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FROM: Chief Executive Officer, Finance & National Planning

TO: All Chief Executive Officers and Heads of Departments

SUBJECT: GUIDE TO PREPARING CARRY-OVER

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## 1.0 Objective

- 1.1 The objective of this circular is to inform agencies of the adoption of the *carry-over* provision of the Financial Management Act 2004, which allows for greater devolution of authority to manage unspent resources more effectively.
- 1.2 The *carry-over* provision will be effective for the 2006 budgetary provisions and agencies will now be able to apply to the Minister of Finance to *carry-over* provision of the budget equivalent to known liabilities as identified in paragraph 3.0.
- 1.3 A *Guide to Preparing Carry-over* has been developed to assist agencies in the preparation, verification and approval process and procedures of all *carry-over*.

## 2.0 Authority to Approve Carry-over

- 2.1 Section 19 of the Financial Management Act 2004 gives the **Minister of Finance** authority to approve *carry-over* of all or part of unused appropriation that relates to known liabilities.
- 2.2 Any *carry-over* approved by the Minister of Finance will not be part of future budget estimates and neither requires parliamentary re-approval, but it will be taken as budget appropriated for the year in which it is used.
- 2.3 The Finance Instruction 2005 further requires that all requests for *carry-over* by agencies have to be supported with details of the liabilities to be carried over and written approval of the Minister of finance has to be obtained.

2.4 In this way, there is greater flexibility to allow the processing of unspent resources to areas needed in delivering the outputs more effectively.

### 3.0 Limitations to the Carry-over

3.1 For the purpose of determining the known liabilities allowed for *carry-over*, it will be limited only to the following types:

- a) Indents - Issued for the purchase of goods from overseas but due to circumstances, goods are not scheduled to reach the agency before the end of the financial year.
- b) Contract Payments - Payment for the delivery of goods or service after delivery date is re-scheduled to the following financial year due to unforeseen circumstances.
- c) Lease Payable - Rent due for a contract granting use or occupation of property.

3.2 The Ministry of Finance will not consider any other type of request for carry-over apart from the three types identified as in paragraph 3.1.

### 4.0 Timeline

4.1 As *carry-over* is a new initiative and is being implemented for the first time, agencies are requested to adhere to the following timeline.

Date	Task
30 <sup>th</sup> November	Agencies to process and submit all <i>carry-over</i> request to Budget Division of Ministry of Finance
12 <sup>th</sup> December	Minister of Finance makes a decision on the request for <i>carry-over</i>
22 <sup>nd</sup> December	Agencies to submit cash flow forecast and request for reversal of commitment for approved <i>carry-over</i>
31 <sup>st</sup> December	FMIS Section to adjust current and following year's budget and commitment for approved <i>carry-over</i>

4.2 Any delay on the part of the agency not complying with the timelines will immediately cancel the carry-over.

## 5.0 Conclusion

- 5.1 Chief Executive Officers should ensure that all their officers involved in the processing of *carry-over* strictly follow the processes and procedures outlined in the *Guide to Preparing Carry-over*.
- 5.2 The process and procedures should also be included in the agency's finance manual for reference purposes.
- 5.3 For any clarifications on the contents of this circular or the *Guide to Preparing Carry-over*, please contact Zakir Hussain on phone 330 7011 Ext. 2186 or email [zhussain@govnet.gov.fj](mailto:zhussain@govnet.gov.fj).
- 5.4 We look forward to your continued support in ensuring the successful implementation of the financial management reforms.

Paula Uluinaceva

**Chief Executive Officer, Finance and National Planning**

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