



MINISTRY OF FINANCE AND ECONOMIC DEVELOPMENT

Government Centre, Port Louis, Mauritius

Circular No 5 of 2015

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Date: 15 June, 2015

From: Financial Secretary

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

Financial Instructions No 1 of 2015 – Virement

As you are aware, in March 2015 a number of amendments were brought to the Finance and Audit Act with the objective of simplifying the process of annual appropriation of the Estimates by changing the basis from “Programme” to “Vote of Expenditure”. Section 22 (1) (ea) of the Act also provides for the Minister of Finance to issue Financial Instructions for the making of virement of funds.

2. In this context, new Financial Instructions on Virement and Provision for Contingencies have been worked out in collaboration with the Financial Management Review Committee. Opportunity has been taken to simplify and consolidate the virement rules.

3. The general principles of the existing virement rules have been maintained. The authority regarding virement (that is reallocation of funds from one item to another item of expenditure) rests with the Ministry of Finance and Economic Development (MOFED). However, from a practical budget management point of view, Accounting Officers are being authorised to effect virement without the prior approval of MOFED within the Vote under their control so long as the cumulative amount **does not exceed 2 %** of the appropriation under their control, subject to the conditions and limitations spelt out in the Financial Instructions No.1 of 2015.

4. Financial Instructions No. 1 of 2015 supersede paragraph 23 of Chapter 10.3 of the Financial Management Manual, and Financial Instructions No. 1 of 2008 and No. 3 of 2009 on Virement, and Financial Instructions No. 2 of 2008 on Provision for Contingencies.

5. These Financial Instructions are deemed to take effect as from 1st January 2015.

6. I am directed to kindly request you to ensure compliance with the enclosed Financial Instructions.

A. Acharuz
for 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

MINISTRY OF FINANCE AND ECONOMIC DEVELOPMENT

Financial Instructions No. 1 of 2015 - Virement

1. Financial Instructions No. 1 of 2015 are issued in accordance with section 22 (1) (ea) of the Finance and Audit Act and take effect as from **1st January 2015**. They supersede paragraph 23 of Chapter 10.3 of the Financial Management Manual, and Financial Instructions No. 1 of 2008 and No. 3 of 2009 on Virement and Financial Instructions No. 2 of 2008 on Provision for Contingencies.

2. In this Financial Instructions:-

“Accounting Officer” means a Public Officer as designated by the Minister of Finance and Economic Development in accordance with section 21 (1) of the Finance and Audit Act;

“Department” means any Government department, and the body, specified in Part A of the First Schedule of the Finance and Audit Act (and may include a Ministry);

“expenditure category” means a category of expenditure which groups similar expenditure classes and is indicated by a 2-digit code in the Estimates;

“expenditure class” means a class of expenditure which groups similar expenditure items (expenses by economic type of transactions) and is indicated by a 5-digit code in the Estimates;

“expenditure item” means an expenditure item indicated by an 8-digit code as per the Treasury Accounting System;

“head of expenditure/Vote of Expenditure”:-

- (a) means the Vote of expenditure contained in the estimates for a fiscal year in respect of a department; and
- (b) includes the Vote of expenditure in respect of centralised services of Government;

“maintenance” means any activity required to preserve, as nearly and as long as possible, the original condition of a non-financial asset or resource while compensating for normal wear and tear and is indicated by an expenditure class 22060 in the Estimates;

“MOFED” means Ministry of Finance and Economic Development;

“Sub-Head” means a sub-head of expenditure specified in the Estimates;

“Virement (Contingencies)” means reallocation of funds from Vote and “Contingencies & Reserves” to any other Vote by MOFED.

Virement

3. Virement is a reallocation of funds (i) from an expenditure item to another expenditure item within the same Vote; or (ii) from an expenditure item in a Vote to another expenditure item in a different Vote.

4. In the case of capital expenditure and for the purpose of the 2% limit mentioned at paragraph 5, virement also includes a reallocation of funds across the sub-components of an expenditure item shown in the Estimates.

Limitations and Conditions on Virements

A. Virement by an Accounting Officer

5. The authority **to approve** virement(s) **within** a Vote of Expenditure (or Sub-Head of Expenditure) is delegated to an Accounting Officer as long as the cumulative virements **do not exceed 2%** of the total appropriation under his/her control and subject to the limitations and conditions specified at paragraphs **7 to 10** below.

6. Where, within a Vote there is more than one Accounting Officer, a virement between items under the control of two or more Accounting Officers should be approved by the Accounting Officer whose budget is being reduced, subject to the agreement of the Supervising Officer, where applicable.

7. An Accounting Officer **may effect** a virement as long as it is:

- (a) from a recurrent expenditure item to another recurrent expenditure item;
- (b) from a recurrent expenditure item to a capital expenditure item;
- (c) from a capital expenditure item to another capital expenditure item; or
- (d) from a capital expenditure item to an expenditure item under Expenditure Class (22060) “Maintenance”.

8. An Accounting Officer **may effect** Virement to a capital expenditure item to the extent that:

- (a) the item is in respect of an **approved** capital project **included** in the Estimates; and
- (b) the Virement does not lead to an increase in the approved Project Value of the receiving capital project.

9. An Accounting Officer **may not** effect a virement **to**:
- (a) the item “Basic Salary” **except** where the virement is for :-
 - (i) a shift of human resources entailing a need for additional provision under the item;
 - (ii) meeting cost in respect of salary adjustment or compensation or implementation of the Performance Management System (PMS);
or
 - (iii) expenses in connection with approved Funded Positions in the Estimates;
 - (b) items “Overtime”, “Extra Assistance” and “Wages” **except** where the virement is from an expenditure item under economic category “Compensation of Employees”;
 - (c) an item where provision is required as a result of a new service, scheme or project (capital); or
 - (d) specific items as may be indicated from time to time by MOFED by way of circular or other written instructions.
10. An Accounting Officer **may not** effect a virement **from**:
- (a) an expenditure item in respect of maintenance to any other expenditure item, **except** where the virement:
 - (i) is to an expenditure item under Expenditure Class (22060) “Maintenance” or to a capital expenditure item; and
 - (ii) is not to the detriment of the asset(s) in respect of which maintenance provision is being reduced;
 - (b) an expenditure item under Economic Category “Social Benefits” (code 27), **except** where the virement:
 - (i) is to an item within the same Economic Category; and
 - (ii) is in respect of an approved social programme/benefit;
 - (c) an expenditure item under Economic Category “Acquisition of Financial Assets” (code 32), **except** where the virement:

- (i) is to an item in the same Economic Category; and
- (ii) is for an approved purpose.
- (d) an expenditure item in respect of a project that is financed by grants/project loans from International Organisations/Foreign Countries;
- (e) an expenditure item in respect of contributions to Special Funds created under Finance and Audit Act; or
- (f) an expenditure item as may be indicated from time to time by MOFED by way of circular or other written instructions.

B. Virement requiring prior approval of MOFED

11. An Accounting officer should seek prior approval of MOFED where the virement is:

- (a) from one Vote of Expenditure to another Vote of Expenditure;
- (b) from a capital expenditure item to a recurrent expenditure item;
- (c) likely to exceed the Project Value of the receiving capital project;
- (d) likely to exceed the limit of 2 % specified at paragraph 5;
- (e) in respect of instances mentioned at paragraphs 9 and 10; or
- (f) any other instance not elsewhere specified .

12. Pursuant to paragraph 11, the Accounting Officer should submit to MOFED an Application Form (Finance Form 1 at Annex I) together with a memorandum giving:

- (a) full justification of the circumstances that have led to the necessity for such a virement;
- (b) the necessary documentary evidence; and
- (c) the likely impact on the delivery or improvement of the services

C. Virement (Contingencies)

13. In line with Section 5 of the Finance and Audit Act a provision for Contingencies is included in the annual estimates to meet urgent and unforeseen expenditure. The provision for contingencies is appropriated by the National Assembly under Vote “Contingencies & Reserves” which is under the control of MOFED.

14. Virement from Vote “Contingencies & Reserves” may only be effected:

- (a) where the expenditure cannot, without injury to the public service, be postponed;
- (b) where the expenditure is in respect of an new service, scheme or project;
- (c) in case of natural disasters; or
- (d) in case of other emergencies requiring exceptional/urgent expenditure.

15. In respect of instances mentioned paragraph 14, Accounting Officers should seek the **prior approval of MOFED** before taking any commitment that may involve additional financial implications to Government.

16. Provisions under Vote “Contingencies & Reserves” will not be released to compensate for poor planning or inefficient budget management. The fact that a request for budgetary provision could not be entertained at Budget time or was deferred, will **not be deemed** to be a sufficient justification for approval of an application.

17. An Accounting Officer seeking funds from the Vote “Contingencies & Reserves” should submit an application, on Finance Form 1(a) at Annex II, supported by a memorandum indicating clearly :-

- (a) whether the expenditure will be :-
 - (i) for a new service;
 - (ii) for an existing service resulting in an excess of the sum provided for that service; or
 - (iii) for expenses in case of natural disasters or other emergencies requiring urgent/exceptional expenditure .
- (b) the reasons for which the proposed additional expenditure in respect of paragraph (a) (i) or (ii) :-
 - (i) could not have been foreseen;
 - (ii) cannot without injury to the public service be postponed; and
 - (iii) cannot be offset by savings from other items of expenditure;

- (c) the likely impact on the key actions, outputs, services or performance indicators in case the application is not approved.

D. Virement Certificate & Virement Warrant

18. The application for virement should be prepared by the Accounting Officer of the receiving expenditure item to which a virement is to be effected.
19. Approval of virements by an Accounting Officer should be effected by way of a Virement Certificate (Finance Form 2 at Annex III).
20. Budget transfer in Treasury Accounting System (TAS) in respect of virements approved by an Accounting Officer (paragraphs 5 and 6 above) should be effected at the level of the relevant Department.
21. Approval of virement by MOFED shall be issued to the Accountant-General in the form of a Virement Warrant (Finance form 7 at Annex IV).
22. Approval of virement from Vote “Contingencies & Reserves” shall be issued by MOFED to the Accountant General in the form of a Virement (Contingencies) Warrant (Finance form 7 (a) at Annex V).
23. On receipt of any Virement Warrant from MOFED, the Accountant-General will make the necessary budget transfer in TAS and notify the Accounting Officer concerned accordingly.
24. MOFED will submit to the National Assembly, within one month after the end of each quarter, a list giving details of all virements effected by Accounting Officers during such quarter. Accounting Officers should accordingly submit to MOFED the required information within two weeks after the end of each quarter.

05 June 2015

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Annex I -Finance Form 1

Financial Year ending 30 June 20...

*(Virement No of 20....)**

From: Accounting Officer

(File reference)

Department:

To: The Financial Secretary, Ministry of Finance and Economic Development

I hereby apply for virement as detailed below and specified in the attached memorandum.

I certify that savings are available under the items of expenditure from which the virement is to be effected.

Item(s) of Expenditure from which the virement is to be effected

Vote/ Sub-Head	Item of Expenditure		Amount (Rs)
	Item No.	Description	

Receiving Item(s) of Expenditure

Vote/ Sub-Head	Item of Expenditure		Amount (Rs)
	Item No.	Description	

Cumulative Virement already effected during the Financial Year

Vote/ Sub-Head:

Initial Appropriation (Rs):

Authorised Virement at Department level (Rs):

Cumulative virement as at20..... (Rs):**

Name

Title

Signed

Accounting Officer

Date

Name

Title

Signed

Supervising Officer***

Date

MOFED Approval

(to be filled in by Department for records)

MOFED Virement Warrant No of (date)

* Departmental Number

** Details of all virements effected during the Financial Year to be provided in memorandum

*** To be signed where applicable

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Annex II- Finance Form 1 (a)

Application for Funds from Contingencies and Reserves

Fiscal Year

The Financial Secretary, Ministry of Finance and Economic Development

I apply for funds from Contingencies & Reserves as detailed below, in accordance with Financial Instruction No 1 of 2015 (Paragraph 15) and specified in the attached memorandum which is duly signed and dated.

Funds to be used as follows-

Vote/Sub-Head		Item of Expenditure		Amount (Rs)
Code	Title	Item No.	Description	

Ministry/Department.....

(File reference

Name

Name

Title

Title

Signed
Accounting Officer

Signed
Supervising Officer

Date

Date

REPUBLIC OF MAURITIUS

Annex III- Finance Form 2

Virement Certificate

Financial Year ending 30 June 20.....

*(Virement No ... of 20...)**

Department:..... (File reference:)

Vote of Expenditure:

To: Accounting Officer

Your approval is sought for the Virement(s) as detailed below, in accordance with Financial Instructions No. 1 of 2015. A memorandum explaining the reasons thereof is attached herewith.

I certify that savings are available under the items of expenditure from which the virement is to be effected.

Item(s) of Expenditure from which the virement is to be effected

Item of Expenditure		Amount (Rs)
Item No.	Description	

Receiving Item(s) of Expenditure

Item of Expenditure		Amount (Rs)
Item No.	Description	

Cumulative Virement already effected under the Vote during the Financial Year

Vote / Sub-Head:

Initial Appropriation (Rs):

Authorised Virement at Department level (Rs):

Cumulative virement as at20..... (Rs):**

Name: **Title:**

Signed: **Date:**

Officer-In-Charge Finance

Approval for Virement

Name: **Title:**

Signed: **Date:**

Accounting Officer

* Departmental Number

** Details of all virements effected during the Financial Year to be provided in memorandum

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Annex IV-Finance Form 7

VIREMENT WARRANT

No. ... of 20.....

To:

THE ACCOUNTANT-GENERAL,

The sums set out in the attached Schedule are hereby re-allocated in the manner shown

2. In accordance with paragraph 23 of Financial Instructions No 1 of 2015, you should now make the appropriate budget transfer in the Treasury Accounting System (TAS) and notify the Accounting Officer(s) concerned.

Signed:

Financial Secretary

Date:

Copy to: Director of Audit

Accounting Officer,

Clerk, National Assembly

REPUBLIC OF MAURITIUS

Annex V-Finance Form 7 (a)

VIREMENT (CONTINGENCIES) WARRANT

No. of

To:

THE ACCOUNTANT-GENERAL,

The sums set out in the attached Schedule are hereby re-allocated in the manner shown.

2. In accordance with paragraph 23 of Financial Instructions No 1 of 2015, you should now make the appropriate budget transfer in the Treasury Accounting System (TAS) and notify the Accounting Officer(s) concerned.

Signed:

Financial Secretary

Date:

Copy to: Director of Audit

Director, Economic and Finance

Accounting Officer,

Supervisor, Computer Section, Treasury

Clerk, National Assembly