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From: Acting Permanent Secretary Finance, National Planning, Public Enterprise and Sugar Industry

To: All Permanent Secretaries and Heads of Departments

Subject: AMENDMENT TO THE GUIDE TO PREPARING VIREMENTS

1.0 Objective

- 1.1 The objective of this Circular is to inform all Permanent Secretaries and Heads of Departments of the amendments to the *Guide to Preparing Virements* issued through Finance Circular No. 10 of 2006.
- 1.2 The amendments to the guide should be used by agencies to assist them in the preparation, verification and approval process of all virements as required under section 16 and 17 of the Financial Management Act 2004.
- 1.3 Agencies should also ensure that the Finance Instructions 2005, Finance (Amendment) Instructions 2006 issued through Legal Notice No. 10 and Finance (Amended) Instructions 2007 issued through Legal Notice No. 4 are complied with when processing virements.

2.0 Issues Encountered

- 2.1 Currently, the authority to approve virements by the Permanent Secretaries of the various agencies apart from parliamentary bodies has been withdrawn. Requests for virements are therefore forwarded to the Budget Division for processing and seeking the approval of the Permanent Secretary for Finance.

2.2 Once approved, the virement forms are sent to the FMIS Section for relevant shifting of funds within the financial system.

2.3 In many cases, agencies are seeking virements without analyzing and checking that sufficient funds are available and not already committed. This has resulted in significant fund accounting issues such as agencies overspending against the allocations that are submitted for virement. This happens while the virement requests are in the approval process.

2.4 The effect of all this creates the following implications:

- Agencies can avoid the budgetary controls set up in the fund accounting module and as a result the expected monitoring and fund control mechanism are weakened;
- Agencies who made unchecked commitments (while an existing virement request is in the process of approval) are not capable of processing their payments after the virement are made by the FMIS Section; and
- Agencies and FMIS Section are burdened with additional tasks to clear these commitments which could have been avoided had a proper analysis been done.

3.0 Amendments to the *Guide to Preparing Virements*

3.1 The following table outlines the additional steps to be followed apart from the steps outlined in the *Guide to Preparing Virements*.

Amendments to the step by step guide to processing virements for approval by all Permanent Secretaries including parliamentary bodies.
Accounting Head <i>Verifies availability of funds in the financial system</i> <ol style="list-style-type: none">Use GL 874 for funds availability using the full 17 digit account codeUse GL 674 for cash flowOnly after verifying through a. and b. that funds are in fact

available and against the correct allocation, then submit the virement form to Budget Division.

- d. Accounting Heads should ensure that no over expenditure are committed against allocations from which funds are vired out from.

Budget Division

Verification prior to Permanent Secretary Finance's approval

- a. Standard virement reference codes should be agreed by Budget and FMIS Sections and an agreed coding convention created for on-going virement code allocations. *For example: V04233 where V is always for Virement, 04 suggest it is for Ministry of Finance and 233 is designated as the 233rd consecutive virement for Ministry of Finance.*
- b. Check that agencies have provided the full 17 digit code.
- c. Check for Funds Availability in GL 874
- d. If sufficient funds are available approve virement and send to FMIS for processing.

Ledgers Clerk (FMIS)

While processing the virement in the FMIS

- a. Check that 1 and 2 have been adequately provided and information is sufficient.
- b. Check for Funds Availability in GL 874
- c. If 1 and 2 verify, journalize the virement

5.0 Conclusion

5.1 Agencies are requested to ensure that the steps outlined above are duly followed and in ensuring that funds are available prior to the submission of virements to the Ministry of Finance for approval and updating into the financial system.

5.2 We look forward to your continued support.

Aisake Taito

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33. Director Social Welfare
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40. Office of the Agricultural Tribunal
41. Ombudsman
42. Secretary General to Parliament
43. Solicitor General & Permanent Secretary for Justice, Electoral Reform & Anti-Corruption
44. Supervisor of Elections Office