

Financial Management of External Funding and Government Loans to Public Entities

1. These financial instructions set out the financial procedures and responsibilities for the management of external loans and grants mobilised by Government and the management of Government loans to Public Entities (PEs). The procedures aim at ensuring -
 - (a) effective utilization of funds mobilised;
 - (b) proper monitoring of projects financed by loans and grants;
 - (c) proper accounting of all project components in Treasury Accounting System (TAS);
 - (d) compliance with loan/grant conditionalities; and
 - (e) effective management of loans and advances made by Government to PEs, including servicing as per amortization schedule.

Part A – External Funding

Ministry of Finance and Economic Development Responsibilities

2. The Ministry of Finance and Economic Development (MOFED) shall -
 - (a) negotiate and finalise the terms and conditions of funding as well as project scope/components;
 - (b) sign loan agreements after vetting by the Attorney General's Office ;
 - (c) follow up with stakeholders to ensure that the loan becomes effective;
 - (d) ensure that conditionalities agreed between the funding agency and the Implementing Agency are complied with; and
 - (e) table a copy of each signed loan agreement at the National Assembly, and send copies to the Accountant General, Bank of Mauritius and to the Implementing Agency.

Accountant General Responsibilities

3. The Accountant General shall-
 - (a) prepare and submit withdrawal applications to Funding Agencies and follow up

- on disbursements;
 - (b) maintain Special Bank Accounts (where applicable) in respect of Project Loans/Grants and, where applicable, make timely transfers to the General Account;
 - (c) apply for reimbursements of funds after examination of expenses incurred by implementing agencies (in respect of expenditure pre-financed from budget) and credit the appropriate government revenue item;
 - (d) ensure that relevant Chart of Accounts (COA) codes are created in the Treasury Accounting System (TAS) to capture transaction data on Project Loans/Grants;
 - (e) determine the most appropriate method of payment to suppliers /contractors/service providers to reduce transaction costs;
 - (f) ensure that implementing agencies submit monthly returns of expenditure incurred on Project Loans/Grants duly reconciled with related TAS reports; and
 - (g) follow up with implementing agencies on discrepancies between returns and TAS records relating to Project Loan/Grant expenditure.
4. The Accountant General shall-
- (a) prepare and submit to the Director of Audit annual financial statements or such other statements as may be required by Funding Agencies for audit purposes;
 - (b) seek explanation from implementing agencies in respect of queries raised by auditors for onward submission to the Director of Audit; and
 - (c) submit to Funding Agencies the audited financial statements within the prescribed time frame.

Implementing Agencies Responsibilities

5. Implementing Agencies shall-
- (a) After clearance of proposed intervention by MOFED, discuss and finalise project details, including possible legal, policy and institutional reforms as well as conditionalities with development partners with support from MOFED;
 - (b) submit to the AG such information and certified documents as the latter may require for the preparation of withdrawal applications or financial statements;
 - (c) ensure that necessary provisions have been made in the budget in respect of expenditure financed by such loans/grants;

- (d) comply with terms and conditions of the loan/grant agreement and conditionalities agreed with the funding agency and any instructions by MOFED for the implementation of the project/activity (e.g. procurement procedures for goods and services);
- (e) ensure the day to day management of projects/activities funded by development partners and keep appropriate records;
- (f) submit all necessary returns, documents and other information to the Accountant General within the timeframe specified by the latter;
- (g) ensure that the correct COA codes are used when entering financial data in TAS;
- (h) ensure that budget provided and allocated to any project/category of expenditure is not exceeded;
- (i) reconcile expenditure incurred with TAS records and submit monthly returns to the Accountant General in such formats as may be required by the latter;
- (j) ensure that proper accounting/recording systems and internal controls are in place to support operations; and
- (k) attend and reply to any audit queries.

PART B -Government Loans to Public Entities

6. Prior to sending funding requests to MOFED, Accounting Officers should assess and justify the need for funding to PEs operating under their responsibility and ensure that the PEs have the capacity to service any loan contracted.
7. The Accounting Officer of the parent Ministry concerned shall-
 - (a) countersign all loan agreements;
 - (b) ensure that all loans and interests are repaid in accordance with agreed repayment schedules; and
 - (c) ensure compliance by the PE with conditions set out in the loan agreement.
8. The Accountant-General shall-
 - (a) maintain proper records and accounts of all loans and advances made to PEs;
 - (b) submit claims and collect repayments; and
 - (c) report cases of arrears to MOFED on a regular basis.