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FROM: Chief Executive Officer, Finance and National Planning

TO: All Chief Executive Officers and Heads of Departments

**SUBJECT: DELEGATION OF AUTHORITY TO WRITE OFF LOSSES IN
RELATION TO GOVERNMENT STORES, MONEYS AND
OTHER FINANCIAL ASSETS.**

1.0 Objective

- 1.1 The objective of this circular is to inform Chief Executive Officers of the intention to allow them to begin exercising their authority to write off losses in relation to government stores, moneys and other financial assets.
- 1.2 This circular provides an overview of the write off process and contains the basic procedures that CEO's are to adopt if they intend to exercise this authority.
- 1.3 The authority to write off losses will only be considered by CEO's once all practical cost recovery measures have been undertaken.

2.0 Background

- 2.1 The authority to write off losses had always rested with the CEO Finance and National Planning. Part of the Finance Management Reforms is to empower CEO's with financial authorities to manage their agencies in a performance oriented manner.
- 2.2 The initiative to delegate the write off authority to CEO's has been taken in an effort to progress with the financial authorities delegated under the Financial Management Act 2004.
- 2.3 Such initiatives would allow CEO's to better manage their assets with more care and diligence and so as write off losses that are irrecoverable rather than unnecessarily reflecting it as part of their books.

3.0 Write Off Guidelines

- 3.1 A write off guideline is attached as part of this Circular. The procedures outlined in the guide are designed to regulate the overall write off process for CEOs, sub delegates and officials of agencies that will be involved in identifying and preparing reports for any losses incurred in relation to government stores, moneys and financial assets.
- 3.2 The guidelines will be read in conjunction with relevant provisions for write offs in the FMA 2004, the Finance Instructions 2005 and the Agency Finance Manuals of the various agencies.
- 3.2 The basic objective of the guide is to assist CEO's to:
- (i) effectively safeguard and manage government assets;
 - (ii) maintain integrated controls to prevent and reduce damage or loss of government assets;
 - (iii) provide direction on asset accountability and reporting losses.
- 3.3 The guide basically outlines the following information for CEOs and their sub delegates who will be responsible during the write off process:
- (i) Requirements for write offs in the FMA 2004 and the FI 2005.
 - (ii) The broad classification of losses that can be considered for write offs.
 - (iii) The procedures to follow whenever a loss occurs in an agency.
 - (iv) The administrative responsibilities of various officers in the agency that should be managing the write off process.
 - (v) The types of forms to be filled and records to be kept, updated and maintained in agencies to document the write off process for accountability and audit trail purposes.
 - (vi) Recovery procedures that can be followed by responsible officers to recover the loss.
 - (vii) Quarterly loss reports that needs to be filled by agencies and sent to Ministry of Finance for their records and updating of the General Ledger.
 - (viii) Write off authority limits for CEOs and sub delegates.

- 3.4 In broad terms, a CEO who intends to exercise this authority has to ensure that the following are in place within his agency:
- (i) Ensure that an officer within the agency is appointed to be responsible for the whole write off process and be termed as the losses officer as per Appendix 2 of the Guide.
 - (ii) Ensure that proper records and forms are kept and made available to those concerned with the process.
 - (iii) That all officers that will be sub delegated with the authority are made aware of their limits and roles in whole write off process.
 - (iv) Ensure that there is a reporting system in place within the agency to update CEO's on all write off that have been written off within a certain period by all sub delegates.
 - (v) Randomly check that all write offs are carried out under proper procedures and that it is only approved after all practical cost effective recovery measures have been exhausted to ensure sub delegates do not abuse the authority.
 - (vi) Ensure quarterly returns (summaries) of all write offs within their agency are submitted to the Ministry of Finance for updating of the General ledger system.

4.0 Conclusion

- 4.1 This is one of the many new and rewarding challenges for CEOs and is in line with the rolling-out of other incentives and financial authorities under the FMR.
- 4.2 For any clarifications on the contents of this circular, please contact Tevita Kuruvakadua on phone 330 7011 ext. 2188 or email tkuruvakadua@govnet.gov.fj tkuruvakadua@govnet.gov.fj
- 4.3 We look forward to your continued support in ensuring the successful implementation of the financial management reform.

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