Our Ref: CF/40/30/63/A V5 06 June 2016

From: Financial Secretary

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

FINANCIAL MANAGEMENT KIT (FM KIT)

Financial Instructions No 1 of 2016 – Carry-Over of Capital Expenditure

In March 2015, the Finance and Audit Act was amended to provide for the possibility for Ministries to carry-over unspent capital expenditure to a period not exceeding 3 months in the following fiscal year without the need for further appropriation by the National Assembly, but subject to such limitations and conditions as may be specified in financial instructions. The purpose of this circular is to inform you of those limitations, conditions and procedures applicable.

2. These are spelt out in the enclosed Financial Instructions No 1 of 2016 – Carry-Over of Capital Expenditure.

3. The main provisions are as follows:

(a) Scope of carry-over provisions

Carry-over will apply to capital expenditure appropriated by the National Assembly in respect of capital projects being undertaken by Central Government, Local Authorities, Rodrigues Regional Assembly, or a statutory body or public enterprise, which is partly or wholly funded by Government.

(b) Criteria for eligibility of Carry-over

Capital expenditure will be eligible for carry-over provided that the sum is used for the same purpose as the initial appropriation, and that there is reasonable certainty that the sum will not be disbursed by the end of the fiscal year of appropriation but within 3 months after the end of the year.

(c) Application for Carry-over

Ministries/Departments will have to submit their requests for carry-over to MOFED not later than two months before the end of the fiscal year or by such other date as MOFED may from time to time determine.

(d) Approval for Carry-over

All requests for carry-over will have to be assessed and approved by MOFED.
Financial Instructions No 1 of 2016

Carry-Over of Capital Expenditure

Provision of the Finance and Audit Act

1. Section 3A of the Finance and Audit Act provides that where an amount has been appropriated by the National Assembly for the purpose included in an item of capital expenditure for a fiscal year and the amount earmarked for a project has not already been fully incurred or reallocated to any other item of capital expenditure at the end of that fiscal year, the balance of the provision earmarked for that project may be carried over to a period not exceeding 3 months in the following fiscal year without the necessity for further appropriation by the National Assembly but shall be subject to such limitations and conditions as may be specified in financial instructions issued under section 22 of the Finance and Audit Act.

General Principles Governing Carry-Over

2. The main objective of carry-over is to improve public expenditure efficiency by facilitating the transition between two fiscal years, whilst ensuring adherence to sound budgeting, management and accounting practices. Carry-over aims at enabling the use of certain unspent capital expenditure appropriation beyond the fiscal year for which it was originally granted without the need for re-appropriation in the following year, particularly in cases where procurement processes straddle over two fiscal years.

3. A carry-over is not a means for compensating bad planning or inefficient budget execution. In particular, the possibility of carrying over capital expenditure should not be perceived as an authority to initiate the process for the acquisition of an asset beyond a fiscal year of appropriation.

4. Carry-over funds may only be used for the same purpose as the initial appropriation and no virement is allowed between capital expenditures carried-over.
Application for Carry-Over

8. Requests for carry-overs should be forwarded to MOFED not later than two months before the end of the fiscal year or by such other date as MOFED may from time to time determine. Indications about capital expenditure that could be subject to a carry-over should be provided to MOFED along with the budget proposals of the Ministry/Department for the following fiscal year.

9. Requests for carry-overs should be signed by the Accounting Officer.

10. Accounting Officers should submit their requests for carry-over of capital expenditure to MOFED (Finance Form 16 at Annex I) and should, inter alia:-

   (a) state the purpose (project) for which the funds were appropriated;

   (b) provide the reasons why the funds would not be spent in the year of appropriation;

   (c) indicate when:-

      (i) the works are expected to be executed and certified for payment, or the asset (financial or non-financial) is expected to be acquired; and

      (ii) the payment is expected to be made, with a disbursement schedule, if applicable.

Approval of Carry-Over

11. When assessing whether or not a capital expenditure may be carried over, MOFED will take the following into consideration:-

   (a) whether it is considered necessary in the best interest of public finance management;

   (b) the magnitude of the amount involved ;

   (c) whether the amount can be accommodated in the following year’s budget; and

   (d) the effect of the carry-over on the closing of the accounts by the Accountant-General.
GOVERNMENT OF MAURITIUS

Application for Carry-Over of Provisions
Financial Year Ending 30 June 20...........
(Carry-Over No.... of 20.......)

From: Accounting Officer

Department: ..........................................................

To: Financial Secretary, Ministry of Finance and Economic Development

I hereby apply for carry-over sanction as detailed below:

<table>
<thead>
<tr>
<th>Vote</th>
</tr>
</thead>
<tbody>
<tr>
<td>Item of Capital Expenditure</td>
</tr>
<tr>
<td>Description of Item</td>
</tr>
<tr>
<td>Original Estimates (Rs)</td>
</tr>
<tr>
<td>Total Provisions after virement (Rs)</td>
</tr>
<tr>
<td>Balance unspent as at date (Rs)</td>
</tr>
<tr>
<td>Amount applied for carry-over (Rs)</td>
</tr>
</tbody>
</table>

Reasons for Carry-Over*

☐ Contract already awarded but goods are not expected to be delivered before year end.

☐ Contract already awarded but works/services are not expected to be completed and certified before year end.

☐ Works/services will be completed before year end but are expected to be certified after year end.

☐ Goods will be delivered before year end but commissioning are expected to be effected after year end.

☐ Others. Please specify............................................................

A memorandum explaining the reason(s) stated above should be attached.

I hereby certify that there is reasonable certainty for the amount applied for carry-over to be disbursed not later than 30 September 20......

Expected date(s) of payment: ........................................... (Attach disbursement schedule where applicable)

Name ........................................ Title ........................................

Signed ........................................ Date ........................................

Accounting Officer

MOFED Approval

(to be filled in by Department for records)

MOFED Carry-Over Warrant No ................. of (date) ............

* Please tick as appropriate