

# **MINISTRY OF FINANCE AND ECONOMIC DEVELOPMENT**

## **Circular No 15 of 2017**

**Our Ref: CF/40/30/63/A V5**

**15<sup>th</sup> December 2017**

**From: Financial Secretary**

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

### **FINANCIAL MANAGEMENT KIT (FM KIT)**

#### **Financial Instructions No 4 of 2017- Local Purchases**

The purpose of this Circular is to inform you of the new procedures that are being prescribed for '*Local Purchases*', with a view to bringing more efficiency and also to facilitate the development of a computerised integrated payment system.

2. As you are aware, a computerized Government Asset Register (GAR) has been developed to enable the recording of non-financial assets by Departments. It is also envisaged to put in place a Computerized Purchasing and Inventory Management System (CPIS) to modernize the system for the placing of orders and maintenance of stock records. The GAR and the CPIS are two components of the envisioned integrated payment system.
3. In this context, there was need to review the current procedures in respect of local purchases, including the practices relating to the use of Goods Form 1 (Local Purchases) and Accounts Form 232 (Other Charges Voucher). The new procedures are prescribed in the Financial Instructions No 4 of 2017 – *Local Purchases*.
4. The Financial Instructions provide, inter-alia, for:
  - (a) a revised Goods Form 1 (GF 1) to be used only as Combined Indent, Invoice and Receipt Note; and
  - (b) a revised AF 232(R) which will now also cater for payments regarding local purchases made through GF1.
5. GF1 Forms will no longer be held in booklet form and will instead be generated electronically (e.g. through MS Word or Excel) at the level of Departments, as is already the case for AF 232(R). However, the serial numbers will be allocated by the Treasury to Departments in series/range. Departments will also be required to insert the Asset Book Reference on both GF1 and AF 232(R) in respect of acquisition of non-financial assets.
6. Financial Instructions No 4 of 2017 – *Local Purchases* have been finalized after consultations with the Director of Audit and necessary clearances sought from the State Law Office. These instructions will replace the existing corresponding provisions contained in the Financial Management Manual 1990 and will eventually be included in the Financial Management Kit.

7. The corresponding provisions in FMM 1990 that are being replaced are as follows:

SN	Existing Provisions in FMM 1990	Remarks
1	CHAPTER 20.4 – PAYMENTS, Section : <i>Vouchers For Local Purchases Procedure</i> Paragraphs 54 & 55	These Paragraphs are being superseded by the Financial Instructions – Local Purchases
2	CHAPTER 20.4 – PAYMENTS, Section : <i>Vouchers For Local Purchases Procedure</i> Paragraphs 56	Replaced by paragraph 18 of Financial Instructions – Local Purchases
3	Chapter 30.4 – Procurement Paragraphs 1,2,4,6, 7, 8, 9,10,11 &12	These Paragraphs are being superseded by the Financial Instructions – Local Purchases
4	Chapter 30.4 – Procurement Paragraphs 3	Replaced by paragraph 18 of Financial Instructions – Local Purchases
5	Chapter 30.4 – Procurement Paragraphs 5	Replaced by paragraph 13 of Financial Instructions – Local Purchases
6	Chapter 30.4 – Procurement Paragraphs 13 to 25	These Paragraphs have been replaced by other Financial Instructions and/or Procurement Legislations

8. An updated table providing the list of Financial Instructions issued to date, indicating the paragraphs in the FMM 1990 which have been replaced / complemented, is available on MOFED website.

9. Financial Instructions No 4 of 2017 – *Local Purchases* will take effect as from **1 February 2018** so as to provide a transitional period to allow Departments to put in place necessary logistics for the implementation of the new system. During the transitional period, i.e. from the date of this Circular up to the last working day of January 2018, Departments would be using the current Goods Form 1. As from 1 February 2018, the new system will become effective and all unused stock of (old) GF1 should be returned to the Treasury. Any GF1 drawn up to the last working day of January 2018 will continue to be valid for payment purposes.

10. You are requested to ensure compliance with the enclosed Financial Instructions No 4 of 2017 – *Local Purchases*.



**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 Analysts & SMSTs, MOFED

## **Financial Instructions No 4 of 2017**

### **Local Purchases**

1. The following instructions set out the procedures for local purchases and the revised forms to be used thereon. The revised forms are as follows:-
  - (a) a new Goods Form 1 (GF1) [Annex I]; and
  - (b) a new Accounts Form 232(R) [AF 232 (R)] to be known as "*Payment Voucher*"[Annex II].
2. The new GF1 will be used only as Combined Indent, Invoice and Receipt Note. The new AF 232(R) will cater for payments in respect of local purchases made through the new GF1.

#### **Goods Form 1**

3. The new GF1 will be used:-
  - (a) for the indenting (ordering) of goods by Departments;
  - (b) for invoicing by suppliers;
  - (c) as Receipt Note; and
  - (d) as certificate from the OIC Warehouse that goods have been duly inspected and taken on charge.
4. GF1 Forms will no longer be held in the booklet form but shall instead be generated electronically (e.g. through MS Word or Excel) at the level of the Department.
5. GF1 should:
  - (a) be serially numbered as provided for at paragraph 12 below; and
  - (b) be printed in quadruplicate.
6. The Department should clearly indicate between the Original GF1 and the copies of the Duplicate, Triplicate or Quadruplicate relates to.

7. All data in GF1 should be typewritten or written in ink.
8. Officers preparing Goods Forms should:-
  - (a) enter the total of all “Quantities Indented” in figures;
  - (b) record in words the total arrived at; and
  - (c) cancel the remaining space below the last line of entry on Part II of the Form.
9. The Indenting Officer should ensure that the authority for procurement has been properly inserted at Part I of GF 1. Departmental Reference stated at Part I refers to –
  - (a) Departmental Bid Number; or
  - (b) in respect of oral/ informal quotation :-
    - (i) reference of file where authority / approval relating to the quotation is recorded; and
    - (ii) serial number of the approved quotation in the register of informal quotations.

Accounting Officers should accordingly ensure that proper files/records are maintained in respect of procurements made through oral / informal quotations.

10. The Code Column at Part II of the GF1 is for the purpose of recording, by the Department, of inventory or asset code of the goods indented/received and should be filled in at time of receipt. This code should not be confused with any code (including HS Code) generally provided by suppliers to identify goods in their bids. The latter code may, if necessary, be recorded in the Column ‘*Description of Goods*’.
11. The Ledger Record Column at Part II of the GF1 is for the purpose of recording the reference of the warehouse ledger where goods received have been taken on charge and should be filled in after goods have been received and duly inspected.
12. **GF1 Serial Numbers will be allocated by the Treasury to Departments in series/range.** These should be recorded by receiving Departments in their Register of Controlled Forms. Departments should use only the serial numbers allocated to them and record same sequentially on GF1. When serial numbers allocated are nearing exhaustion, the Department should apply, through ABF 259, to the OIC Procurement of the Treasury for a new series/range of serial numbers. The OIC Procurement of the

Treasury should maintain a record of serial numbers allocated for control and audit purposes.

13. GF1 shall be generated in quadruplicate to be applied as follows:-

(a) **Indenting (Placing of orders)**

The first three copies (Original, Duplicate and Triplicate) should be presented to the Finance Section for earmarking purposes. The quadruplicate is retained at the Procurement Section or by the officer drawing the GF1 for follow up and should be kept sequentially in a file.

After earmarking, the three copies (Original, Duplicate and Triplicate) should be forwarded to the supplier by the OIC Procurement.

(b) **Receipt of goods**

On delivery of goods, all three copies should be completed and duly signed by the supplier. The officer receiving the goods should, after performing required checks, signs Part IV of the three copies, keep the Original and Duplicate and return the Triplicate GF1 back to the supplier.

(c) **Recording of receipt**

Part V of the Original, Duplicate and Quadruplicate GF1 as well as the "*Ledger Record*" column of Part II should be completed by the OIC Warehouse as soon as the goods have been duly inspected/verified/commissioned and taken on charge. Where the Quadruplicate is maintained by an officer other than OIC Warehouse, that officer should fill in the relevant parts of the Quadruplicate.

If any amendment to quantity or value is made by the supplier the alteration should be entered on the quadruplicate copy before the original and duplicate are submitted for payment.

(d) **Submission for payment**

The Original and Duplicate GF1 should, immediately after completion of Part V, be submitted to the Finance Section. The Original will serve as supporting document to the relevant Payment Voucher, and after payment, the Duplicate should be returned stamped "PAID" to the officer referred to at (a) above.

14. The Duplicate [referred to at paragraph 11(d) above] should be kept by the schedule officer together with its corresponding Quadruplicate sequentially, for control and audit purposes.

15. A GF 1 should be prepared in respect of each purchase/contract for supplies and issued to the supplier prior to delivery of goods, regardless of whether such delivery is effected in one consignment or is staggered over a period of time.

**Loss/Cancellation of GF1**

16. The table below prescribes the action to be taken in case of loss/cancellation of GF1:

	<b>Scenario</b>	<b>Remedial actions to be taken</b>
A	Loss of O, D and T GF1 by supplier	<ul style="list-style-type: none"> <li>• Obtain written confirmation of loss and explanation</li> <li>• Notify Accounting Officer (through OIC Warehouse where applicable)</li> <li>• Paste a copy of letter to Q</li> <li>• Cancel Q – cross diagonally with the mark “CANCELLED”</li> <li>• Inform Finance Section of loss and cancellation of the GF1 - OIC Finance should cancel previous earmarking in respect of lost GF1</li> <li>• Where department decides to proceed with purchase - issue fresh GF1 with a new serial number</li> <li>• In the event the lost O, D and T are retrieved by the supplier and returned to Department after cancellation of Q, the O, D and T should also be cancelled in the manner described above and kept together with the corresponding Q.</li> </ul>
B	Loss of O, D and T of GF1 by departmental officer (before submitting to supplier)	<ul style="list-style-type: none"> <li>• Notify Accounting Officer (through OIC Warehouse where applicable)</li> <li>• Paste a copy of notification to Q</li> <li>• Cancel Q – cross diagonally with the mark “CANCELLED”</li> <li>• Inform Finance Section of loss and cancellation of the GF1 - OIC Finance should cancel previous earmarking in respect of lost GF1</li> <li>• Where department decides to proceed with purchase - issue fresh GF1 with a new serial number.</li> </ul>



		<ul style="list-style-type: none"> <li>In the event the lost O, D and T are retrieved by Department after cancellation of Q, the O, D and T should also be cancelled in the manner described above and kept together with the corresponding Q.</li> </ul>
C	Loss of O and D GF1 by departmental officer after collection/receipt of goods i.e. before submitting for payment	<ul style="list-style-type: none"> <li>Notify Accounting Officer and supplier (through OIC Warehouse where applicable)</li> <li>Attach a copy of notification to Q</li> <li>Cancel Q – cross diagonally with the mark “CANCELLED”</li> <li>Inform Finance Section of loss and cancellation of the GF1 – OIC Finance should cancel previous earmarking in respect of lost GF1</li> <li>Retrieve T from supplier (in respect of lost GF1), cancel T and attach to cancelled Q</li> <li>Prepare fresh GF1 with new serial number and proceed as normal. The supplier should be requested to complete the new GF1 forms.</li> <li>In the event the lost O and D are retrieved by Department after cancellation of T and Q, the O and D should be cancelled in the manner described above and kept together with the corresponding T and Q.</li> </ul>

(O= Original, D= Duplicate, T= Triplicate and Q= Quadruplicate GF1)

### **Payment Voucher**

17. The new Payment Voucher (AF 232(R)) will also cater for payments in respect of goods purchased through GF1.
18. Upon receipt of the Original and Duplicate GF 1 from the Procurement and Supply Section, the Finance Section should: -
  - (a) verify completeness of the GF1;
  - (b) prepare a Payment Voucher in respect of the GF1;
  - (c) attach the Original GF1 to the Payment Voucher and process for payment in accordance with established procedures; and
  - (d) after payment, affix “PAID” and insert the PV number on the Duplicate and

return same to the Procurement and Supply Section. To this effect a stamp “PAID” should be kept in all Finance Sections for that purpose.

19. Finance Officers should ensure that the relevant fields in TAS are completed when processing payments relating to the purchase of Non-Financial Assets.
20. Accounting Officers should ensure that Goods Form 1 are submitted to the Treasury for payment at latest by the date fixed by the Accountant-General each year in his Annual Treasury Circular – ‘Closing of Financial Year’.

### **Computerised Purchasing and Inventory Management Systems**

21. With the forthcoming implementation of Computerized Purchasing and Inventory Management Systems (CPIS), other forms, other than GF1, may be put in use. Such Forms may include:
  - (a) Purchase Orders (PO);
  - (b) Delivery Notes (DN); and
  - (c) Goods Received Notes (GRN).

Whilst POs and GRNs would normally be generated by the computerised system, the DN would be issued by suppliers.

22. The CPIS will be governed by general principles relating to purchasing, receiving, issuing and recording of goods, such as those relating to:
  - (a) Authorization and approval;
  - (b) Segregation of duties;
  - (c) Proper checks and balances;
  - (d) Accountability;
  - (e) Stock controls;
  - (f) System security; and
  - (g) Database integrity.

23. A Department may, with the approval of MOFED, join a CPIS where it is considered that such a system will enhance the efficiency and effectiveness of purchasing and inventory management of that Department.



24. In general the following procedures should be followed:

- (a) Indenting (i.e. authorisation of POs) should be effected by officer(s) duly designated by the Accounting Officer for that purpose;
  - (b) A list of authorized indenting officers should be made available to the OIC Procurement and OIC Finance;
  - (c) POs should be drawn in three copies to be utilised as follows:
    - (i) the three copies are forwarded to the Finance Section for earmarking purposes. After earmarking, the finance section shall –
      - a. return the original plus one copy to the officer (PSO or any other officer) drawing the PO, indicating that earmarking has been done; and
      - b. retain one copy for cross-checking purposes.
    - (ii) after earmarking, the original PO is forwarded by the Procurement and Supply Section\* to the supplier.
- \* Where necessary a copy of the PO should be forwarded by the Procurement and Supply Section to the receiving officer.
- (d) At time of delivery, the supplier should submit an invoice to the Department;
  - (e) After verification of goods received and cross-checking with PO and Supplier Invoice, the quantity received is recorded in the CPIS and the relevant GRN\* is generated (\*However, where a supplier in the first instance issues a DN at time of delivery, a GRN should be prepared on the basis of the DN);
  - (f) The PO number should appear on the GRN;
  - (g) One copy of the GRN and the Original Supplier Invoice, both duly certified by the OIC Procurement should be forwarded to the Finance Section for the processing of payment;
  - (h) The Original Supplier Invoice should be attached to the Payment Voucher and submitted for payment;
  - (i) Before submitting documents for payment, the Finance Section should, for the purposes of audit, keep a copy of the PV attached with a copy of the relevant Supplier Invoice and GRN referred to at sub-paragraph (g) above; and
  - (j) After payment, the Finance Section should forward a copy of the PV (indicating that payment has been effected) to the OIC Procurement.

25. To facilitate earmarking by the Finance Section, one PO should not be committed to more than one item of expenditure.
26. For goods received at Warehouses, a separate GRN should be prepared for each DN. For goods received at outstations, including foodstuffs, one GRN may be prepared in respect of more than one DN.

In a CPIS where suppliers issue Delivery Notes (DN), the following scenarios may arise:

- (a) **PO/DN** In general, it is expected that there would be one delivery for each PO, thus one DN per PO (One to one). However, it may happen that-
  - (i) a supplier has recourse to staggered deliveries, entailing the issue of more than one DN per PO (One to 'More than one'); or
  - (ii) a supplier issues one DN in respect of more than one PO ('More than One' to One).
- (b) **DN/GRN** In general, one GRN should be prepared for each DN. However, in cases of staggered deliveries ( more than one DN received in respect of one PO), where the preparation of on GRN for the batch of DNs is considered to be more efficient, this course of action may be adopted.
- (c) **DN/Supplier Invoice** In general, a supplier will draw an invoice in respect of each DN issued. However, a supplier may elect to issue one invoice in respect of a batch of DNs relating to the same PO.
- (d) **Supplier Invoice/PO** In general, one invoice will be issued in respect of a PO. However, in case of staggered deliveries, a supplier may issue more than one invoice in respect of the same PO.  
NOTE: Under no circumstances should a Department accept one invoice in respect of more than one PO.
- (e) **PV/Supplier Invoice** In general, one PV will be prepared for each invoice. However, in case where there is more than one invoice received from the same supplier, one PV may be prepared in respect of a batch of invoices, provided that all the invoices relate to the same item of expenditure.

ORIGINAL/DUPLICATE  
TRIPLICATE/QUADRUPLICATE\*  
\*whichever applicable

**LOCAL PURCHASES  
COMBINED INDENT, INVOICE AND RECEIPT NOTE**

SEAL

## Part I

Ministry/Department/Division:.....

<b>Ministry/Cost Centre</b>								<b>Vote/ Sub-Head</b>						<b>Code</b>	<b>ID</b>			
<b>Economic Classification</b>																		

**Authority for Procurement (CPB /Departmental Reference No) :-.....**

**Asset Book Reference:**.....

### Supplier's Details:

<b>Name :</b>	<b>BRN :</b>
<b>Address :</b>	

Please supply the goods listed in the table below. Original, Duplicate and Triplicate of this purchase order are submitted herewith. The Original and Duplicate must be returned with Parts II and III filled in.

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Date	Name of Indenting Officer	Signature	Rank
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## Part II

To be completed by Ministry/Department/Division						To be completed by supplier		
Ledger Record	Code*	Description of Goods	Qty Indented	Rate	Amount (Rs)	Qty Supplied	Rate	Amount (Rs)
				Total				
*Represents Government's Asset/Inventory Code  Commitment (earmarking) in TAS Rs..... Name ..... Signature ..... Date .....						Sub Total		
						VAT		
						Total		

**Part III - To be completed by supplier**

The goods shown above are forwarded herewith at the cost of Rs.....

Payment to be effected to *Supplier /Factor* \* (\*delete as appropriate)

**PAYEE'S NAME:**..... **BANK NAME:**.....

**ADDRESS OF PAYEE:..... BANK ACCOUNT NO:.....**

DATE:..... SUPPLIER'S SIGNATURE:.....

**Part IV** - Received the goods shown above in apparently good order

Date	Name of officer receiving the goods from supplier	Signature	Rank
	NID No:.....		

**Part V** To the Accounting Officer: I certify that the goods purchased at the cost of ..... have been inspected and compared where appropriate with sample. The goods received are in good order/condition and I have taken them on charge as indicated/issued them for immediate use.

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<b>Date</b>	<b>Name</b>	<b>Signature of Officer</b>	<b>Rank</b>
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## GOVERNMENT OF MAURITIUS

Acct. F. 232 (R)

(Rev 2017)

ORIGINAL

**Payment Voucher (Other Charges)**

<b>Ministry/Department</b> .....										Treasury Voucher No.									
										GF1 No.*									
										Invoice No.									
Ministry / Cost Centre						ID Code				Vote / Subhead									
Economic Classification						Desc: .....													
Analysis						Desc: .....													
Activity / Project						Misc				Output				R.E					
Asset Book Reference																			
Supplier's Name										Supplier's BR / ID Number									
Factor/Other**										Bank Account Number of Payee									
Address of Payee*										Bank Name									
Description of Payment										Rate		Amount							
										Rs	Cs	Rs		Cs					
						Asset Code (Where applicable)													
						Value Added Tax (15%)													
Authority:						Gross Amount Payable													
						Less Tax Deduction At Source													
						Net Amount Payable													
Prepared by:					Departmental Examiner:					Validated in TAS:									
Name: .....					Name: .....					Date: .....									
Signature: .....					Date: .....					Date: .....									
Date: .....																			
Gross amount payable: Rupees .....										Cents .....									
Tax Deduction at source : Rupees .....										Cents .....									
Net amount payable: Rupees .....										Cents .....									
I certify that the above account is correct and was incurred under the authority quoted and that funds are available.																			
Date .....					Signature .....					Title .....									
Examined and Passed for Payment										Rs		Cs		Rs		Cs			
Gross Amount									Net Amount										
Date: .....					Name: .....					Signature of Examiner .....									
* Where Applicable																			
* *Where payment is made to a factor authorised by the supplier or to any other person under legal authority																			
*** Applicable only where payment is to be effected by cheque																			