetary modifications.

Article 73. At the end of each economic-financial year, the commercial companies and other functionally decentralized commercial entities shall proceed to close the accounts of their resources and expenses budget.

Article 74. The entities or agencies governed by Chapter II of this Title are prohibited from making contributions or transfers to state companies and other functionally decentralized commercial entities whose budget is not approved in the terms of this Law, and has not been published in the Official Gazette of the Bolivarian Republic of Venezuela, which are also essential requirements for public credit operations.

Chapter V Public Sector Consolidated Budget

Article 75. The National Budget Office shall prepare annually the public sector consolidated budget, which shall contain information on the net transactions made by this Sector with the rest of the economy and shall contain, as minimum, the following information:

1. A synthesis of the Budget Law.
2. The basic aspects of the budgets of each of the bodies governed by Chapter IV of this Title.
3. The consolidation of public revenue and expenditure and its presentation in institutional aggregates useful for economic analysis.
4. A reference to the principle investment projects in execution by the public sector.
5. Information on the estimated production of goods and services and the human resources to be utilized, as well as the relationship of both aspects to the financial resources.
6. An analysis of the economic effects of the consolidated resources and expenditure on the rest of the economy.

The public sector consolidated budget shall be submitted to the National Executive before May 30 of the year of its operation. After approval by the National Executive, it shall be sent for information purposes to the National Assembly.

Title III Public Credit System Chapter I The Public Debt and the operations that generate it

Article 76. The capacity of the entities governed by this Law to borrow is known as public credit. Public credit operations shall be governed by the provisions of this Law, its regulations, the provisions of the multi-annual budget framework law and by the special laws, decrees, resolutions and agreements relative to reach operation.

Article 77. The following are public operations:

1. Issue and placement of instruments, including Treasury bills, constituting loans or treasury operations.
2. Opening of credits of any nature.
3. The contracting of works, services or acquisitions whose total or partial payment is stipulated to be made during one or more years subsequent to that in which the subject of the contract occurred, provided the operation involves financing.
4. Granting of guarantees.
5. Consolidation, conversion, unification or any form of refinancing or restructuring of existing public debt.

Article 78. The purpose of public credit operations shall be to arbitrate resources or funds to make reproductive investments, address cases of evident need or in the national interest, including the provision of public instruments to the Central Bank of Venezuela for open market operations for the purposes of monetary regulation and to cover transitory treasury requirements.

CHAPTER II

Authorization to enter into public credit operations

Article 79. The entities governed by this Law may not enter into any public credit operation without the authorization of the National Assembly, granted by special law.

The states, municipalities and other entities referred to in Chapter III of Title II of this Law, subject to approval by the respective Legislative Council, or Municipal Council, shall send their request to the National Executive for passage by the National Assembly, after approval by the President of the Republic in Council of Ministers.

Article 80. Jointly with the budget bill, the Executive shall submit to the National Assembly, for its authorization by special law to be enacted simultaneously with the budget law, the maximum amount of the public credit operations to be contracted during the respective budget year by the Republic, the maximum amount of net borrowing that may be contracted during that year; as well as the maximum amount of Treasury bills that may be in circulation at the end of the respective financial year.

The maximum amounts referred to shall be determined, in accordance with the provisions of the multi-annual budget framework, taking into account the payment capacity and the requirements for the ordered development of the economy, and taking as references the fiscal revenue budgeted for the year, the service requirements of the existing debt, the gross domestic product, revenue from exports and the macroeconomic indexes prepared by the Central Bank of Venezuela or other specialized agencies which measure the economic capacity of the country to meet the obligations of the Public Debt.

After passage of the annual borrowing law, the National Executive shall undertake the public credit operations on the best financial conditions that can be obtained and shall periodically inform the National Assembly.

Article 81. Above the maximum amount to be contracted authorized by the annual borrowing law, in accordance with the preceding article, only those operations required to meet extraordinary expenditure result of public calamities or catastrophes and those whose purpose is the refinancing or reconstruction of Public Debt may be entered into, which shall be authorized by special law. In the

latter case, the National Assembly may grant the Executive branch a general authorization to adopt general refinancing plans, within determined limits, conditions and periods.

Article 82. In cases where there is a prolongation of the budget, it shall be understood that the amount authorized for the borrowing of the year shall be equal to that of the preceding year, with the deductions referred to in clause 3 (a) Article 39 of this Law.

Similarly, the National Executive shall submit to the National Assembly, on the date it considers appropriate, the special annual borrowing law, corresponding to the prolonged budget, taking into account the provisions of Article 80. In these cases, the credit shall be incorporated into the budget in accordance with the authorization contained in the special borrowing law.

Article 83. The special annual borrowing law shall indicate the modalities of the operations and shall authorize the inclusion of the corresponding budgetary credits in the budget law. In the cases referred to in Articles 81 and 82, the borrowing law shall authorize the respective additional credits.

In no case may the special annual borrowing law establish authorizing prohibitions or formalities additional to those established in this law.

Article 84. In use of the authorization referred to in Articles 80, 81 and 82 of this Chapter, the National Executive may establish that the decentralized entities directly undertake those operations in their jurisdiction or that the Republic transfer to them the funds obtained in the operations that it undertakes. This transfer shall be in the form determined by the National Executive which shall in any event decide if the financial claim is maintained, assigned, cancelled or capitalized, totally or partially, on the terms and conditions that it determines.

Article 85. In the case of the multi-annual contracts established in clause 3 of Article 74 of this law, the budget law that includes the first payment shall authorize the National Executive to contract the total of the works, services or acquisitions involved. In such case said law shall expressly indicate the authorization to contract granted to the National Executive and shall order the inclusion in the successive budgets of the allocations corresponding to the annual payments agreed.

Article 86. The Central Bank of Venezuela shall be consulted by the National Executive on the fiscal and macroeconomic effects of the borrowing and the minimum amount of the Treasury bills stipulated in the annual borrowing bill referred to in this Chapter.

The Central Bank of Venezuela shall also be consulted on the monetary impact and the financial conditions of each public credit operation. The Bank shall issue said non-binding opinion not later than five business days after receiving the request for opinion. If the Bank has not given its opinion by the end of this period, the National Executive shall continue to process the consulted operations.

CHAPTER III

The operations and entities excluded from the system established in this Title or from legislative authorization

Article 87. No special law shall be required to authorize the following operations:

1. The issue and placement of Treasury bills with the limitation established in Article 80 of this Law, as well as any other treasury operations whose maturity does not exceed the financial year in which they were issued.

2. Obligations arising from the participation of the Republic in international financial institutions of which it is a member.

Article 88. No authorizing law shall be required for refinancing or restructuring operations whose purpose is to reduce the agreed interest rate, extend the term established for payment, convert an external debt into internal, reduce cash flows, gains or savings in the effective cost of financing in benefit of the Republic, with respect to the debt that is being refinanced and restructured.

Article 89. The following are excepted from the system established in this Title: the Central Bank of Venezuela and the Venezuelan Investment Fund, state commercial companies engaged in credit intermediation, governed by General Law of Banks and Other Financial Institutions; those governed by the Insurance and Reinsurance Companies Law; those created or which may be created pursuant to the Organic Law that Reserves Industry and Commerce in Hydrocarbons for the State; and those created or to be created pursuant to Article 10 of Decree Law N° 580 of November 26, 1974, which reserves the iron ore production industry for the State; provided the payment capacity of the mentioned companies is certified.

For purposes of certification of payment capacity, the respective company shall publish in a national newspaper and in at least one newspaper in the area of its principal place of business, not later than fifteen (15) days after the end of its financial year, a balance sheet with express indication of the amount of borrowing outstanding, duly signed by a public accountant in independent professional practice, registered in the register of public accountants kept by the National Securities Commission.

Article 90. The independent agencies (*institutos autónomos*) whose principal purpose is financial activity as well as state commercial companies are excepted from the requirement of the special authorizing law for undertaking public credit operations, however, they shall require the authorization of the President of the Republic, in Council of Ministers. In any event, the amount of the obligations outstanding for such operations, plus the amount of the operations to be processed, shall not exceed twice the capital of the respective independent agencies or company.

CHAPTER IV

Prohibitions on public credit operations

Article 91. Public credit operations may not be undertaken by independent agencies and other functionally decentralized public legal persons that do not have the status of commercial companies, or the foundations constituted and managed by the one of the legal entities referred to in Article 6 of this Law.

Independent agencies whose principal purpose is financial activity are excepted from this prohibition, for the sole purpose of accomplishment of said purpose, as well as the operations referred to in clause 3 of Article 77 of this Law.

Article 92. The Republic and the companies whose purpose is not financial activity are prohibited from granting guarantees to back third party obligations, unless they are authorized under the legal system for concessions of national public and public services.

Article 93. Public credit operations with guarantee or privileges over national, state or municipal property or income may not be contracted.

Article 94. The short-term Public Debt shall be paid necessarily at maturity and may not be refinanced.

Article 95. The states, municipalities, other entities referred to in Chapter III of Title II and entities created by them, may not undertake external public credit operations, or in foreign currency, or guarantee third party obligations.

Chapter V **Administration of public credit**

Article 96. The National Public Credit Office is created as governing body of the Public Credit System, which shall be in the charge of a Head of Office, of free appointment and removal by the Minister of Finance, and whose mission shall be to ensure the existence of borrowing policies, as well as the efficient planning, utilization and control of the means of financing obtained through public credit operations. For these purposes, the National Public Credit Office shall have the following powers:

1. Participate in the formulation of the credit aspects of financial policy prepared by the Ministry of Finance for the National public sector.
2. Propose the maximum amount of borrowing that the Republic may contract in each financial year, taking into account the multi-annual budget framework law and the financial and budget policies defined by the National Executive.
3. Maintain and administer an information system on the capital market to assist and direct negotiations on debt issues or contracting loans, as well as participating in them.
4. Direct and coordinate the work of authorization, negotiation and execution of the public credit operations.
5. Issue rules to regulate procedures for issue, placement, swap, deposit, draws, market operations and cancellation of the Public Debt.
6. Issue rules to regulate the negotiation, contracting and amortization of loans.
7. Maintain a record of public credit operations integrated into the Public Accounting System.
8. Make budgetary estimates and projections for the service of the Public Debt and supervise compliance with them.
9. Direct and coordinate relations with investors and risk rating agencies.
10. Other powers assigned by the law.

Article 97. Before executing the public credit operations authorized in this Law, the respective entities or agencies shall request the intervention of the National Public Credit Office, to initiate the steps needed to execute the operation.

Article 98. The borrowing contracts, the granting of guarantees and refinancing or restructuring operations of Public Debt shall be documented as established in the rules issued for that purpose by the National Public Credit Office.

Loan contracts and the Public Debt instruments of the Republic shall be signed by the Minister of Finance or his delegates, or the official designated for the purpose by the President of the Republic. Instruments for which other modalities of issue are established shall be excepted, including the utilization of electronic procedures, in accordance with the respective decree of issue.

Article 99. Obligations arising from the Public Debt or the instruments that represent it expire after ten (10) years; the interest and the coupons representing these expire after three (3) years. Both periods run from the respective maturity dates of the obligations.

Article 100. The Public Debt instruments issued by the Republic shall be admissible for their nominal value in all guarantees that are constituted in favor of the Republic. The laws that authorize public credit operations may establish that the mentioned instruments are utilized at their maturity for payment of any national tax or contribution.

Article 101. The budgets of the entities or agencies shall include the items corresponding to the service of the Public Debt, without prejudicing their centralization in the Ministry of Finance.

Article 102. Officials and employees of the entities or bodies governed by this Law are obliged to supply the information required by the National Public Credit Office, as well as to comply with the rules and instructions issued by it.

Article 103. Public credit operations undertaken in contravention of the provisions of this Law that establish authorizing prohibitions or formalities shall be considered void and without effect, without prejudice to the personal liability of those who execute them. The obligations that are claimed to derive from said operations shall not be binding on the Republic or the other public entities.

Article 104. Disputes over public credit that arise on occasion of the execution of public credit operations shall fall within the jurisdiction of the Political-Administrative Division of the Supreme Tribunal of Justice, without prejudice to the stipulations that, in accordance with Article 151 of the Constitution, are incorporated into the respective contractual documents.

Title IV The Treasury System

Article 105. The Treasury System is formed by the set of principles, bodies, regulations and procedures through which the Treasury Service is provided.

Article 106. The set of national funds, instruments issued by the Republic and the obligations for its account, form the National Treasury.

Article 107. The Treasury Service, related to the activities of custody of funds, receipt of revenue and making of payments, shall be extended to include all the centralized national public sector and the decentralized non-commercial entities of the Republic, as the progressive and consistent evolution of the modality and functional attributes of the service established in this Law is accomplished.

Article 108. The National Treasury Office is set up, as governing body of the Treasury System, which shall act as a specialized unit for the financial management of the Treasury, coordination of the financial planning of the national public sector and the other activities proper to the national treasury service, to promote the optimization of the treasury cash flow, under the modalities of the single treasury account.

The National Treasury Office may have agencies, according to the requirements of the Treasury Service.

The National Treasury Office shall be headed by the National Treasurer, of free appointment and removal by the Minister of Finance.

Article 109. The National Treasury Office has the following powers:

1. Participate in the formulation and coordination of financial policy for the National public sector.
2. Approve, jointly with the National Budget Office, the planning of the execution of the budget of the agencies and entities governed by the budget law and plan the flow of funds of the Republic.
3. Receive the product in cash of national public revenue.
4. Keep in custody the funds and securities owned by the Republic.
5. Make the payments authorized for the budget of the Republic in accordance with the law.
6. Distribute over time and on the territory, the funds available to meet the obligations of the Republic.
7. Administer the Single Account system of the National Treasury established by Article 112 of this Law.
8. Record in the accounts the movements of revenue and disbursements of the National Treasury.
9. Determine the requirements of issue and placement of Treasury bills, with the limitations established in Article 77 of this Law, and request the National Public Credit Office to undertake these operations.
10. Prepare the annual cash budget of the National public sector and follow-up and evaluate its execution.
11. Participate in the macroeconomic coordination related to fiscal and monetary policy, as well as in the formation of the annual agreement on policies on these areas, establishing guidelines on maintenance and utilization of the cash balances.

Article 110. The National Treasury Office shall have a deputy treasurer who shall fill the temporary or occasional and the absolute absences of the Treasurer, until the vacancy occurs.

Article 111. The National Treasury Office shall issue the rules and technical instructions necessary for the operation of the service and shall propose the pertinent regulations.

Article 112. The Republic, through the Ministry of Finance, shall maintain the Single Account of the National Treasury. Said account shall centralize all the revenue and payments of the entities integrated into the Treasury Service, which shall be executed through the Central Bank of Venezuela and national or foreign commercial banks, in accordance with the agreement made to that effect.

Article 113. The inventory of the National Treasury shall be constituted by the totality of the funds contained in it, irrespective of where they are held. Said inventories form an undivided mass for the purposes of handling and utilization in payments ordered in accordance with the law. However, permanent provisions of funds may be constituted for the officials determined by the regulations of this Law and on the conditions stipulated therein, which shall include the form of proving the application of these funds.

The establishment of the Single Account of the National Treasury is not incompatible with the maintenance of sub-accounts in foreign currency opened in the Central Bank of Venezuela by the National Treasury Office or with its authorization, in accordance with the regulations of this Law.

In any event, the National Treasury Office shall authorize the opening of bank accounts with funds from the National Treasury and shall monitor their handling, in order to protect the Single Account System of the National Treasury. It shall also organize and keep updated a general register of bank accounts of the National public sector.

Article 114. The Ministry of Finance shall arrange for the return to the National Treasury of the sums credited to accounts of the Republic and its functionally decentralized non-commercial entities, without impairing the ownership of the funds of the latter, when these are unused for a period to be determined by the regulations of this Law. The financial institutions that are depositaries of said funds shall execute the transfers ordered by the mentioned Ministry.

Article 115. The funds of the National Treasury may be placed in financial institutions on the terms and conditions indicated by the Minister of Finance, in accordance with regulations of this Law. In any event, these placements shall be subject to the annual agreement on harmonization of fiscal and monetary policies, with the Central Bank of Venezuela.

Article 116. On the conditions established by the regulations of this Law, the Treasury revenue and payments may be made in cash, by check, bank transfer or any other means of payment whether or not banking. The Ministry of Finance may establish that when handling certain Treasury revenue or payments, only specific means of payment may be used.

Article 117. The officials and offices responsible for the settlement of revenue shall be different and independent from those responsible for the Treasury Service and in no case may the latter be responsible for the settlement and administration of revenue.

However, in the case of fees for services provided by the State whose collection by offices other than the settlement offices is cause of serious inconvenience for the smooth running of these services, the National Executive may authorize receipt of such fees in the settlement offices themselves, taking care that adequate systems of control are established to prevent fraud.

Article 118. The offices of ordering of payments shall be different and independent from those that form the Treasury Service and in no case may the latter settle or order payments against the National Treasury.

Article 119. Attachments and assignments of sums owed by the National Treasury and objections to payment of said sums shall be notified to the official ordering the respective payment, stating the name of the executor, assignee or objector and of the depository, if any, so that the settlement and ordering of the payment are made in favor of the objector, assignee or depository in the related installment.

In the case of several objections relative to the same payment, one single depository shall be named, with whom the authorizer shall communicate exclusively with respect to the installment that must be paid in relation to all the attachments or objections.

The objections, attachments or assignments that are not notified in accordance with the requirements of this article shall have no value or effect with respect to the Treasury.

Article 120. The officials or employees of the entities that form the Treasury Service are obliged to supply the information required by the National Treasury Office, and to comply with the rules and instructions issued by it.

TITLE V

Public Accounting System

Article 121. The Public Accounting System comprises the set of principles, bodies, rules and technical procedures that value, process and express the economic-financial events that affect or may affect the property of the Republic or of its decentralized entities.

Article 122. The purpose of the Public Accounting System shall be:

1. The systematic record of all transactions that affect the economic-financial situation of the Republic and its decentralized entities.
2. Produce the basic financial statements of an accounting system that shows the assets, liabilities, capital, revenue and expenditure of the public entities subject to the system.
3. Produce the financial information necessary for taking decisions by those responsible for public financial management and for third parties interested in it.
4. Present the accounting information, financial statements and respective supporting documentation, arranged in such a way as to facilitate the exercise of the control and internal or external audit.
5. Supply information necessary for the creation of the national accounts.

Article 123. The Public Accounting System shall be single, integrated and applicable to all the bodies of the Republic and its functionally decentralized entities; it shall be based on the general accounting standards issued by the Comptroller General of the Republic and on the other generally accepted accounting principles valid for the public sector.

The accounting shall be kept in the books, records and with the methodology prescribed by the National Public Accounting Office and shall be oriented to determining the costs of public production.

Article 124. The Public Accounting System and may be supported electronically. The regulations of this Law shall establish the requirements for integration, security and control of the system.

Article 125. Electronic media may be used to generate vouchers, process and transmission of documents and information and produce the journal and general ledger and other subsidiary records. The regulations of this Law shall establish the mechanisms of security and control that guarantee the integrity and security of the documents and information.

Article 126. The National Public Accounting Office is set up as governing body of the Public Accounting System, which shall be in the charge of a Head of Office, of free appointment and removal by the Minister of Finance.

Article 127. The National Public Accounting Office shall:

1. Issue accounting standards and specific procedures as considered necessary for the adequate operation of the Public Accounting System.
2. Prescribe the accounting systems for the Republic and its decentralized non-commercial entities, through instructions and models to be published in the Official Gazette.
3. Issue opinions on the chart of accounts and accounting systems of state companies, prior to their approval.
4. Advise and assist technically in the introduction of the standards, procedures and accounting systems prescribed.
5. Record in a special account the movement of the disbursements related to the resources originating in public credit operations of the Republic and its decentralized entities.
6. Organize the accounting system to provide permanent information on the budget, cash and capital management of the Republic and its decentralized entities.
7. Maintain the central accounting of the Republic and draft the corresponding financial statements, carrying out the operations of adjustment, opening and closing of the same.
8. Consolidate the financial statements of the Republic and its decentralized entities.
9. Draft the General Treasury (*Hacienda*) Accounts which the Minister of Finance shall submit annually to the National Assembly, the other financial statements considered necessary, as well as those requested by the National Assembly and the Comptroller General of the Republic.
10. Evaluate the application of the standards, procedures and accounting systems prescribed and order the adjustments considered appropriate.

11. Promote and conduct the necessary studies of the existing provisions on accounting, for their permanent updating.
12. Coordinate the activity and monitor the operation of the accounting offices of the agencies of the Republic and their decentralized non-commercial entities.
13. Prepare the economic accounts of the public sector, according to the national accounting system.
14. Issue the regulations and instructions necessary for the organization and operation of the archive of financial documentation of the national administration. Said regulations shall establish the conservation of the documents by electronic means, applying the security mechanisms that guarantee their stability, durability, immutability and inalterability.

Article 128. The entities or agencies referred to in clauses 6, 7, 8, 9 and 10 of Article 6 of this Law shall furnish the National Public Accounting Office with the financial statements and other accounting information required from them, in the form and at the time determined.

Article 129. The National Public Accounting Office shall request the states, the Caracas Metropolitan District, and the districts and municipalities to supply the information necessary to perform its functions; it shall also coordinate with them the application, within its powers, of the financial information system that it develops.

Article 130. The Minister of Finance shall submit to the National Assembly, before June 30 each year, the General Treasury (*Hacienda*) Accounts, which shall contain, as minimum:

1. Statements of execution of the budget of the Republic and of its decentralized non-commercial entities.
2. Statements that show the movements and position of the National Treasury.
3. Updated statement of the internal and external, direct and indirect, Public Debt.
4. The financial statements of the Republic.
5. A report that presents the consolidated financial accounts of the public sector during the year and shows the operating, economic and financial results and an annex that specifies the position of the labor liabilities.

The General Treasury (*Hacienda*) Account shall also contain comments on the degree of compliance with the objectives and targets established in the budget law; and the performance of costs and the efficiency indicators for public production.

TITLE VI

Internal Control System

Article 131. The purpose of the internal control system is to guarantee the observance of legal enactments, safeguard the resources and assets that form public property, guarantee the obtaining of administrative, financial and operating information that is useful, reliable and timely for decision making, promote the efficiency of the operations and accomplish the plans, programs and budget, in

accordance with the prescribed policies and with the proposed objectives and targets, as well as guaranteeing reasonable accountability.

Article 132. The internal control system of each agency shall be comprehensive and integrated, shall cover the budgetary, economic, financial, capital, legal and management aspects, as well as the valuation of programs and projects, and shall be based on criteria of economy, efficiency and effectiveness.

Article 133. The internal control system shall operate in coordination with the external controls in the charge of the Comptroller General of the Republic.

Article 134. The maximum authority of each agency or entity shall be responsible for establishing and maintaining an internal control system adapted to the nature, structure and purposes of the organization. Said system shall include the elements of prior and subsequent control incorporated into the organization plan and into the rules and procedure manuals of each agency, as well as the internal audit.

Article 135. The internal audit is a service of objective, systematic and professional examination of the administrative and financial activities of the each agency or entity, conducted after the event to evaluate and check them and prepare the report containing the comments, conclusions, recommendations and opinion. Said service shall be provided by a specialized internal audit unit in each agency, whose personnel, functions and activities shall be disconnected from the operations subject to its control.

Article 136. The members of the internal audit bodies shall be selected by competition, organized and held in accordance with the provisions of the Organic Law of the Comptroller General of the Republic, with the participation of a representative of the National Superintendency of Internal Audit on the qualifying panel.

After termination of the period for which they were selected, the members may participate in the selection process for a new period.

Article 137. The National Superintendency of Internal Audit is set up as the governing body of the Internal Control System, attached to the Executive Vice Presidency of the Republic, with functional and administrative independence and the organizational structure determined by the respective regulations.

Article 138. The National Superintendency of Internal Audit shall be the normative body responsible for the supervision and guidance and coordination of internal control, as well as of the direction of the internal audit in the agencies that form the central and functionally decentralized administration enumerated in Article 6 of this Law, excluding the Central Bank of Venezuela.

Article 139. The powers of the National Superintendency of Internal Audit are:

1. Direct internal control and facilitate external control, in accordance with the regulations on coordination issued by the Comptroller General of the Republic.
2. Issue regulations on internal control, and promote and oversee their application.

3. Prescribe standards of internal audit and oversee their application by the internal audit units.
4. Conduct or coordinate the audits considered necessary to evaluate the internal control systems in the agencies referred to in Article 138, as well as direct the evaluation of projects, programs and operations. It may also conduct financial, legal and management audits in these agencies within its sphere of jurisdiction.
5. Oversee the application of the regulations issued by the governing bodies of the financial administration systems of the National public sector and inform them of any failure to comply observed.
6. Exercise the technical supervision of the internal audit units, approve their work plans and direct and oversee their execution without prejudice to the powers of the Comptroller General of the Republic.
7. Verify execution of the recommendations of the internal audit units, adopted by the proper authorities.
8. Propose the measures necessary for continuous improvement of the organization, structure and operating procedures of the internal audit units, considering the particularities of each agency.
9. Formulate directly with the agencies or entities within the sphere of its jurisdiction, the necessary recommendations to guarantee compliance with internal audit standards and the criteria of economy, effectiveness and efficiency.
10. Establish requirements of technical quality for the audit personnel of the financial administration system of the public sector, as well as of consultants specialized in the areas related to said system and maintain a register of auditors and consultants.
11. Promote the opportune accountability of the officials responsible for the administration, custody or handling of funds or public property, in accordance with the regulations issued by the Comptroller General of the Republic.
12. Undertake and promote activities of training and education of personnel, in the area of control and auditing, and
13. Reply to consultations formulated in the area of its competence.

Article 140. The National Superintendency of Internal Audit may contract consulting and audit studies under pre-established conditions, in which case it shall plan and control the execution of the work and look to the quality of the final report, as indispensable requirements for assuming said studies as its own.

Article 141. The National Superintendency of Internal Audit may request the agencies subject to its sphere of jurisdiction to furnish information and documents required for performance of its functions, as well as have direct access to said information and documents in the audits that it conducts. The competent officials and authorities shall cooperate for these purposes and shall be obliged to comply with the requirements of the Superintendency.

Article 142. The National Superintendency of Internal Audit shall be headed by the National Superintendent of Internal Audit, who shall be appointed by the President of the Republic.

Article 143. The powers of the National Superintendent of Internal Audit are:

1. Issue regulations on the organization, structure and operation of the Superintendency.
2. Appoint and remove the personnel of the Superintendency.
3. Exercise personnel administration and hierarchical authority.
4. Enter into contracts and order payments for execution of the budget of the Superintendency.
5. Exercise the administration and disposition of national property attached to the Superintendency.
6. Submit for approval of the President of the Republic the plan of action and the proposed expenditure budget of the Superintendency, before sending it to the Ministry of Finance for its incorporation into the budget bill.

Article 144. The National Superintendent of Internal Audit may delegate certain powers to officials of the Superintendency, in accordance with the law.

Article 145. The National Superintendency of Internal Audit shall inform:

1. The President of the Republic and the Minister of Finance, on its management and on the financial and operating management of the agencies in the sphere of its jurisdiction.
2. The Comptroller General of the Republic, on matters in the sphere of its jurisdiction, in the form and at the time as required by that agency.
3. Public opinion with the frequency determined by the regulations of this Law.

TITLE VII

Macroeconomic Coordination

Article 146. For the purposes of promoting and defending economic stability, the National Executive and the Central Bank of Venezuela shall reach an annual agreement to harmonize policies for the following economic-financial year.

Said agreement shall specify the targets of growth, external balance and inflation, and their social repercussions; the expected results in the fiscal, monetary, financial and exchange area; the policies and actions aimed at achieving them; the responsibilities of the National Executive and the Central Bank of Venezuela; as well as the fundamental interrelations between the fiscal management of the National Executive and the monetary and exchange management of the Bank.

Article 147. The policy agreement, which shall be signed by the Minister of Finance and the President of the Central Bank of Venezuela, shall be based on coherent and congruent macroeconomic forecasts, in accordance with constitutional requirements and shall be divulged at the time of the

passage of the budget by the National Assembly, specifying the body responsible for the preparation of such forecasts, the work methods and assumptions used, in order to facilitate their comparison with results obtained and accountability.

Article 148. The clauses of the agreement that may compromise the independence of the Central Bank of Venezuela, which presuppose or arise from instructions by the Executive on the management of the Bank and which tend to validate or finance deficit policies by the Bank, shall be void and without effect.

Article 149. The President of the Central Bank of Venezuela and the National Executive, through the Minister of Finance, shall inform the National Assembly each quarter on the execution of the policies subject of the agreement and the mechanisms adopted to correct deviations and shall be accountable to the Assembly for the results of said policies at the time of submitting the agreement for the following year.

TITLE VIII

Stability of expenditure and its intergenerational sustainability

CHAPTER I

Macroeconomic Stabilization Fund

Article 150. The Macroeconomic Stabilization Fund shall be a financial investment fund without legal personality, whose purpose shall be to guarantee the stability of expenditure at national, state and municipal level, against fluctuations in ordinary revenue and shall be governed by the provisions of this Law and of the law that regulates its operation.

Article 151. The Macroeconomic Stabilization Fund Law shall determine the resources to be allocated thereto at national, state and municipal level and shall establish the rules for its administration and operation, based on the principles of efficiency, equity and non-discrimination between the entities that contribute resources.

Article 152. In any event, the Republic shall transfer to the Macroeconomic Stabilization Fund the following resources:

1. A percentage of additional ordinary oil revenue, calculated after deducting the portion that shall be reasonably applied to remove the gap between ordinary non-oil revenue effectively received and that budgeted initially for each year. The special Fund Law shall establish the parameters for the calculation of the additional oil income.
2. The net revenue from privatization of property, companies or services owned by the Republic.
3. Others determined by the law.

The contributions from ordinary revenue shall be determined after deducting the pre-allocations of this revenue established in the Constitution for the states and judicial power.

Article 153. The transfers made by the Macroeconomic Stabilization Fund during a determined budget year may not be greater than fifty percent of the balance of said Fund at the close of the

immediately preceding budget year. The contributions made to a specific entity shall not exceed the amount necessary to cover the corresponding difference of revenue.

Article 154. When the amount of the resources of the Macroeconomic Stabilization Fund exceeds seventy percent (70%) of the amount equivalent to the average of the product of the oil exports of the last three (3) years, the surplus shall be transferred to the Intergenerational Savings Fund. However, when the conditions of the financial markets permit, and in accordance with the restructuring program of the public debt, part of that surplus may be used for purchase or refinance operations of external and internal Public Debt legally contracted.

CHAPTER II

Intergenerational Savings Fund

Article 155. An Intergenerational Savings Fund shall be established by special law to guarantee the intergenerational sustainability of public development policies, especially real reproductive investment, education and health, as well as to promote and sustain the competitiveness of non-oil productive activities.

Article 156. The Intergenerational Savings Fund shall be constituted and shall increase with the proportion of oil revenue that the law determines. Said Fund shall have a duration of non-availability of not less than twenty (20) years, from its effective constitution. During this period, investments with intergenerational characteristics and which are made in each financial year shall be taken into consideration for the calculation of the contribution. After this period, the amount accumulated in the Fund and its returns may be used in reproductive investments, health and education, in accordance with the provisions established in the creating law.

Article 157. The resources of the Intergenerational Savings Fund may only be invested in diversified portfolios, in assets of maximum credit rating, in a context of long-term investment with criteria of optimization that guarantees the greatest transparency and security of the return on the investment, on the conditions established in the Law.

However, the return on this Fund, appropriately recorded, may be subject to rules and conditions of dispersal other than those established for the principal and maybe used for specific purposes of reproductive investment or provision of works and basic services.

Article 158. In no case may the resources of the Intergenerational Savings Fund and its returns be applied to the acquisition of borrowing instruments of national public entities, or to guarantee their obligations.

TITLE IX

Responsibilities

Article 159. The officials responsible for the financial administration of the public sector, independently of criminal, administrative or disciplinary liabilities in which they may incur, shall be obliged to indemnify the State for all the damage caused by violations of this law and for abuse, misdemeanor, fraud, negligence, lack of skill, or imprudence in the performance of their functions.

Article 160. The civil liability of the officials responsible for the financial administration of the public sector shall be enforced in accordance with the pertinent legal provisions.

Article 161. The officials responsible for the administration and settlement of national revenue and for the reception, custody and handling of funds or public funds or property shall post bond before exercising their functions, for the amount and in the form determined in the regulations of this Law.

The bond is posted to respond for the amounts and property that said officials handle and the damage caused to the public property by failure to perform their duties or by negligence or lack of skill in the performance of their functions.

In no case may legal action against the property of the official responsible be opposed by the public entity that suffered damage.

Article 162. The administrative liability of the officials of the dependencies of the financial administration of the National public sector shall be determined and enforced in accordance with the provisions of the Organic Law of the Office of the Comptroller General of the Republic.

Article 163. In case of failure to comply with the rules and objectives defined in the multi-annual budget framework, without prejudice to other liabilities that may be admissible and to the powers of the National Assembly and the Office of the Comptroller General of the Republic, the Executive Vice President shall recommend to the President of the Republic the removal of the ministers responsible for the area in which the failure to compliance occurred.

Article 164. Without prejudice to the other liabilities that may be admissible, the non-existence of information records on the execution of the budget, as well as failure to comply with the obligation of informing the results of said execution to the National Budget Office shall be grounds for administrative liability determinable in accordance with the procedures established in the Organic Law of the Office of the Comptroller General the Republic.

Article 165. If the evaluation of physical results of the budget execution evidences unjustified failure to comply with the targets and objectives, the National Budget Office shall inform said situation to the maximum authority of the entity or agency, the respective internal comptroller and the Office of the Comptroller General of the Republic, for the purpose of establishing the administrative liabilities that may be admissible.

Article 166. The officials with capacity to oblige public entities and agencies because of the functions they exercise to enter into or authorize credit operations in contravention of the provisions of this Law shall be sanctioned with dismissal and disqualification from the civil service for three (3) years, without prejudice to liabilities of other nature.

TITLE X

Final and transitory provisions

Article 167. Personnel administration in the governing bodies of the financial administration and of the internal control system of the public sector shall be governed by this Law, by the special statute enacted by the National Executive and by the Administrative Career Law.

The technical activities of the governing bodies of the financial administration and of the internal control system of the public sector shall be the responsibility of the corps of technical consultants and auditors regulated by the Statue enacted by the National Executive, which shall establish the rights and obligations of the officials and the professionalization of the management and supervisory levels based on merit.

Said statute shall especially regulate the systems of competitive entry, classification, remuneration, evaluation, education and training, which shall tend toward the integrated training of the corps referred to in the first part of this paragraph in all the areas of the system.

In no case shall the Statute enacted impair the rights of the officials established by law. The system of offenses and sanctions established in the Administrative Career Law shall apply to the officials of the governing bodies of the financial administration and the internal control system of the public sector.

Article 168. The Minister of Finance shall inform the National Assembly each quarter on the new budgetary execution of the National public sector, the movement of income and disbursements of the National Treasury and the position of the Public Debt and shall provide the financial statements it considers appropriate. With the same frequency it shall publish the related reports and financial statements.

Article 169. The National Executive is empowered to settle doubtful cases or cases not provided for in the tax laws, always attempting to conciliate the interest of the State with the requirements of equity and the general principles of financial administration.

Article 170. The Ministry of Finance shall organize an Office of Public Finance Statistics which shall act in accordance with the technical standards for compilation and publication issued by the National Statistics Institute to guarantee the quality and integrity of public statistics particularly fiscal statistics, as well as the Fundamental Principles of the Official Statistics of the International Monetary Fund and of the United Nations. Said Office shall establish the special standards for preparation of fiscal statistics, coordinate the collection and compilation by the fiscal information bodies and other official dependencies, and be a center of dissemination, coordination and consultation for fiscal statistics.

Article 171. Article 92 of the Organic Law of the National Public Treasury (*Hacienda*) is partially repealed, with respect to inspection service. The auditing service shall be competence of the bodies of the tax administration and, without prejudice to the powers of the Office of the Comptroller General of the Republic, shall be adapted to the provisions of the Organic Tax Code, and the special laws that regulate taxation.

The following are repealed: Article 1, *in fine*, with respect to the Treasury (*Fisco*) as legal personification of the Treasury (*Hacienda*); 2; 51, 60, 61, 62, 78, 81 clause 4, 82 to 91, 98 to 101, 128 to 138, 146, 204, 205, 206, 208 to 210 of the Organic Law of the National Public Treasury (*Hacienda*) published in Official Gazette N° 1.660 Extra of June 21, 1974; the Organic Law of Public Credit, published in Official Gazette N° 35.077 of October 26, 1992; the Organic Law of the Budgetary System published in Official Gazette N° 36.916 of March 2, 2000, except Article 74; the final section of Article 21 and Articles 74 and 148 of the Organic Law of the Comptroller General of the Republic, published in Official Gazette N° 5.017 Extra of December 13, 1995, as well as the other provisions that conflict with this Law.

Article 172. The provisions of this Law relative to the structure, formulation and submission of the Budget Law shall come into effect on January 1, 2001 and shall apply to the formulation and submission of the Budget Law for financial year 2002, with the exceptions indicated in the following article. The other provisions of this Law shall come into effect on January 1, 2002, with the exception of the provisions of the transitory regime regulated in the following articles of this Title.

Article 173. The Budget Law for 2002 shall contain Titles 1 and 2 on General Provisions and Expenditure Budget and Financial Operations of the Republic established in Article 30; and shall be

adapted in their formulation, presentation, planning, financial execution, recording and evaluation of said financial execution to the provisions of this Law, except as indicated in the sole section of Article 12 and the provisions relative to the multi-annual budget framework.

Article 174. The regulations on recording, control and evaluation of the physical execution shall come into effect on January 1, 2003. The recording, control and evaluation of the physical execution of the budgets for the years 2002 and 2003 shall be made in accordance with the selective criteria that establish pilot systems of information during the period of *vacatio* of the provisions on the area established in this Law.

Article 175. The budgets of the decentralized non-commercial entities, referred to in clauses 6, 7 and 10 of Article 6 of this Law, for the year 2002, shall be prepared in accordance with the guidelines and technical standards issued by the Ministry of Finance and the respective Ministry and the technical standards issued by the Central Budget Office and shall be subject to the approval of the President of Republic in Council of Ministers before September 15, 2001. In all other matters, the budget of these entities for the year 2002 shall be governed by the Organic Budget Regime Law, published in official Gazette number 36. 916 Extra of March 2, 2000 and its Regulations.

Article 176. The formulation of the budget of the state companies and other entities subject to the regime established in Chapter IV of Title II of this Law, for the year 2001, shall be governed by the provisions of the Organic Law of Budget System, published in Official Gazette N° 36.916 Extra, of March 2, 2000 and its Regulations.

Article 177. The legal provisions that establish uses of revenue or predetermined budgetary allocations, not authorized in the Constitution or in this Law, shall continue in effect until December 31, 2003.

Article 178. The multi-annual budget framework shall be prepared from the years 2003 to 2004, both inclusive, in accordance with the provisions of Chapter II of Title II of this Law and shall be submitted for consideration to the National Assembly in the economic-financial year 2002.

At the time of submitting the budget bill for 2002, the National Executive shall submit to the National Assembly the expenditure and borrowing limits for that year, as well as the indicative estimates and financial results for the two following years, which shall be adapted at the time of submission to the multi-annual framework for the period indicated in the first part of this Article.

At the same time, until the formulation of the multi-annual budget framework referred to in the first part of this provision, the National Executive shall also submit the proposed ordinary contributions that shall be made each year to the Macroeconomic Stabilization Fund.

Starting in the period 2005 to 2007 inclusive, the multi-annual budget framework shall be adapted to the provisions of Title II and shall be formulated and passed for a period of three years.

Article 179. The provisions of Title II of this Law on the multi-annual budget framework shall be gradually applied to the entities referred to in clauses 8 and 9 of Article 6 of this Law, in accordance with the regulations of this Law.

Article 180. The provisions of Chapters I to V of Title III of this Law shall apply to the preparation, submission and passage of the annual borrowing law for the year 2002.

Article 181. The execution of the budget for 2001 and its additional half year as well as the settlement of this budget, shall be governed by the Organic Law of the Budget System identified in Article 171 and its Regulations.

Article 182. The Ministry of Planning and Development and the Ministry of Finance shall establish the mechanisms of coordination necessary for the preparation of the 2002 budget bill, as well as for the modification of the structures and the implantation of the systems of financial administration and internal control regulated by this Law.

Article 183. The National Treasury Office shall assume, according to the timetable that the National Executive agrees with the Central Bank of Venezuela through the Ministry of Finance, the functions that the Bank performs as agent of the Treasury Service for collection of national revenue and making payments for account of the National Treasury, without affecting the possibility that the Bank remain as depository of funds of the National Treasury, in accordance with the agreement signed with the Republic.

Article 184. Article 113, relative to the opening and maintenance of sub-accounts of the National Treasury in foreign currency, shall come into effect on January 1, 2001, in accordance with the agreements reached with the Central Bank of Venezuela.

Article 185. The Treasury Service shall be gradually extended to the decentralized non-commercial entities from January 1, 2002.

Article 186. The Ministry of Finance shall restructure the Public Finance Modernization Program, in order to give priority to the implantation of systems of financial administration and internal control, to assistance to the governing bodies and to the work of training the officials of the agencies subject to the provisions of this Law, as well as to the specialization of the consultants of said Programs to join the personnel of the governing bodies.

Article 187. Without prejudice to the provisions of Article 172, the public administration, before December 31, 2002, shall adapt its structures and procedures to the provisions of this Law. The National Executive shall also enact the necessary regulations before March 15, 2001.

Article 188. The public sector consolidated budget referred to in Article 75 of this Law shall be submitted for the first time to the National Executive before May 30, 2003.

Article 189. Until the accounting systems are issued for the agencies referred to in clauses 1, 6 and 7 of Article 6 of this Law those in effect at the time of its enactment shall continue. In any event, the accounting systems for the independent agencies (*institutos autónomos*) shall be prescribed after the introduction of the accounting system of the Republic.

The General Treasury Account, with the contents indicated in Article 130, shall be submitted to the National Assembly in the financial year following the introduction of the accounting system.

Article 190. The internal control units of the agencies of the Executive Power and the entities of the national decentralized administration enumerated in Article 6 of this Law, shall be restructured as internal audit bodies during the period established in Article 187, and the internal control functions shall be integrated into the processes and reassigned to the competent administrative bodies.

Article 191. The National Executive, during the year following the publication of this Law, shall submit to the National Assembly a bill to organize the system of administration of state property, which integrates the basic systems of financial administration regulated in this Law, under the same criteria of regulatory centralization and operational deconcentration.

Article 192. The provisions of Title VIII, relative to the Stability of the Expenditure and Intergenerational Sustainability, shall come into effect on the effective date of the Law of Macroeconomic Stabilization Fund and the Intergenerational Savings Fund, whose bill shall be submitted by the Executive Branch to the National Assembly and shall repeal the Debt Retirement Fund Law and the Law of the Investment Fund for Macroeconomic Stability..

Approved, signed and sealed in the Federal Legislative Palace, seat of the National Legislative Commission, in Caracas on 27 day of the month of July of 2000

Years 190 of Independence and 141 of Federation.

LUIS MIQUILENA

President

BLANCANIEVE PORTOCARRERO

First Vice President

ELIAS JAUA MILAN

Second Vice President

ELVIS AMOROSO

Secretary

OLEG ALBERTO OROPEZA

Deputy Secretary

GV/sz.

Who sign, OLEG ALBERTO OROPEZA, Deputy Secretary of the National Legislative Commission, bearer of identity card N° 6.350.489, certifies that the preceding Law, containing fifty-four (54) pages, is a true and exact copy of the original which is deposited in the Archives of the National Legislative Commission. The document was copied and compared by the official GABRIELLA VETHENCOURTH, bearer of identity card N° 10.330.202, Director of Legislative Services, who was commissioned for that purpose and will also sign at the foot of this document. Certification issued for these purposes, in Caracas on July 28, 2000.

OLEG ALBERTO OROPEZA

Secretary of the National Legislative Commission

GABRIELLA VETHENCOURTH

Director of Legislative Services