

CIRCULAR NO: 07/2005

7th June 2005

FIN: 10/1/69

FROM: Acting Chief Executive Officer, Finance & National Planning

TO: All Chief Executive Officers and Heads of Departments

SUBJECT: EXERCISE OF VIREMENT AUTHORITIES

1.0 Objective

- 1.1 The objective of this circular is to inform ministries and departments of the intention to allow Chief Executive Officers (CEOs) to exercise virement authorities provided in **provision 10** of the **Finance Instructions (FI) 2005**, commencing **June 2005**. This exercise is part of the gradual implementation of certain functions and authorities by the CEO for Finance and National Planning as provided in provision 2 of the FI.
- 1.2 This circular is **not** authority for all CEOs to exercise virement authority as each of them will be individually authorised in writing to do so, once they have completed and signed off their Finance Manuals (FMs).
- 1.3 This circular also outlines the procedures to be followed and the records to be maintained by each ministry, in exercise of this function.

2.0 Change in Implementation Approach

- 2.1 As advised in Finance Circular 14/2004, the new functions and authorities in the Financial Management Act 2004 and the FI were to be implemented at the start of each quarter, across the Whole-of-Government. The first phase required Chief Executive Officers to prepare and issue their agencies FMs before they are allowed to exercise functions and authorities assigned to them in the FI. However, despite continuous reminders¹ and a shift in the submission deadline to 30 April 2005, a few ministries have yet to complete their FMs while others are

¹ Finance Circular 3/2005 dated 04/04/05 and PSC Circular26/2005 dated 23/05/05.

in various stages of review. This has resulted in the delay in the implementation of key phases of the FMR.

- 2.2 Bearing this in mind, the FMR Steering Committee in their meeting on the 20th April, agreed to move ahead with the roll-out of virement authorities, but only to those Chief Executive Officers that have completed and issued their FMs.

3.0 Virement Authorities, Limitations and Procedural Requirements

- 3.1 **Provision 10 of the Finance Instructions** clearly specifies the authorities and limitations of Chief Executive Officers when transferring budgeted funds. These are as follows:

- (i) out from payroll (SEGs 1 & 2) and into non-payroll (SEGs 3 to 10);
- (ii) between the operating SEGs (SEGs 3 to 7);
- (iii) out from operating expenditure (SEGs 1 to 7) and into capital expenditure (SEGs 8 to 10);
- (iv) from one appropriation category to another appropriation category within the agency's head of appropriation; and
- (v) from one appropriation head to another appropriation head provided that both heads are administered by the same Chief Executive Officer.

Chief Executive Officers must not authorise the transfer of funds:

- (i) into the payroll SEGs (SEGs 1 and 2); and
- (ii) from capital expenditure (SEGs 8 to 10)

- 3.2 Chief Executive Officers must ensure that there is proper consultation within his/her ministry before transferring funds. This is particularly important for those ministries that have more than one self-accounting department under the control of the same Chief Executive.

- 3.3 Any breach of the limitations in 3.1 will result in the withdrawal of the virement authority of the CEO concerned.

- 3.4 Ministries and departments must comply with following procedures when processing virements. These procedures should be documented in the agency's FM:

- (i) the virement form as set out in Attachment 1, must be used for processing all requests for virements;

- (ii) prior written approval of the virement by the CEO must be obtained before any commitment or expenditure is charged to the expenditure allocations concerned, retrospective approval will not be entertained;
- (iii) a Virement Register must be maintained in accordance with the format specified in your FMs as per Attachment 2; and
- (iv) copies of the approved virements must be sent to the Ministry of Finance and the Office of the Auditor-General in the first week of each month.

4.0 Conclusion

- 4.1 This initial rollout of the functions and authorities in the Financial Management Act and the FI signals the start of many new and rewarding challenges for ministries and departments. As such they are encouraged to submit and finalise their FMs if they have not already done so, to allow for the gradual roll-out of other incentives and financial authorities.
- 4.2 For any clarifications on the contents of this circular, please contact Millie Low on phone 330 7011 Ext. 2538 or email mllow@govnet.gov.fj.
- 4.3 We look forward to your continued support in ensuring the successful implementation of the financial management reforms.

Shiri Chand

Acting Chief Executive Officer, Finance and National Planning

Distribution:

Official Secretary, Office of the President
Chief Executive Officer, Office of the Prime Minister
Chief Executive Officer, Public Service Commission
Solicitor General, Office of the Attorney General
Commissioner of Prisons, Prisons Department
Chief Executive Officer, Ministry of Justice
Chief Executive Officer, Ministry of Education
Chief Executive Officer, Ministry of Health
Chief Executive Officer, Ministry of Fijian Affairs, Culture, Heritage and Regional Development & Natural Disaster Management
Director, Department of Culture and Heritage
Chief Executive Officer, Ministry of Home Affairs and Immigration
Director of Immigration, Immigration Department
Commander, Fiji Military Forces

Commissioner, Fiji Police Force
Chief Executive Officer, Ministry of Labour, Industrial Relations & Productivity
Chief Executive Officer, Ministry of Foreign Affairs and External Trade
Auditor-General, Office of the Auditor-General
Supervisor of Elections, Elections Office
Chief Registrar, High Courts
Secretary General to Parliament
Ombudsman, Office of the Ombudsman
Director of Public Prosecutions
Chief Executive Officer, Ministry of Information, Communications and Media Relations
Chief Executive Officer, Ministry of Public Enterprises and Public Sector Reform
Chief Executive Officer, Ministry of Women, Social Welfare and Poverty Alleviation
Chief Executive Officer, Ministry of Multi-Ethnic Affairs and National Reconciliation
Chief Executive Officer, Ministry of Local Government, Housing, Squatter Settlement and Environment
Director of Environment
Director of Social Welfare
Chief Executive Officer, Ministry of Works and Energy
Chief Executive Officer, Ministry of Youth, Employment Opportunities and Sports
Chief Executive Officer, Ministry of Agriculture, Sugar and Land Resettlement
Agriculture Tribunal
Chief Executive Officer, Ministry of Fisheries and Forest
Chief Executive Officer, Ministry of Lands and Mineral Resources
Chief Executive Officer, Ministry of Commerce, Business Development and Investment
Chief Executive Officer, Ministry of Tourism
Chief Executive Officer, Ministry of Transport and Civil Aviation
Controller Government Supplies
Deputy Secretary, National Planning
Deputy Secretary, Ministry of Regional Development
Director & Registrar, Department of Co-operatives
Director, Department of Energy
Director, Mineral Resources Department
Director, Department of Civil Aviation
Director Meteorological Services
Deputy Secretary, Communications
Director, Government Shipping Services
Director, Fiji Islands Maritime Safety Administration
Government Statistician
Government Archivist
Manager, Information Technology & Computing Services
Government Printer