

MINISTRY OF FINANCE AND ECONOMIC DEVELOPMENT

Circular No 7 of 2015

Our Ref: CF/40/30/63/A V4

29 October 2015

From: Financial Secretary

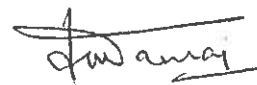
To: Supervising Officers-in-Charge of Ministries/Departments and Accounting Officers

FINANCIAL MANAGEMENT KIT (FM KIT)

Financial Instructions No 2 of 2015 – Write-Off of Advances

The purpose of this circular is to inform you of the procedures that are being prescribed for the writing off of irrecoverable advances.

2. Financial Instructions No 2 of 2015 provide, inter-alia, for:-
 - (a) the Officer in Charge of Finance Section in a Ministry/Department to submit a list of advances which are considered to be irrecoverable to the Accounting Officer, after ensuring that all reasonable steps have been taken to recover those advances and have been without success;
 - (b) the Director, Internal Control to undertake prior verification of all advances proposed for write off before approval by the Accounting Officer; and
 - (c) irrecoverable advances to be written off only against an item of expenditure authorised by the Financial Secretary.
3. For the purposes of both Financial Instructions No. 1 of 2013 and Financial Instructions No.2 of 2015, irrecoverable advances which may be written off by an Accounting Officer **do not include advances made to public bodies for the financing of their operations. The writing-off of such advances may only be dealt with by MOFED.**
4. You may wish to note that the Financial Instructions No 2 of 2015 have been finalized after consultations with the Director of Audit and necessary clearances sought from the State Law Office. These procedures will eventually be included in the FM Kit Volume II – General Financial Procedures.
5. This Financial Instructions should be read in conjunction with Financial Instructions No 1 of 2013 – Losses, Arrears of Revenue, Write-off and Advances.
6. You are requested to ensure compliance with the enclosed Financial Instructions No 2 of 2015 – Write-Off of Advances.



**D.D. Manraj, GOSK
Financial Secretary**

Copy to:

- (i) Secretary to Cabinet and Head of the Civil Service
- (ii) Director of Audit
- (iii) Accountant-General
- (iv) Directors, Economic and Finance, MOFED
- (v) Director, Financial Operations
- (vi) Director, Procurement & Supply
- (vii) Director, Internal Control
- (viii) Officers-in-Charge of Financial Operations Unit, Procurement & Supply Unit and Internal Control Unit in Ministries/Departments
- (ix) Lead Analyst & SMSTs, MOFED

Financial Instructions No 2 of 2015 - Write-off of Advances

1. Financial Instructions No 1 of 2013 – *Losses, Arrears of Revenue, Write-Off and Advances*, provide inter- alia that:
 - (a) every Accounting Officer shall, in respect of his/her department, be responsible to clear advance accounts in respect of irrecoverable advances; and
 - (b) before giving approval for the write-off of irrecoverable advances, the Accounting Officer should arrange for prior verification of all such cases by the Director, Internal Control (DIC).
2. The following must be adhered to regarding the write off of irrecoverable advances:
 - (a) All advances that are deemed irrecoverable should be written off;
 - (b) Irrecoverable advances may only be written off against item of expenditure 28222023- Write Off of Advances/Loans or any other item of expenditure as may be approved by the Financial Secretary; and
 - (c) Departments may not utilize savings under the items of their programmes for write off of irrecoverable advances unless authorized by the Financial Secretary.
3. After ensuring that reasonable steps have been taken to recover the advances and have been without success, the OIC Finance should fill in Part I of Accounts Form (AF) No 401 (Annex D) in 3 copies and submit to the Accounting Officer for approval. The AF No 401 should be supported by a list of advances considered to be irrecoverable (List of Advance Accounts set for Write Off), in the format given at Annex II.
4. Pursuant to paragraph 3 above, the OIC Finance should obtain such reports or certificates as may be deemed necessary from officers concerned.
5. Where, on the basis of information provided by the OIC Finance, the Accounting Officer is satisfied that there are sufficient justifications for the advances to be written off, he/she should sign Part II of the AF No 401 and submit 2 copies to the DIC together with a copy of the list of Advance Accounts set for write off.
6. The DIC should, after examination of cases referred to him/her, complete Part III of the AF No 401 and return one copy to the Accounting Officer together with his/her report and

recommendations in the format given at Annex III. In this respect, the DIC should prepare and submit to the Accounting Officer the following two lists:-

(a) List 1: Cases recommended for write off (Annex 1.1); and/or

(b) List 2: Cases not recommended for write off (Annex 1.2).

7. In respect of cases recommended for write off by the DIC (Annex 1.1), the Accounting Officer may give approval for write-off at Part IV of the AF No 401.
8. For cases not recommended for write off by the DIC (Annex 1.2), the Accounting Officer should explore further avenues for recovery and/or consider the implementation of any other recommendation(s) made by the DIC. Where, in the light of new information obtained, the Accounting Officer considers that one or more cases included in Annex 1.2 may be written off, he/she should refer back such cases to the DIC for examination.
9. The authorization of the Financial Secretary should be sought for writing off advances against item 28222023- Write Off of Advances/Loans. In this regard the Accounting Officer should sign Part I of Finance Form 15 (Annex IV) in three copies and submit two copies to the Financial Secretary together with a copy of the Report of the DIC.
10. Upon authorization of the Financial Secretary, necessary provisions will be made under the item of expenditure 28222023- Write Off of Advances/Loans through virement.
11. Upon receipt of a copy of the Finance Form 15 from the Financial Secretary conveying his authorisation to debit the item of expenditure 28222023- Write Off of Advances/Loans, the Accounting Officer should liaise with the Accountant General for the necessary book adjustments to clear the relevant advance accounts.

29.10.2015

Government of Mauritius

Application for Write off of Irrecoverable Advances

PART I – APPLICATION BY OIC FINANCE

Ministry/Department:

Reference :

From: Officer in Charge Finance

To: Accounting Officer

Please see attached herewith a list (Annex II) of advances for write off. The cases have been fully investigated and all reasonable steps to recover amounts in respect of the advances have been explored and have been without success.

- Type of Advance Account:
- Loss of Public Money
 - Loss of Fixed Fee receipt forms
 - Overpayments
 - Other (Please specify)
 - Abandoned Claims
 - Dishonored Cheques
 - Loss of Goods

Total number of cases :

Total Amount (Rs):

.....

.....

Officer in Charge Finance

Date

Name:

.....

PART II – REFERRAL TO DIRECTOR INTERNAL CONTROL

From: Accounting Officer

To: Director Internal Control

The list of advances (Annex II) attached herewith is submitted for your verification in accordance with paragraph 13 of Financial Instructions No 1 of 2013. You are requested to examine the cases and to recommend whether they may be written off.

.....

Accounting Officer

.....

Date

Name:

PART III – REPORT OF DIRECTOR INTERNAL CONTROL

From: Director Internal Control

To: Accounting Officer

The cases of irrecoverable advances in the attached list have been examined and my report is attached herewith.

.....

Director Internal Control

.....

Date

Name:

PART IV - APPROVAL FOR WRITE-OFF

To: Officer-In-Charge, Finance

I hereby approve the write off of advances amounting to Rs.....in respect of cases as indicated in Annex 1.1.

.....

Accounting Officer

.....

Date

Name:

List of Advance Accounts set for Write Off							
SN	Details of Advances		Advance Account Name	Amount Rs	Date Advance Account opened	Recovery/Enforcement Action Taken *(Options to be provided)	Reasons for Write Off **(Options to be provided)
	Item Code (8-digit)	Type of Advance Account					

* Recovery/Enforcement Action Taken: e.g. Refer to Police, legal recovery through SLO, Other (Please specify)

**Reasons for Write Off: e.g. Bankrupt, Time Barred, Passed Away,

Report of the Director Internal Control
on
Application for Write off of Irrecoverable Advances/ Arrears of Revenue
 (Submitted in Accordance with of Financial Instruction)

Report to:

Ministry/ Department:

Date:

Reference:

1. Introduction

Under Financial Instructions No 1 of 2013- Losses, Arrears of Revenue, Write-Off and Advances- an Accounting Officer is required to arrange for the prior verification by the Director, Internal Control of cases of write off of irrecoverable arrears of revenue and Advance Accounts referred to him/her.

This report provides my comments and recommendations following a verification of cases referred to me.

2. Objective of Verification

The objective of the verification is to determine whether proper actions have been taken to recover the amount(s) due to government and recommend to you whether or not the amounts may be written off. In addition, the verification aimed at identifying weaknesses in the debt recovery systems and procedures and providing recommendations for improvement.

3. Recommendations

3.1 *Cases recommended for write off*

(i) cases for a total amount of Rs..... are recommended for write off Annex 1.1

(ii) Comments, if any.

3.2 *Cases not recommended for write off*

(i) cases for a total amount of Rs..... are not recommended for write off for reasons given in Annex 1.2

(ii) Comments, if any.

3.3. *General observations and Recommendations, if any.*

.....

Date:

Director, Internal Control

Name:

Government of Mauritius

Application for charging Item 28222023 - Write Off of Advances/Loans

PART I

Ministry/Department:

Reference:

From: Accounting Officer

To: Financial Secretary

1. Following the recommendations of the Director Internal Control, I have approved the write-off of advances as detailed hereunder:-

No of Advance Accounts:

Amount (Rs):

Amount in words:

A copy of the Report of the Director Internal Control is attached herewith.

2. I am satisfied that-

- (a) the amounts set for write off are **irrecoverable**;
- (b) the cases have been **fully investigated and all reasonable steps to obtain payment** of the advance have been explored and have been without success; and
- (c) there has been **no negligence or carelessness on the part of any officer** of this Department, so far as I have been able to ascertain by all possible enquiries.

3. Your approval is hereby sought for charging the total amount set for write off to the item of expenditure 28222023- Write Off of Advances/Loans.

.....

.....

Accounting Officer

Date

Name:

PART II

From: Financial Secretary

To: Accounting Officer

The item of expenditure 28222023- Write Off of Advances/Loans may be charged to clear the advance account mentioned at Part I above. You may liaise with the Accountant-General for the necessary book adjustment.

Financial Secretary: **Date**.....

Name: