



# GOVERNMENT OF TUVALU

## FINANCIAL INSTRUCTIONS

MADE UNDER SECTION 5 OF THE PUBLIC FINANCE ACT

Commencement [23 April 2018]

MINISTRY OF FINANCE AND ECONOMIC DEVELOPMENT

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## CHAPTER 1: FINANCIAL INSTRUCTIONS, FINANCIAL CIRCULARS, DEFINITIONS, AND DISTRIBUTION

### **Public Finance Act – Section 5 - Power to make regulations**

- 5 The Minister may make such regulations and may give such directions and instructions as may appear to him to be necessary and expedient for the proper carrying out of the intent and purposes of this Act and for the safety, economy and advantage of the public revenue and property.

### **General Administrative Orders – Section 17.1.16 - Circular Memoranda**

17.1.16 Directives or information for general compliance will be issued in one of the following series which will be numbered consecutively commencing in January each year:

- Finance Circulars: By the Secretary for Finance, on financial or accounting matters, or conveying amended pages to Financial Instructions.
- Administrative: by the Secretary to Government on administrative or staff matters or conveying amended pages to GAOs.
- Ministry Circular: by the senior officer on other matters relating to a Ministry or Division.

## FINANCIAL INSTRUCTIONS AND FINANCIAL CIRCULARS

1. These Financial Instructions (Instructions) are given by the Minister in exercise of the powers vested in the Minister by section 5 of the Public Finance Act. These Instructions shall come into operation upon the written Order of the Minister, and shall supersede all previous editions of Financial Regulations or Instructions.
2. These Instructions shall be supplemented by Financial Circulars (Circulars) issued by the Secretary under GAO 17.1.16. Circulars shall facilitate the provision of additional direction by the Secretary to ensure that these Instructions are applied effectively, and in the best interest of Tuvalu.
3. Any person becoming aware of any conflict either between or within these Instructions, Circulars, or with any law of Tuvalu, shall immediately, in writing, bring the conflict to the attention of the Secretary. The Secretary shall seek advice from the Minister, on any identified conflict and subsequently clarify and resolve the conflict through facilitation of a revision to these Instructions or through a revision or issue of a new Circular.
4. Where there is any conflict between these Instructions, including Circulars, and any written law, the written law shall prevail and the conflicting Instruction or Circular shall immediately be revised to conform to the law. To the extent that any Circular may be issued in conflict with these Instructions it shall be of no effect and shall immediately be revised to conform to the Instructions.
5. The objective of these Instructions is to support the Government of Tuvalu to conduct Public Financial Management activities in line with the legal framework of Tuvalu, and in the best interests of the people of Tuvalu. Where, in the opinion of the Secretary, the result of strictly following these Instructions would, in particular circumstances, not be in the best interests of Tuvalu, the Secretary shall immediately outline the procedures to be followed in those particular circumstances through the facilitation of a revision to these Instructions or through a revision or issue of a new Circular.

## INTERPRETATION

6. In these Instructions, unless the context shall otherwise require:
- “**the Act**” means the Public Finance Act;
  - “**the Minister**” means the Minister for the time being responsible for Finance and Economic Development;
  - “**the Secretary**” means the Secretary for Finance and Economic Development;
  - “**accountable officer**” further to the definition established in section 2 of the Act, an accountable officer is a Votekeeper.
  - “**Accounting Officer**” further to the definition established in section 2 of the Act, the Accounting Officer is the senior officer of an expenditure head. This includes Secretaries of Ministries, as well as heads of other Government offices and institutions.
  - “**Expenditure Head**” or “**Head**” further to the definition established in Section 2 of the Act, an Expenditure Head is a Ministry of the Government of Tuvalu, Office, or institution for which funds are appropriated.
  - “**Ministry**” within these Financial Instructions and Circulars, Ministry means the Ministry of Finance and Economic Development;
  - “**Program**” is a Department or office within an Expenditure Head of the Government of Tuvalu.
  - “**Sub-Programs or Activities**” are the administrative and operational activities undertaken by Departments on behalf of the Government of Tuvalu.
  - “**General Ledger (GL) Allocation Item**” is the account item level at which all budget and financial information is recorded in the FMIS. The GL Allocation Item is represented by a unique GL Allocation Item code which is comprised by:  
Account Item Code: Head Code: Program Code: Activity Code (e.g. 711110:F:07:01).
  - “**Financial Management Information System (FMIS)**” is the computerised budget and accounting system maintained and operated by the Ministry of Finance and Economic Development.
  - “**Consolidated Fund**” means the Consolidated Fund of Tuvalu, established by section 167 of The Constitution;
  - “**National Budget**” means the Estimates of Revenue and Expenditure prepared each year for approval by Parliament in support of the Annual Appropriation Act;
  - “**Public Moneys**” include:
    - (a) all revenues or other moneys raised or received for the purpose of the Government of Tuvalu;
    - (b) any other moneys or funds held, whether temporarily or otherwise, by any public officer in his official capacity either alone or jointly with any other person, whether a public officer or not;
  - “**Purchase Order**” in the context of these Instructions and Circulars, a Purchase Order refers only to an official Treasury Issued Government FMIS Purchase Order;
  - “**Registered Revenue Collector**” means any public office receiving any form of revenue or other public money due to or accepted by Government;

## DISTRIBUTION AND AMENDMENT OF INSTRUCTIONS AND CIRCULARS

7. Where changes to Public Financial Management practices or processes are undertaken to enhance

transparency and accountability in line with the Act, these Instructions shall be promptly updated to support and reflect effected changes.

8. These Instructions may be amended by the Minister, from time to time, under section 5 of the Act.
9. Financial Circulars may be issued or amended by the Secretary, from time to time, under GAO17.1.16
10. Where the purpose or policies defined in these Instructions may not appear clear, the Ministry shall update and clarify these Instructions, and shall not be bound by the literal application of existing Instructions. There should be no requirement for legal opinions to be sought in relation to clarification of the intent of these Instructions, any issues of clarity of purpose shall be resolved through revision of these Instructions, or through revision or issue of Circular.
11. These Instructions and all Circulars shall be distributed as public documents and made available to any interested party.
12. An electronic copy of these Instructions and all supplementary Circulars shall be available to Public Servants via a shared server or intranet portal within the Tuvalu Public service.
13. A document version number shall be displayed prominently in the header of these Instructions and supplementary Circulars. The Version number shall consist of the Year of most recent update of the document, and a two digit version number (e.g. 2014.01).
14. Any update, amendment or addition to these Instructions or Circulars will be reflected through an update to the document version number.
15. All Financial Circulars will be reviewed and reissued at the beginning of each financial year and version numbers updated to reflect the reissue (e.g. version 2014.21 reissued as version 2015.21 at the beginning of 2015).
  - a. Updates to circulars shall clearly show provisions that are being deleted (using strike-throughs) and provisions that are being added (using an underline).
  - b. Details of comments by the DCC and or Cabinet shall also be recorded on the Circular.
  - c. The relevant contact officer for the day to day administration for each Circular shall be clearly identified.
16. The Secretary shall ensure that all public servants are informed of revisions, amendments or additions to these Instructions and Circulars by distributing either the full document, or an electronic link to the document via an email to all public servants, and shall maintain a [FINANCIAL CIRCULAR REGISTER](#).



## CHAPTER 2: ROLES OF THE MINISTER, SECRETARY, PUBLIC OFFICERS, PLANNING, BUDGET, AND AID COORDINATION DEPARTMENT, AND TREASURY DEPARTMENT

17. All public officers shall be aware of, and comply with, the content of these Instructions and Circulars
18. Ignorance of the content of Instructions and Circulars shall not be accepted as a defence where a public officer causes any loss whatsoever to Government, or creates any error or inaccuracy in any record of any type.

### THE MINISTER

#### **Public Finance Act – Section 3 – Supervision of Finances**

- (1) The Minister shall so supervise the finances of the Government as to ensure that a full account is made to Parliament and for such purposes shall, subject to the provisions of this Act, have the management of the Consolidated Fund and the supervision, control and direction of all matters relating to the financial affairs of the Government.

19. The duties, roles and responsibilities of the Minister are outlined in s3 of the Act.
20. The Minister may delegate through these Instructions, or in writing, that the exercising of powers may be carried out through the Secretary (except where any written law specifically provides otherwise).
  - a. The Secretary shall maintain a register of all delegations of authority issued by the Minister, and shall provide copies of written delegations to the Office of the Auditor General.

### THE SECRETARY

21. The Secretary shall support the Minister in the performance of the duties outlined within the Act, and in ensuring effective maintenance of Public Financial Management systems in Tuvalu according to the strategic directions provided by the Minister and Government.
22. The Secretary shall be responsible for the general management and supervision of all financial operations of the Government, including the development of the key outputs of the Departments of Planning, Budget, and Aid Coordination and the Treasury Department
23. The Secretary may delegate through Circular, or in writing, any duties prescribed by these Instructions, or delegated by the Minister, to such public officer that the Secretary considers to be capable of undertaking such duties satisfactorily and competently.
  - a. The Secretary shall maintain a register of all delegations issued to public officers, and shall provide copies of written delegations to the Office of the Auditor General.
24. The Secretary shall be responsible for ensuring the formulation of all financial policies, standards, and procedures, including for the FMIS, within the Ministry. This shall include the definition of clear roles, authorities, and responsibilities, outputs, and timelines, as shall be necessary for the

- accurate, timely, and official accounting and reporting of the financial affairs of Government
25. The Secretary may arrange scheduled or surprise inspections of the vote ledgers of Votekeepers and Accounting Officers in any Government expenditure head or public enterprise, and may take whatever action necessary in the event of the discovery of irregularities or errors in such accounts.
    - a. Where an irregularity or error is of a material nature, the Secretary shall ensure that a detailed written report is submitted to the Office of the Auditor General.
  26. The Secretary shall be responsible for responding to findings of the Office of the Auditor General relating to the financial affairs of Government in a timely manner.
  27. Where an outer island office or international Mission shall operate as Delegated Treasury Officials, the Head of Mission or Treasurer shall be charged, for that office only, with the responsibilities and duties of the Secretary, and shall be subject to the general supervision of the Secretary.
  28. To support the Secretary to fulfil their duties, there shall be an integrated Planning, Budget, and Aid Coordination Department, and a Treasury Department within the Ministry, which together shall coordinate the administration of all Government financial processes.
  29. The Secretary shall ensure that any person being considered for appointment to a position as an officer of the Ministry or for an accounting or financial position in any other expenditure head, shall, prior to appointment, demonstrate knowledge of the Act, these Instructions, the Budget Manual, Procurement Regulations, and Financial Circulars.
    - a. The Secretary shall arrange for questions to be asked during the interview process to ascertain if a candidate can demonstrate this knowledge, and a representative of the Secretary shall be present during the interview.

## PLANNING, BUDGET, AND AID COORDINATION DEPARTMENT

30. The Ministry functions of Planning; Budgeting; and Aid Management shall be coordinated through the Planning, Budget, and Aid Coordination Department, with no requirement for these functions to be established as separate divisions.
31. The Planning, Budget, and Aid Coordination Department shall oversee, coordinate, and align Tuvalu's National Strategic Development plan, policy and program objectives of expenditure heads, and overseas development assistance.
  - a. In these Instructions, there shall be no requirement construed that any planning, development, corporate or sector plans need to be produced as separate documents to the plans developed within the context of the National Budget.
32. There will be a Head of the Planning, Budget, and Aid Coordination Department who shall support the Secretary, in the formulation, implementation, and monitoring of improvements to Planning, Budget, and Aid Coordination related policies, standards, outputs, and procedures, and shall perform their duties according to the Act, these Instructions and Circulars, in line with their assigned Job Description.
33. The Head of the Planning, Budget, and Aid Coordination Department shall oversee and support the officers of the Department in the performance of their roles and responsibilities in line with assigned Job Descriptions.
  - a. The duties of the Head of Planning, Budget, and Aid Coordination Department may be delegated in writing to officers of the Department, but overall responsibility will rest with the Head of the Department.
  - b. The Head of Planning, Budget, and Aid Coordination Department shall ensure that officers

of the Planning, Budget, and Aid Coordination Department are provided with job descriptions, guidance, and training to ensure that the functions required of the department shall be performed in line with the Act, these Instructions, the Budget Manual, and Circulars.

## TREASURY DEPARTMENT

34. The Ministry functions of Payroll preparation and processing; Procurement; Cash Management; Banking; Government Receipts and Payments; and Accounting and Financial Reporting shall be coordinated through the Treasury Department with no requirement for these functions to be established as separate divisions.
35. There will be a Chief Accountant of the Treasury Department who shall support the Secretary, in the formulation, implementation, and monitoring of improvements to Treasury related policies, standards, outputs, and procedures, and shall perform the duties according to the Act, these Instructions and Circulars, in line with their assigned Job Description.
36. The Chief Accountant, on behalf of the Ministry, must manage and maintain all bank accounts held by Government, and there shall be, for no reason, accounts held outside of the control of the Chief Accountant.
37. The Chief Accountant shall oversee and support the officers of the Treasury Department in the performance of their roles and responsibilities in line with assigned Job Descriptions.
  - a. The duties of the Chief Accountant may be delegated in writing where necessary, but overall responsibility will rest with the Chief Accountant.
  - b. The Chief Accountant shall ensure that officers of the Treasury Department are provided with job descriptions, guidance, and training to ensure that the functions required of the department are performed in line with the Act, these Instructions, the Budget Manual, and Circulars.

## FINANCIAL RECORDS OF GOVERNMENT

38. The Government's computerised FMIS shall be administered and maintained by the Chief Accountant, and shall be available at all times to the Ministry senior officials, officers of the Planning, Budget, and Aid Coordination Department, the Treasury Department, and other key users, including the Office of the Auditor General and Votekeepers as approved by the Chief Accountant according to a defined access authority
39. The FMIS shall be the primary record of all financial and transactional data of the Government of Tuvalu. The Chief Accountant, shall encourage the transition of manual systems of record keeping and accounting, including Votekeeper vote ledgers, from paper based or spreadsheet based systems into the FMIS.
40. The FMIS shall maintain the primary historical financial record of the Government, and any final audited figures in shall not be amended or adjusted and held indefinitely.
41. The financial information of the Government of Tuvalu held within the FMIS shall be protected from data theft or loss, with a backup of all system information held at an 'offsite' location so that in the event of fire or emergency the financial records of Government may be recovered.

## DELEGATED TREASURY OFFICIALS

42. For the purposes of processing and accounting for payments and receipts of Government funds on the outer islands of Tuvalu, and at Tuvalu's international missions, a Treasury Officer or delegated

officer shall be identified as a Delegated Treasury Official at each location.

- a. Delegated Treasury Officials, in the performance of duties relating to public monies shall be responsible to, and report directly to, the Chief Accountant.
43. Delegated Treasury Officials shall be subject to the same controls and procedures for receipting and payment as is outlined in these Instructions and Circulars.
  44. The Chief Accountant shall maintain a register of details of the Delegated Treasury Officials at each outer island and international mission.
  45. Delegated Treasury Officials shall hold a balance of public funds on behalf of the Treasury Department at the outer island or international mission office.
    - a. The Secretary shall be responsible for determining the maximum cash balance that shall be maintained, at any one time by any Delegated Treasury Official.
    - b. It shall be the responsibility of the Delegated Treasury Official to account for monies held at post, and to request additional funds, or remit excess funds to the Treasury Department to maintain a working cash balance within the maximum balance established by the Secretary.
    - c. The details of cash balances held and maintained by Delegated Treasury Officials shall be outlined in the Circular, [DELEGATED TREASURY OFFICIALS](#).

## ACCOUNTING OFFICERS

### **Public Finance Act – Section 6 Accounting and accountable officers to obey instructions**

- 6 Every Accounting Officer and every accountable officer shall obey all regulations made and directions or instructions given by the Minister or under powers delegated by him in respect of the custody and handling of and the accounting for public moneys, public stores, stamps, investments, securities or negotiable instruments whether the property of the Government or on deposit with or entrusted to the Government or to any public officer in his official capacity either alone or jointly with any other public officer or any other person.

### **Public Finance Act – Section 16 - Accounting Officers**

- (1) An Accounting Officer shall be appointed in respect of each Expenditure Head for any financial year to control and account for the expenditure of moneys applied to that Head by any Appropriation Act.
- (2) An Accounting Officer shall be personally accountable for all public moneys received, collected or disbursed and for all public stores received, held or disposed of by or on account of the department or service for which the Head for which he is the Accounting Officer is provided.
- (3) An Accounting Officer may, and shall if so required by the Minister, define in writing the extent to which the powers and duties conferred or imposed upon him may be exercised or performed on his behalf by any public officer under his control and give such directions as may be necessary to secure the proper exercise or performance of such powers and duties.

46. Section 16 of the Act outlines the responsibilities of Accounting Officers. The Accounting Officer for shall be the appointed senior officer for each expenditure head.
47. The primary duty of a senior officer of an expenditure head in their role as an Accounting Officer shall be the control and accounting of all public monies appropriated to their allocated expenditure head for the purposes of particular Programs or Activities of Government.
  - a. Where an Accounting Officer is responsible for a Registered Revenue Collecting Department, they shall be responsible for ensuring that they are registered with the Treasury Department to collect revenue, that the required review and maintenance of fees and charges is undertaken, and ensure that the collection of public monies is conducted in line with the Act, these Instructions, and Circulars.

48. All Accounting Officers shall be responsible for ensuring that all staff under their control are adequately trained to carry out the financial and accounting aspects of their duties satisfactorily.
  - a. The Ministry shall provide workshops and training opportunities for public officers in order to support Accounting Officers to ensure that staff are adequately trained.
49. Every Accounting Officer shall either personally carry out, or shall specifically charge in writing an officer under their control to carry out, such duties as shall satisfactorily discharge their responsibilities under section 16 of the Act.
50. An Accounting Officer shall ensure that where delegation of any part of their duties shall be necessary to the more efficient functioning of the head, delegation shall be carried out in such a manner that the requirements of these Instructions are met at all times.
51. The duties of Accounting Officers are further outlined in the Circular ACCOUNTING OFFICER AND VOTEKEEPER DUTIES.

### ACCOUNTABLE OFFICERS (VOTEKEEPERS)

52. The Accountable Officer for each expenditure head as defined the Act will be the appointed Votekeeper of that expenditure head. Votekeepers shall personally carry out such duties as will satisfactorily discharge their responsibilities under the Act, these Instructions, and Circulars.
53. Any accountable officer having serious financial or legal problems shall immediately report the matter to his senior officer, who shall consult with the Secretary and determine if a prompt transfer (through the normal channels) to duties that do not involve cash handling should be arranged.
54. The duties of Votekeepers are further outlined in these Instructions and the Circular ACCOUNTING OFFICERS AND VOTEKEEPER DUTIES.

## CHAPTER 3: NATIONAL BUDGET

### **Constitution of Tuvalu - Section 165 -Parliamentary responsibility for finance**

- (1) Notwithstanding anything in this (the) Constitution (other than section 169 remuneration of certain officials), the raising and spending of money by the Government (including the imposition of taxation and the raising of loans) is subject to authorization and control by Parliament, and shall be regulated by an Act of Parliament.
- (2) For each financial year there shall be —
  - (a) a National Budget, comprising estimates of —
    - (i) money proposed to be raised by the Government; and
    - (ii) money proposed to be spent by the Government, in respect of the financial year; and
  - (b) appropriations for the service of the financial year, and there may be such supplementary Budgets and supplementary appropriations as are necessary.

### **Constitution of Tuvalu - Section 168 - Accounting, etc., for public money**

- (1) All money of or under the control of the Government shall be dealt with and properly accounted for in accordance with law.
- (2) No money of or under the control of the Government shall be spent except as provided by this Constitution or by or under an Act of Parliament.

### **Public Finance Act – Section 4 - National Budget**

- (4) The National Budget prepared in terms of section 165 of the Constitution shall be in such form as the Minister may determine or as Parliament may direct:  
Provided that —
  - (a) the estimates of statutory expenditure shall show the sums to be issued from the Consolidated Fund to meet the expenditure on such service and shall contain a reference to the law authorising expenditure on such service to be charged on the Consolidated Fund;
  - (b) the estimates of each Expenditure Head shall —
    - (i) describe the ambit of the Head; and
    - (ii) show the sum required to be applied to such Head by appropriation from the Consolidated Fund; and
    - (iii) contain a reference to the Accounting Officer appointed in respect of such Head.

## STATUTORY REFERENCE

55. As prescribed by Section 165 of the Constitution of Tuvalu, and Section 4 of the Act, the Minister shall present to Parliament, Estimates of Revenue and Expenditure of the Government for a financial year, which when approved by Parliament shall be known as the National Budget.
56. As outlined within these Instructions, the Planning, Budget, and Aid Coordination Department shall integrate and consolidated Estimates of Recurrent revenue and expenditure with the estimates of development funding and investment to provide a National Budget that demonstrates the coordinated and integrated approach to the achievement of national priorities and effective Government and donor coordination.

## BUDGET GUIDANCE AND DOCUMENTATION

57. To support the Minister’s responsibilities as prescribed in Section 165 of the Constitution, the Secretary shall issue a ‘TUVALU GOVERNMENT BUDGET MANUAL’ and Circulars which shall be utilised to support these Instructions by outlining and guiding the National Budget Process.

58. To ensure a comprehensive National Budget shall be provided to the Parliament, the National Budget documentation submitted to the Cabinet and Parliament shall contain the following items:
- a. Forecast of the fiscal deficit or surplus;
  - b. Previous year's budget outturn, presented in the same format as the budget proposal;
  - c. Current year's budget (either the revised budget or the estimated outturn), presented in the same format as the budget proposal;
  - d. Aggregated budget data for both revenue and expenditure according to expenditure heads, including data for the current and previous year, in addition to the detailed breakdown of revenue and expenditure estimates;
  - e. Deficit financing, describing its anticipated composition;
  - f. Macro-economic assumptions, including at least estimates of GDP growth, inflation, interest rates, and the exchange rate;
  - g. Details of Public Debt, including details at least for the beginning of the current year (including accumulated arrears);
  - h. Financial Assets, including details at least for the beginning of the current year;
  - i. Summary information of fiscal risks (including contingent liabilities, guarantees, etc.);
  - j. Explanation of budget implications of changes to public service pay or remuneration policy, or changes to the Nominal Roll, including estimated annual and medium term budgetary impacts.
  - k. Explanation of budget implications of new policy initiatives and major new public investments, with estimates of the budgetary impact of all major revenue policy changes and major changes to expenditure programs;
  - l. Documentation on the medium-term framework, including descriptive details at the program level;
  - m. Future recurrent costs for any development project in progress or approved for start-up;
  - n. Consolidated Investment Fund Contributions and Savings Plan.
59. Accounting Officers shall be responsible for ensuring that the issued Budget Manual, these Instructions, and Circulars are reviewed and that the draft Budget Submissions submitted to the Planning, Budget, and Aid Coordination Department are provided in the correct manner and on or before the stipulated date.

## ESTIMATES OF THE TUVALU DEVELOPMENT FUND (TDF)

**Public Finance Act – SCHEDULE to Section 19(3) - RULES FOR THE OPERATION OF THE DEVELOPMENT FUND**

2.

- (1) The Minister shall cause to be prepared in each financial year estimates of the revenue and expenditure of the Fund for the next following year.
- (2) The proposals for all expenditure contained in the estimates shall be submitted to Parliament before the end of the financial year to which they relate, together with a statement showing the estimated balance of the Fund at the commencement of the next financial year and the anticipated revenue accruing to and total expenditure from the Fund during the next financial year.

60. As prescribed by Rule 2 of the Schedule to the Act, The Minister shall be responsible, for presenting

an estimate of revenue and expenditure for the Development Fund for each financial year to Parliament for approval.

- a. It shall be the responsibility of the Secretary and the Planning, Budget, and Aid Coordination Department to integrate National Planning, the Recurrent Budget, and Estimates of development fund revenue and expenditure into the National Budget for presentation to the Parliament. As far as is possible, recurrent and development revenue and expenditure estimates shall be integrated and presented in the National Budget at a program or activity level.
61. The detail required for preparation of the Development Fund Estimates, and instructions for Accounting Officers to submit information shall be outlined in the Circular, [NATIONAL BUDGET – DEVELOPMENT ESTIMATES](#).

## EXPENDITURE HEAD BUDGET SUBMISSIONS

62. Accounting Officers shall utilise the National Budget process and Budget Submissions for their expenditure heads to present a consolidated policy focused document which outlines the strategies and plans of the head, including all financial information at a program level. Budget Submissions shall include at a Program level:
- a. Elements of corporate planning, including the mission and objectives;
  - b. Specific National Strategic Development areas to be targeted and achievements in these areas;
  - c. Details of existing and new programs and activities and their estimated medium term financial impacts;
  - d. Key performance targets;
  - e. Primary challenges and issues, and an explanation as to how outputs or outcomes of programs may change with the provision of funding;
  - f. Relevant demographic drivers or changes; and
  - g. Estimates of revenue and expenditure for the budget year and two forward years;
  - h. Procurement Plans; and
  - i. Other items required by the Secretary.
63. At the commencement of the National Budget Process at a time determined by the Secretary, but no later than July each financial year, the Secretary shall outline the National Budget Preparation timetable, and the format required for expenditure head Budget submission through the Circular, [NATIONAL BUDGET: CALL TO COMMENCE PREPARATION OF BUDGET SUBMISSIONS](#).
64. Shortly following the commencement of the National Budget process, Accounting Officers shall be informed of the applicable expenditure head ceilings, as established by the Cabinet through the Circular, [NATIONAL BUDGET: MINISTERIAL CEILINGS](#).
65. The stages and reviews of the National Budget Preparation process shall be outlined in the TUVALU GOVERNMENT BUDGET MANUAL, and the Circular, [NATIONAL BUDGET PROCESS](#).



## PROCUREMENT PLANS

### Public Procurement Regulations – Section – 14 - Annual Procurement Plan

- (1) The Procurement Officer of each ministry shall prepare a procurement plan for each fiscal year in accordance with the template in the model documents and aligned with the annual budget application to the ministry responsible for finance. The procurement plan shall contain at least the following information:
  - (a) a detailed breakdown of the goods, works, consulting services and non-consulting services required under both recurrent and development budget;
  - (b) an estimate of the value of each package of goods, works, consulting services and non-consulting services required, details of the budget available and sources of funding;
  - (c) the proposed procurement method for each procurement package consistent with the methods set down in Part 5 and Part 9 and the thresholds in Part 3 of these Regulations, including any need for prequalification and expressions of interest;
  - (d) the anticipated time for the complete procurement cycle, taking into account the applicable approval requirements;
  - (e) a schedule of the delivery, implementation and completion dates for each package;
  - (f) an indication of which items can be aggregated for procurement as a single package or for procurement through any applicable arrangements for common use items; and
  - (g) other details as may be relevant to any item in the plan.
- (2) The procurement plan shall be amended to align with the approved budget and be updated thereafter not more than every six months.

66. During the Budget Submission Process, Accounting Officers shall prepare and submit a Procurement Plan, as required by the Public Procurement Act and regulations.
  - a. The Procurement Plan is defined in the Public Procurement Act as an itemised schedule showing a procuring entities proposals for procuring goods, works, consulting services and non-consulting services under its development and recurrent Budget. Further details and requirements of the Procurement Plan shall be outlined in the Public Procurement Regulations Section 14, and in the Circular, [PROCUREMENT PLANS](#).
  - b. Following the completion of the National Budget process, a final procurement plan shall be submitted by each Accounting Officer at the commencement of the financial year to reflect the final procurement plan updated in line with the final approved annual budget.

### SECRETARY RECOMMENDATION ON NEW POLICY PROPOSALS

67. For any policy proposals that may, in the Secretary's opinion, vary anticipated estimated revenue or expenditure for any expenditure head for the current budget year or any future year, either during the preparation of the National Budget, or at any time during the financial year, the Secretary must examine and attach to the proposal, a written Secretary's recommendation.
  - a. Accounting Officers shall ensure that proposals are submitted to the Ministry for preparation of the Secretary's recommendation a minimum of two working days prior to consideration of the proposal.
  - b. The Secretary's recommendation on policy proposals shall summarise relevant economic and budgetary implications of policy proposals, and shall be guided by input received from the Planning, Budget, and Aid Coordination Department, and Treasury Department.
  - c. This written recommendation shall be included as an attachment to any policy proposal submitted for consideration at Senior Official or Ministerial level (including for Cabinet

- proposals).
- d. No Committee or Cabinet meeting shall consider a policy proposal with financial implications that is presented without an attached Secretary's recommendation.

## **PUBLICATION AND DISTRIBUTION OF THE NATIONAL BUDGET**

68. Upon submission of the National Budget to the Parliament, the Secretary shall arrange for the publication and issue of fully detailed National Budgets, to all Accounting Officers, other public officers as considered necessary, and to the general public in appropriate manner.
- a. An electronic version of the National Budget shall be available within a file server or Intranet in the Tuvalu Public Service Building.
69. The published National Budget shall contain reference to the appointments of Accounting Officers in respect of each Expenditure Head for the financial year, thus meeting the prescribed requirements of Section 16(1) of the Act.

## CHAPTER 4: ISSUE OF FUNDS FROM CONSOLIDATED FUND AND ADJUSTMENT OF ESTIMATES

### Public Finance Act – Section – 10 - Payments

- (1) The Minister shall from time to time authorise the issue from the Consolidated Fund of sums coming in the course of payment during the financial year for statutory expenditure.
- (2) On the coming into operation of any Appropriation Act or Supplementary Appropriation Act the Minister shall authorise by Warrant under his hand the issue and payment from the Consolidated Fund of such sums as may have been applied to the service of the financial year by such Appropriation Act.
- (3) Notwithstanding the issue of a Warrant, it shall be within the discretion of the Minister to limit or suspend at any time expenditure (not being statutory expenditure) with or without cancelling the Warrant if in his opinion financial exigencies or the public interest so require.

### ISSUE OF GENERAL WARRANTS BY MINISTER

70. In line with Section 10(2) of the Act, upon the coming into effect of an Appropriation Act, or resolution of parliament, the Minister shall issue a General Warrant to Accounting Officers to authorise the commitment and expenditure of moneys to meet the cost of services as set out in the approved Estimates of Expenditure.
71. Records of General Warrants issued by the Minister and the National Budget Estimates shall be maintained and updated in the FMIS by the Planning, Budget, and Aid Coordination Department.
72. The format, and content of General Warrants shall be outlined in the Circular, [GENERAL WARRANTS](#).
73. Copies of all issued General Warrants shall be forwarded to the Office of the Auditor General.

### PREVENTING EXPENDITURE IN EXCESS OF AUTHORISED ESTIMATES

74. The Accounting Officer shall be responsible for ensuring that no commitment is entered into that would result in any GL Allocation Item under their control exceeding the authorised estimates or General Warrant.
75. When an Accounting Officer shall realise that funds available on a recurrent expenditure GL: Allocation Item may be insufficient to meet further expenditure, they shall make no further commitment of funds. Where further expenditure is essential, the Accounting Officer may consider the following courses of action to seek adjustment to authorised estimates.
  - a. Where all estimates of expenditure for the GL Allocation Item has been committed but where surplus uncommitted funds are available in another GL Allocation item within the same Head, the Accounting Officer may facilitate the issuing of a Virement Warrant to transfer the surplus available funds between GL allocation items. Personal Emolument GL Allocation Items may be used for virement, however only where there shall be uncommitted estimates beyond the amounts committed within the Nominal Roll.
  - b. Where no surplus unused funds shall be available within the same expenditure head, in exceptional circumstances where lives or property may be at risk, the Accounting Officer may make an application for a Supplementary Estimate.

76. Before undertaking any of these actions, the Accounting Officer and Votekeeper shall thoroughly check all vote ledgers and other accounting records maintained by the Votekeeper and Treasury Department to ensure that no errors in the allocation of payments have been made.

## ADJUSTMENT OF ESTIMATES OF EXPENDITURE

77. Approved Estimates of Expenditure may only be varied by the following:
- Issue of Virement Warrant within a Head;
  - The authorisation by the Minister of a Contingency Warrant in anticipation of supplementary appropriation of additional funds;
  - The supplementary appropriation of additional funds.
78. No Accounting Officer shall incur or commit any expenditure that shall exceed the approved Estimates of Expenditure for any GL Allocation item under their control, in anticipation of any approval being granted through the Virement of funds, the issue of a Contingency Warrant or the authorisation of a supplementary appropriation.
79. It is the responsibility of the Accounting Officer to forecast in adequate time when variation to the approved Estimates of Expenditure may be required; in particular the Accounting Officer shall allow sufficient time, when making application for any form of variation, for adequate consideration and possible discussion by the Minister and the Secretary.

## VIREMENT: ADJUSTMENT TO AUTHORISED ESTIMATES

### **Public Finance Act – Section – 17 - Reallocations within Heads**

- (1) If in the opinion of the Minister the exigencies of the public service render it necessary or expedient to vary the sum assigned to any purpose within any Expenditure Head shown in the estimates of expenditure for any financial year, or to make provision for a new purpose within such Head, he may direct by means of a Virement Warrant under his hand that there shall be applied in aid of any purpose for which the sum assigned may be deficient or in aid of any new purpose a further sum out of any surplus arising on any sum assigned to any other purpose within the same Head:
- Provided that:
- the sum appropriated to any Head by the Appropriation Act and by any Supplementary Appropriation Act is not thereby exceeded; and
  - any new purpose to which any sum is assigned shall be within the ambit of the Head.
- (2) Any Virement Warrant issued under subsection (1) shall be laid before Parliament at its sitting next following the date on which such Virement Warrant was signed.

80. A virement is the simultaneous reduction of one estimate of expenditure for a GL Allocation Item and corresponding equal increase in the estimate of expenditure for another GL Allocation Item within a single expenditure head.
81. A virement may only be undertaken where the resulting expenditure remains within the purpose and responsibility of the expenditure head.
82. Only within a single expenditure head, when additional provision shall be required on a GL Allocation item (whether existing or new), and when all or part of the required additional provision can be met from excess uncommitted provisions on other GL Allocation Items, the Accounting Officer in charge of the expenditure head may seek to facilitate the issue of a Virement Warrant.
83. Through these Instructions the Minister delegates his authority for the issue of Virement Warrants

in the following manner:

- a. Where a virement can be made from within a single Sub Program Activity, the authority for the issue of a Virement Warrant is delegated to the Accounting Officer.
  - b. Where a virement cannot be made within a single Sub Program Activity but can be made from within a single Program the Accounting Officer may submit an application for virement to the Head of the Planning, Budget, and Aid Coordination Department. Following review of the application the authority for the issue of a Virement Warrant is delegated to the Head of the Planning, Budget, and Aid Coordination Department.
  - c. Where a virement cannot be made within a single Program, the Accounting Officer shall submit an application for virement between programs to the Secretary. Following review of the application the authority for the issue of a Virement Warrant is delegated to the Secretary.
84. Following the issue of a Virement Warrant, a commitment of funds and subsequent expenditure can only be undertaken following the entry of the details of the issued Virement Warrant into the FMIS by the Planning, Budget, and Aid Coordination Department.
  85. The Minister shall retain the authority to reject any application for virement, or rescind an issued Virement Warrant, where the virement is not in line with the purpose of the program, or in his opinion is not in the best interest of Tuvalu.
  86. At the discretion of the Secretary, limitations may be placed on certain individual or groups of GL Allocation Items to control the use of Virement Warrants to adjust estimates in particular circumstances.
  87. The limitations placed on certain accounts, and the required format and content of Virement applications shall be outlined in the Circular, [VIREMENTS](#).
  88. Copies of all issued Virement Warrants shall be forwarded to the Office of the Auditor General.

## SUPPLEMENTARY: ADJUSTMENT TO AUTHORISED ESTIMATES

### Public Finance Act – Section 15 – Interim Expenditure

- (3) Where in respect of any financial year the Minister is satisfied that an **urgent and unforeseen** need has arisen to authorise for any purpose advances from the Consolidated Fund for expenditure in excess of the sum appropriated for that purpose by an Appropriation Act, or for a purpose for which no sum has been appropriated, he may, subject to the provisions of subsection (4) authorise such advances by warrant and shall include such amount in a Supplementary Appropriation Bill for appropriation at the meeting of Parliament next following the date on which the warrant was issued.
- (4)
  - (i) A warrant under subsection (3) may be issued only if:
    - (a) funds cannot be provided under section 17 of this Act (virement); and
    - (b) the expenditure cannot be deferred without detriment to the public interest.
  - (ii) The total of sums authorised to be advanced in anticipation of the grant of an appropriation shall not exceed at any one time the sum of \$750,000.
  - (iii) Upon the grant of an appropriation to meet the expenditure in respect of which an advance was made from the Consolidated Fund, the warrant authorising such advance shall cease to have effect and the advance shall be deemed to have been made for the purpose of the grant and shall be accounted for accordingly.

89. Only in exceptional circumstances where lives or Government property are at imminent risk, as

- provided for within sections 15(3) and 15(4) of the Act, when additional provision for expenditure is required above the provision outlined in the annual Appropriation Act for an expenditure head, a supplementary appropriation can be sought.
90. The Minister shall not consider any application for Supplementary Estimate unless the Accounting Officer can prove that additional allocation cannot be provided through virement of funds, and that the following conditions are fulfilled:
    - a. Failure to approve or the deferment of the provision of additional funds shall be detrimental to the interest of the government or the public. In clarification of the purpose of supplementary estimates, this condition, shall only be met in extreme circumstances, whereby the detrimental effect relates to the endangerment of lives or imminent damage or loss of property;
    - b. It shall be fair and reasonable to believe that the need for the additional funds shall not have been foreseen at the time of the preparation of the current year's Estimates of Expenditure, and that the requirement for funds is of an urgent nature.
  91. All applications for Supplementary Appropriation, before being provided to the Minister, shall be reviewed by the Office of the Auditor General, who shall provide comment on whether the application meets the requirements for supplementary appropriation as specified within the Act and these Instructions.
  92. In approving an application for Supplementary Appropriation, the Minister may, if and only if the reason for the application has been shown to be an extreme situation where lives or property could possibly be endangered, issue a Contingency Warrant to the Secretary, authorising the advance from the Consolidated Fund in anticipation of the introduction of a Supplementary Appropriation Bill.
    - a. Upon the update of the Supplementary Estimates into the FMIS by the Planning, Budget, and Aid Coordination Department, the Supplementary Expenditure can be incurred.
    - b. In line with section 15(3) of the Act, the Minister shall present a Supplementary Appropriation Bill for appropriation at the next meeting of Parliament following the date on which the Contingency Warrant was issued.
    - c. Upon the coming into operation of the Supplementary Appropriation Bill in respect to the provisional approval given by the Minister by the issue of a Contingency Warrant, the Contingency Warrant shall cease to have effect and all advances made from the Consolidated Fund under the Contingency Warrant shall be deemed to be such sums as shall normally have been authorised by means of a General Warrant.
  93. To minimise the need for supplemental appropriations following the National Budget, the Planning, Budget, and Aid Coordination Department shall carefully scrutinise all budget proposals to ensure that any Budget Estimate reduction or reallocation proposed by an expenditure head is attainable and that changes in policies or procedures are in place to ensure that the reallocations will permit the delivery of public services in the manner provided in law.
  94. Reductions in allocations to a GL Allocation Item for future year spending below the most recent year's actual spending shall not be permitted by the Planning, Budget, and Aid Coordination Department unless clear evidence is presented of the implementation of changes in policies or procedures needed to achieve the proposed expenditure reduction.
  95. The conditions and application content required for Supplementary Appropriation applications are included in the Circular, [SUPPLEMENTARY APPROPRIATION](#).
  96. Copies of all issued Contingency Warrants shall be forwarded to the Office of the Auditor General.

## STATUTORY EXPENDITURE

97. As defined in Section 2 of the Act, Statutory expenditure means expenditure charged on the Consolidated Fund by any written law other than an Appropriation Act.
98. The following Acts of Tuvalu currently include conditions that may constitute the authorisation of Statutory Expenditure:
  - a. Prescription of Salaries Act – for the payment of Salaries of certain office holders
  - b. Electoral Provisions Act (Electoral Provisions Amendment Act 2011) – for expenditure in relation to elections
  - c. Borrowing and Guarantees Act – for the repayment of principal and interest
  - d. Public Finance Act – for the repayment of monies received in error
99. Estimates of Statutory expenditure shall be provided for in the National Budget and shall be identified as statutory expenditure by the use of the Sub-Program Activity code, ST.
100. Further to s10(1) of the Act, the Minister shall issue a General Warrant to authorise Accounting Officers to commit and expend from the Consolidated Fund, all sums as shall be included in the estimates of Statutory Expenditure for the financial year.

## ADJUSTMENT TO ESTIMATES OF STATUTORY EXPENDITURE

101. It is the responsibility of the Accounting Officer to, when additional provision shall be required on a statutory GL Allocation Item, to present to the Planning, Budget, and Aid Coordination Department a signed Statutory Estimate Variation form.
102. The Statutory Estimate Variation form shall require the Accounting Officer to certify that the adjustment to estimates is to meet additional expenditure which is in line with the purposes defined in the relevant Act authorising the statutory expenditure.
  - a. The Minister shall authorise the Accounting Officer to commit and draw these adjusted estimates of statutory expenditure from the Consolidated Fund through the authorisation of an adjustment to estimates.
  - b. Upon the entry of the Statutory Estimate Variation into the FMIS, the Accounting Officer can process with the commitment and expenditure of statutory funds.
103. The details and template for the Statutory Estimate Variation Form shall be outlined in the Circular, [STATUTORY ESTIMATE VARIATION](#).

## CHAPTER 5: PUBLIC PROCUREMENT, COMMITMENT OF PUBLIC MONIES (PURCHASE ORDERS), AND PURCHASING

### **Public Procurement Act – Section – 11 - Procurement Officer**

- 11 The Minister shall designate staff from each ministry as Procurement Officers, who shall be responsible for undertaking all minor procurement for that ministry or agency as defined in the Regulations. The Procurement Officer shall also be responsible for other duties as prescribed in the Regulations.

### **Public Procurement Act – Section – 35 - Procurement Proposal**

- (1) Prior to starting a procurement proceeding, except for direct contracting under regulation 21(1)(a), the Procurement Officer shall prepare and submit a written Procurement Proposal to the Central Procurement Unit providing the following information:
- (a) the name of the ministry and concerned department;
  - (b) the object of proposed procurement, its estimated value and its reference number in the Annual Procurement Plan;
  - (c) the source of funds and, if the Government's own funds, the approved budget head and amount;
  - (d) if not previously budgeted, a detailed justification of the proposed procurement; and
  - (e) the method of procurement proposed.
- (2) The Procurement Proposal shall be signed by the Secretary of the ministry responsible for the procurement and no proceeding shall be started until the procuring entity has received a written notice of no objection from the Central Procurement Unit.

## STATUTORY REFERENCE

104. The Public Procurement Act and Public Procurement Regulations provide for the powers and responsibilities of officers of the Government of Tuvalu in undertaking public procurement.
105. Upon the receipt of a General Warrant, the Accounting Officer shall be responsible for ensuring that the expenditure of Public Money is undertaken in line with the Public Procurement Act, Public Procurement Regulations, these Instructions and Financial Circulars.
106. To support the Financial Secretary and Accounting Officers in the undertaking of Procurement processes, in accordance with Section 11 of the Public Procurement Act, there shall be a designated staff member from each expenditure head identified as the Procurement Officer. No staff member may be so designated until they have received training conducted by the Central Procurement Unit of the Treasury Department to ensure that they have knowledge of procurement practices, Tuvalu's Public Procurement Act, Public Procurement Regulations, and relevant Instructions and Circulars.
- a. The Procurement officer shall be responsible for undertaking all minor procurement for that expenditure head, as outlined by the Public Procurement Regulations.

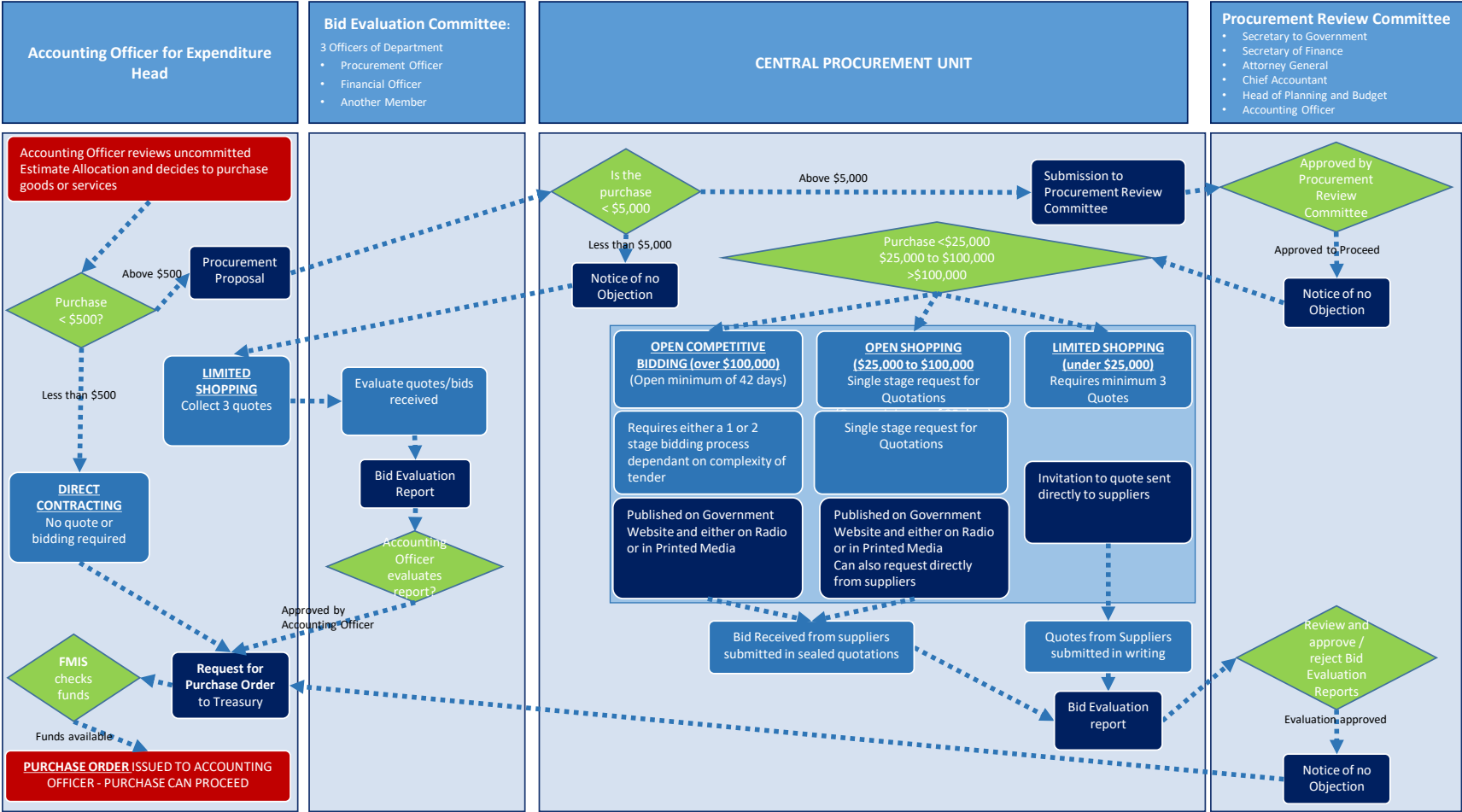
## PROCUREMENT PROCESS

107. Where an expenditure head wishes to commit public money for the procurement of goods or services, the expenditure head must first satisfy the requirements of the Public Procurement Act and Public Procurement Regulations.
108. At the beginning of the fiscal year, the Accounting Officer and Procurement Officer shall coordinate the finalisation of an Annual Procurement Plan consistent with the approved budget for the year.



- a. This Procurement Plan shall be submitted to the Central Procurement Unit, and be updated on a quarterly basis as required to reflect changes in timing of procurement processes.
  - b. Further details of the requirements and content of Procurement Plans shall be outlined in the Circular, [PROCUREMENT PLANS](#).
109. In accordance with Section 35 of the Public Procurement Regulations, every Procurement Officer shall commence the procurement processes through the preparation of a written Procurement Proposal, corresponding to the items of the Annual Procurement Plan.
- a. Procurement proposals shall be submitted to the Central Procurement Unit (CPU) of the Treasury Department prior to commencing any procurement transaction.
  - b. Only transactions for minor value procurement which fall within the threshold set out in Section 13(d) of the Public Procurement Regulations for direct contracting, do not require such a Procurement Proposal, and can be undertaken following the receipt of a Purchase Order (refer Instructions for Purchase Orders below).
  - c. No transaction requiring a Procurement Proposal shall be commenced until the procuring entity has received a written notice of no objection from the Central Procurement Unit of the Treasury Department.
  - d. The submission of procurement proposals shall be subject to an end of year cut-off date which will be established upon consideration of the cut off dates for final processing of payments issued by the Treasury Department.
  - e. Additional guidelines for the preparation and format of Procurement Proposals shall be outlined in the Circular, [PROCUREMENT PROPOSAL](#).
110. Thresholds defining minor and major procurement, and the required procurement procedures are established in the Public Procurement Regulations and are summarised in the diagram below.
111. Wherever possible an Accounting Officer shall ensure that apart from planned procurement, all approved estimates of expenditure for their expenditure head, are generally expended evenly throughout that year.
112. For procurement of items which are required across multiple Departments or Offices, or where numerous procurements occur each year, the Central Procurement Unit of the Treasury Department may establish a framework contract as outlined in the Public Procurement Act and Public Procurement Regulations
113. Guidelines for Accounting Officers, Procurement Officers, and the Central Procurement Unit shall be outlined in the Circular, [PUBLIC PROCUREMENT MANUAL](#).

PROCUREMENT PROCESS FLOWCHART



## PURCHASE ORDERS

114. The only authority to commit any public money shall be a Purchase Order produced from the FMIS and issued from the Treasury Department in such form as is provided by the FMIS.
115. At the commencement of each financial year, the Chief Accountant of the Treasury Department shall write to all registered suppliers of Government to inform suppliers that no goods or services should be rendered to the Government of Tuvalu, without the presentation of a Purchase Order.
  - a. The register of Government suppliers shall be maintained in the FMIS by the Treasury Department and the Central Procurement Unit.
116. The issue of a Purchase Order by the Treasury Department shall be initiated through a Request for Purchase Order form prepared by the Votekeeper and authorised by the Accounting Officer.
117. Purchase Orders shall be issued from the FMIS, only in favour of the person, persons, or organisations for whom the purchase, as detailed on an authorised Request for Purchase Order form, is identified.
118. No Purchase Order shall be issued in favour of the officer who shall authorise a Request for Purchase Order form.
119. Purchase Orders shall be issued with a unique sequential Purchase Order Number which shall be used for referencing Purchase Orders, supplier invoices, and payments.

## PURCHASE ORDER REQUESTS

120. Upon completion of the procurement evaluation process, or to commence the direct contracting process for minor and low value goods (refer Public Procurement Regulations s13(d)), a Treasury Department issued Purchase Order must be obtained prior to the commitment of any Government funds.
121. Requests for Purchase Orders shall be signed by the Accounting Officer to certify that:
  - a. the details included on the request are correct;
  - b. that the appropriate required Procurement process has been completed;
  - c. the expenditure included in the request is essential to the public service, and is not wasteful; and
  - d. the commitment of Government funds requested will not exceed the legally appropriated and warranted funds available for a GL Allocation Item.
122. The Purchase Order process, and the 'Request for Purchase Order' form shall be outlined in the Circular, [PURCHASE ORDERS](#).

## GL ALLOCATION ITEM ON REQUESTS FOR PURCHASE ORDERS

123. Accounting Officers shall ensure that expenditure shall only be incurred for the purpose for which the estimates of expenditure were approved.
124. An Accounting Officer shall ensure that any Request for Purchase Order form, which is certified, and signed by the Accounting Officer, or by a delegated signatory is a genuine, necessary, and a justified commitment of funds, and that it is allocated to the correct expenditure head, Program, Sub-Head Activity, and GL Allocation Item.
125. The Treasury Department shall check that all details, including that the nature of the proposed purchase corresponds to the description of the nature of the GL Allocation Item identified, and reject

and return to the Accounting Officer, any request for a Purchase Order that appears to be incorrectly allocated.

## CHECKING UNCOMMITTED FUNDS - REQUESTS FOR PURCHASE ORDERS

126. Prior to the entry of any commitment of Government Funds by an expenditure head, the completed request for a Purchase Order form shall be forwarded to the Treasury Department, as soon as possible after completion and signing.
127. The Treasury Department shall be responsible for the checking of requests for Purchase Orders forms, and in addition to the check of appropriate GL Allocation Items, Treasury Department shall utilise the FMIS to check if remaining uncommitted funds for the GL Allocation Item are available by taking into account the authorised estimates, actual funds expended, and funds otherwise committed.
  - a. Where a request for Purchase Order would exceed the remaining uncommitted authorised expenditure allocation of a GL Allocation Item, the FMIS shall prevent the Treasury Officer from posting the Purchase Order Request into the FMIS, and shall present an automated on screen error.
  - b. Where an FMIS error is generated due to insufficient remaining uncommitted funds, the Treasury Department shall immediately inform the Accounting Officer and return the request for Purchase Order form for amendment.
  - c. Any request for Purchase Order returned to the expenditure head shall not be re-submitted until such time as additional uncommitted estimates have been allocated through the issue of either, a virement, or contingency warrant.
128. Upon the approval and posting of a request for Purchase Order into the FMIS, a Purchase Order shall be issued immediately from the FMIS to the Accounting Officer.
  - a. Upon issuing of a Purchase Order, the FMIS generated Purchase Order Number, shall be written onto the Request for Purchase Order form for record keeping.
129. Detailed checking requirements and process shall be further outlined in the Circular, [PURCHASE ORDERS](#).

## PURCHASE OF GOODS AND SERVICES

130. Only following the receipt of a Purchase Order, the Accounting Officer may proceed with the commitment of funds and the purchase of goods and services.
131. It is the responsibility of the Accounting Officer or authorised delegate, to ensure that goods & services purchased from suppliers are in line with the details of the Purchase Order.
132. The Accounting Officer or authorised delegate must ensure that the suppliers of Goods and Services are presented the details of the Purchase Order at the time of purchase.

## RECEIPT OF GOODS AND SERVICES AND PRESENTING INVOICES FOR PAYMENT

133. Following the purchase of goods or services, Accounting Officers must ensure that a supplier invoice is received and that the Purchase Order number is included clearly on the supplier invoice.
134. Where a supplier invoice is provided to the Accounting Officer without reference to the relevant Purchase Order number, it is the responsibility of the Accounting Officer to ensure that the Purchase Order number relevant to that commitment is clearly amended to the supplier invoice.

135. Where the Accounting Officer is satisfied that goods or services have been received, and that payment of a supplier invoice should be made, the Accounting Officer or authorised delegate shall clearly sign, and print their full name with the words ‘Goods Received, Ok to Pay’ on the supplier Invoice, and present the supplier invoice to the Treasury Department for payment.
  - a. Where a supplier invoice relates to specialised technical goods or complex service delivery, the Accounting Officer should first seek confirmation from a technical expert within their expenditure head to confirm receipt of the correct goods or services, prior to the authorisation of the invoice for payment.

## DATE OF CHARGING PURCHASES TO GOVERNMENT ACCOUNTS

136. The Treasury Department will record in the FMIS the date of issue for the Purchase Order and the date identified by the supplier on the supplier invoice for all Government purchases to enable the compilation of commitment and accrual information to support the management of Accounts Payable and for accounting and financial reporting.
137. The National Budget, Appropriation Acts, and General Warrants, provide the authority for the drawing of funds from the consolidated fund only within a particular calendar year. As far as shall be possible, and allowing for delays in the delivery of supplier’s invoices, all expenditure incurred and due against the approved Estimates of Recurrent Expenditure for a particular financial year, shall be met and paid in that year.
138. Under no circumstances shall a surplus on a Head be transferred to a reserve account, carried to a deposit or suspense account or in any other manner adjusted in order that such surplus shall eventually be used for the payment of future anticipated expenditure.
139. Government Assets, and Inventory shall not be deliberately purchased in advance of normal requirements in such a manner as to expend an anticipated surplus that shall have accrued on an expenditure head.
140. Under no circumstances shall any payment be made before its due date for the sole purpose of expending an anticipated surplus that shall otherwise accrue to a Head in the absence of such payment.
141. In line with the Payment Processes of the Treasury Department identified in these Instructions and Circulars, the payment of supplier invoices shall be processed through the FMIS and the date of payment shall represent the date of cash drawdown from the Consolidated Fund.

## PURCHASE ORDERS FOR COMMITMENTS UNDERTAKEN BY EXTERNAL TREASURY POSTS

142. Where an expenditure head wishes to purchase goods or services up to a maximum value of \$500, through the Tuvalu High Commission or other Delegated Treasury Official, to ensure that the commitment of funds is recorded in the FMIS, the Accounting Officer of the purchasing expenditure head must forward a Purchase Order to the Delegated Treasury Official.
  - a. This Purchase Order shall demonstrate to the Delegated Treasury Official that sufficient uncommitted appropriation is available to meet the requested expenditure, and that the purchase has been authorised by the Treasury Department.
143. The Delegated Treasury Official shall include on their monthly return (refer to Chapter 16 for Instructions on Monthly Returns), the details of all transactions including the applicable Purchase Order numbers for reconciliation and recording of expenditure by the Treasury Department.

144. For all other purchases, standard procurement and purchasing procedures shall apply.

### END OF FINANCIAL YEAR

145. By no later than the first day of December each financial year, the Treasury Department will advise Accounting Officers of the end of year cut-off dates for the submission of request for Purchase Order forms, and supplier invoices for payment for that financial year.
146. Accounting Officers shall be responsible for making suitable arrangements with suppliers and other Government creditors for the prompt submission of all invoices and claims in respect of goods supplied and services rendered during that year.
147. Only invoices and payments of a critical nature, that could not have otherwise been provided by the established end of year cut-off date will be processed by the Treasury Department between the cut-off date, and the 31st of December each year.

### CESSATION OF AUTHORITY OF WARRANTS

148. All General Warrants, Virement Warrants, Contingency Warrants and any other Warrant authorising Accounting Officers to incur expenditure as a charge to the Consolidated Fund shall cease on the last day of the financial year to which such warrants refer, or upon such earlier date that shall be notified to the Accounting Officers by the Secretary in writing,
149. No Accounting Officer shall deliberately incur or commit any unjustifiable expenditure under the authority of any warrant in anticipation of the cessation of the authority in such warrant.

### VOTE LEDGERS

150. All Accounting Officers shall ensure that Votekeepers maintain vote ledgers to track and monitor expenditure head estimates and expenditure in such form as shall be prescribed by the Secretary, as outlined in the Circular, [VOTE LEDGERS](#).
151. The requirement to maintain separate vote ledgers may be foregone by a Votekeeper if the Votekeeper for an expenditure head seeks to receive access and utilise the FMIS as the primary record of transactional records.
- a. The Secretary shall encourage all Votekeepers to utilise the FMIS for this purpose.

## CHAPTER 6 - PAYMENTS

### PAYMENTS FROM THE CONSOLIDATED AND DEVELOPMENT FUND

152. The Treasury Department shall be responsible for all payments from all accounts comprising the Consolidated and Development Funds.
153. All details and records of Government accounts, check books and passbooks shall be held within the Treasury Department. Only in exceptional circumstances with the express written permission of the Chief Accountant and Minister may an expenditure head maintain an account or hold a check book outside of the Treasury Department.
154. The Treasury payment processes and detailed information on the requirements for the processing of payments shall be outlined further in the Circular, [PAYMENTS FROM CONSOLIDATED FUND](#).

### PAYMENT VOUCHERS

155. The disbursement of public money by the Treasury Department from Government accounts shall be processed in the FMIS prior to the disbursement of funds, and must be supported by a Payment Voucher.
156. Primarily the Payment Voucher shall be prepared by the Treasury Officer following the receipt of an authorised supplier invoice or claim which shall be forwarded to the Treasury Department for payment within three days following the receipt of the supplier invoice or claim for delivered goods or services.
  - a. TO proceed with payment, a supplier invoice or claim must be certified for payment by the relevant Accounting Officer or authorised delegate who shall clearly sign and print their full name with the words “Goods Received, Ok to Pay”, on the supplier document.
157. In certifying an invoice for payment the Accounting Officer or authorised delegate must ensure that:
  - a. the goods or services identified on the invoice match the goods or services received;
  - b. the amount of the invoice is in line with the quoted price for the delivery of goods and services; and
  - c. that the details of the purchase, including the supplier details, match the relevant Purchase Order detail, and that payment shall not exceed the actual available unspent budget allocation.
158. A Payment Voucher may relate to a batch of payment transactions, known as an FMIS Payment Batch, and a separate Payment Voucher shall not be required for each individual transaction entry or purchase.
159. Payment Vouchers shall be made out in favour of the person, persons, or organisation to whom Purchase Orders have been issued, and as detailed on certified invoices entered in the FMIS by the Treasury Department for payment.
  - a. Where, for any payment a Purchase Order or certified supplier invoice or claim is not available, such as for the payment of the Government Payroll, the Treasury Department shall prepare a Payment Voucher and attach relevant supporting detail.
  - b. Such a Payment Voucher shall (except in the case of the Government Payroll) require approval by the relevant Accounting Officer, then may be utilised as the required authorisation for payment. These Payment Vouchers must additionally be certified by the Secretary.

160. Where, for any reason a commitment has been entered by an Accounting Officer or other Government official, without the issue of a Purchase Order, the Treasury Department shall reserve the right to withhold payment, and the responsible officer may be held financially accountable for the committed funds.
  - a. The Secretary shall review and either accept or decline the payment of a commitment that was raised without the issue of a Purchase Order. Upon written acceptance by the Secretary, the Treasury Department may proceed with payment.
161. No Payment shall be made out in favour of the officer who shall certify and sign the Payment Voucher.
162. The details and format required for a Payment Voucher shall be outlined in the Circular, [PAYMENTS FROM CONSOLIDATED FUND](#).

### CHEQUE PAYMENTS

163. The primary method for the disbursement of Government Funds, will be the processing of an FMIS Payment Batch and subsequent issue of a National Bank of Tuvalu check.
  - a. Each FMIS payment entry comprising a Payment Batch shall have the relevant Check number manually entered into the FMIS in order to provide a record of check numbers and associated payments.
164. There shall be two signatories for all checks and to support a review of payment details at the time of signing, signatories shall be provided with the check, Payment Voucher and printed FMIS Payment Batch for reference.
165. Where appropriate, the Treasury Department will make payment to regular suppliers of the Government on a weekly or twice weekly basis for all supplier invoices or claims received which have been certified as 'Goods Received, Ok to Pay'.
166. The detailed process for payment by issue of checks and the Payment Voucher form shall be outlined in the Circular, [PAYMENTS FROM CONSOLIDATED FUND](#).

### OVERSEAS PAYMENTS

167. Where a payment is required to an overseas supplier for which payment via a National Bank of Tuvalu check cannot be readily made, the Treasury Department shall process an Overseas Payment.
168. In support of an Overseas Payment the Treasury Department shall prepare a Payment Voucher and attach supporting documentation for the payment in line with the details of the relevant certified Purchase Order, and supplier invoice or claim provided by the purchasing expenditure head.
169. The Payment Voucher shall detail the number and the value of each supplier invoice or claim to be paid, the overseas currency value shall be included on the Payment Voucher for each item, together with the prevailing rate of exchange for Australian Dollars.
  - a. Prior to the approval of any overseas payment, the applicable exchange rate for the payment shall be confirmed with the National Bank of Tuvalu.
  - b. Values in foreign currencies shall be converted and the equivalent Australian dollar value shall be recorded for the Payment Voucher.
  - c. The confirmed Australian Dollar amount as advised by the National Bank of Tuvalu shall be entered into the FMIS Payment batch and posted to proceed with payment.
170. Upon posting into the FMIS, and finalisation of the Payment Voucher, the Treasury Department shall prepare the necessary application for an overseas bank draft or telegraphic transfer that shall



be required by the National Bank of Tuvalu, and forward the application to the bank for payment.

- a. Where the exchange rate applied to a transaction varies upon finalisation of the payment by the National Bank of Tuvalu, this variance shall be applied to the GL Allocation Item identified on the Payment Voucher, and identified as an Exchange Rate Variance. This should only occur in exceptional circumstances.

## DEDUCTION, AND WITHHOLDING OF PAYMENTS

171. It shall be the responsibility of the Treasury Department to identify opportunities for the recovery of monies owed to Government through the deduction or the withholding of payments.
  - a. The Treasury Department shall review balances of monies owed to Government prior to the processing of payments to individuals or companies who may have outstanding amounts owing.
172. It shall be at the discretion of the Chief Accountant, that where a recipient of an expected payment has an outstanding and overdue amount owing to Government, that payment may be withheld or deducted in order to recover monies.
173. Where any deduction shall be made from the original gross amount due, details of such deduction shall be clearly shown on the Payment Voucher, and recorded in the FMIS.
174. Any deduction in respect of the recovery of any advance, counter claim or similar recoverable sum shall be entered in the FMIS as a Credit Note to the applicable supplier invoice and a Debit Note to the outstanding monies owed to Government in the Accounts Receivable register.
  - a. Payment shall subsequently be made only for the net amount.
  - b. Prior to any deduction being made, the Treasury Department shall advise the individual or business of the intention to make a deduction.
175. By written instruction, the Secretary may also with-hold full payment of any Payment Voucher where the Secretary considers it in the public interest to do so, including in situations where:
  - a. the recovery of funds owing to Government mentioned above is greater than the proposed payment, successive payments may be with-held until the recovery can be effected; or
  - b. the amount to be recovered is uncertain or disputed, and withholding the Payment pending clarification shall be in order.

## CHAPTER 7 - REVENUE AND RECEIPTING OF PUBLIC MONIES

### GOVERNMENT REVENUE

176. As far as is possible, revenue due to Government shall be collected by cash or check at the time that the services are rendered.
177. Where payment of the prospective revenue is not made at the time that the goods are delivered, or the service rendered, or where for any other reason monies become owed to Government, an Accounts Receivable Invoice must be raised in the FMIS and provided to the relevant individual or organisation.
  - a. It is the responsibility of the Treasury Department, with the support of the relevant Accounting Officer, to ensure that funds owed to Government are collected when due, and to take all possible steps to avoid revenue falling into arrears.
  - b. No Accounts Receivable Invoice shall be issued to any person or organisation identified by the Secretary as unsuitable for credit facilities.

### RECEIPTING PUBLIC MONEY

178. Only the cashier within the Treasury Department, a Delegated Treasury Official located in Overseas Missions or on Outer Islands, or a Registered Revenue Collecting Department shall be authorised to receipt funds on behalf of Government.
179. Where a Registered Revenue Collecting Department is authorised to collect funds on behalf of the Treasury Department, these funds must be handed over and receipted by the Treasury Department on a daily basis in line with the Circular, [REVENUE COLLECTING DEPARTMENTS AND DAILY PAYOVER PROCEDURES](#).
180. An officer who is not the cashier within the Treasury Department, a Delegated Treasury Official, or Registered Revenue Collecting Department shall not, under any circumstances, accept Government revenue from anyone, for any reason.
  - a. Any person or organisation tendering revenue shall be directed to the Treasury Department, or other Registered Revenue Collecting Department.
181. All receipted Government Revenue must be secured by the Treasury Department each day and deposited into the Consolidated or Development Fund at the opening of business the following day.
  - a. Any Delegated Treasury Official, or Registered Revenue Collecting Department receiving funds on behalf of the Treasury Department shall immediately enter a record of the receipt into an official Government Receipt book, as issued by the Treasury Department, and immediately issue an official receipt, for each sum of money collected.
  - b. Any Treasury Department officer receiving funds on behalf of Government shall immediately enter the transaction into the FMIS and issue an official FMIS receipt, for each sum of money collected. The receipt shall be for the actual amount received, even if this differs for any reason from the amount that should have been collected
182. Under no circumstances whatsoever shall a temporary receipt, an unofficial receipt, or a receipt in any form other than that of the official Government Receipt book or from the FMIS be issued.
183. There shall be exhibited, in a prominent position in every place where revenue and public monies are collected, a notice, in Tuvaluan and English, to the effect that a numbered and signed original official receipt shall be obtained for every sum of money paid to Government.

## GOVERNMENT ACCOUNTS RECEIVABLE REGISTER

184. The Treasury Department shall maintain and actively manage a Register of all the Accounts Receivable Invoices of Government in the FMIS to support the collection of monies owed to Government and to support the production of accrual based financial reports.
- a. The open balances and individual transactions in the FMIS register shall be constantly reviewed by Treasury and a report provided to the Secretary on a monthly basis.

## SETTLEMENT OF ACCOUNTS RECEIVABLE INVOICES

185. Accounting Officers and Votekeepers are responsible for supporting the Treasury Department in the collection process of accounts receivable in so far as receivable amounts relate to their expenditure head.
186. Where an Account Receivable Invoice is not settled by the due date, the Treasury Department shall immediately inform the Accounting Officer, and pursue follow up actions as outlined in the Circular, [ACCOUNTS RECEIVABLE](#).

## CANCELLATION OF ACCOUNT RECEIVABLE INVOICES

187. Accounts Receivable Invoices in the FMIS may not be deleted, amended, closed, or in any way removed, apart from in the following circumstances:
- a. Full payment is received and is matched to the outstanding Account Receivable Invoice
  - b. Full Payment is received, however due to an administrative oversight the receipt is not matched to the Account Receivable Invoice, a correction may then be subsequently applied to close the invoice;
  - c. The Account Receivable Invoice was entered in error;
  - d. Incorrect details were entered in the Account Receivable Invoice and the record requires removal and reissue of the invoice.
188. For all other situations, amounts owing to Government may only be removed or written off by resolution of the Parliament on the recommendation of the Minister.
189. Where the Treasury Department shall be of the opinion that action taken to collect monies owing to Government will not be, or has not been, successful in recovering funds, the Chief Accountant should forward a full written report to the Secretary, copied to the Office of the Auditor General, recommending either the presentation to Parliament to write-off the Account Receivable balance, or for the consideration of commencing legal action.
190. The processes and activities of the accounts receivable function of the Treasury Department shall be outlined in the Circular, [ACCOUNTS RECEIVABLE](#).

## REVENUE RECEIVED FOR REIMBURSEMENT OF EXPENSES

191. No revenue transaction shall be recorded against an expenditure GL Allocation Item, except where:
- a. such entries are in respect of an erroneous overpayment;
  - b. where payment shall have been incorrectly charged to the wrong expenditure head or GL Allocation Item in the current financial year; or
  - c. in any other circumstances specifically where the transaction is correcting an otherwise erroneous entry.
192. Specifically, for the avoidance of doubt and to clarify the treatment of specific transactions, this

applies to the recording of the receipt of funds identified as being ‘reimbursed’ by donors or other parties in relation to matching of the expenditure of official travel.

- a. Such receipts shall be recorded by the correct nature of the receipt, which in the case of funds provided by donors, would generally be of a revenue nature and shall most likely relate to an ‘Other Grant’ GL Allocation Item.

## CHAPTER 8 – IMPRESTS AND ADVANCES

### Public Finance Act - Section 13 - Advances

- (1) Subject to the provisions of this section, the Minister may authorise the disbursement of moneys forming part of the Consolidated Fund or of other public moneys for the purpose of making advances:
  - (a) on behalf of, and recoverable from, any other Government;
  - (b) to, or on account of, any Special Fund where such advances are recoverable before the close of the financial year in which such advances are made;
  - (c) to public officers for such purposes and on such terms and conditions as may be prescribed from time to time;
  - (d) to meet expenditure authorised by a Loan Act in anticipation of the receipt of any instalment of the loan authorised by such Act;
  - (e) in accordance with a specific agreement, to agents appointed by the Government to perform functions on its behalf;
  - (f) for such other purposes and subject to such terms and conditions as Parliament may from time to time approve.
- (2) The total of the sums issued and disbursed for the purpose of making advances shall not exceed in aggregate at any one time after deducting repayments an amount of \$750,000.

### ADVANCES

193. In line with the detail and conditions prescribed in Section 13 of the Act, the Minister may authorise the issue of advances of public moneys, subject to an overall limit of advances outstanding at anyone time of \$750,000.
194. The current policy of Government is that Advances shall only be considered in line with Section 13(1)(a), 13(1)(c), and 13(1)(f) of the Act. Advances in relation to sections 13(1)(b), 13(1)(d), and 13(1)(e) of the Act would require detailed analysis and a revision to these Instructions prior to consideration by the Minister.
195. Advances on behalf of any other Government, in line with Section 13(1)(a) shall be made only in respect of two circumstances:
  - a. Primarily an Advance from any other Government should apply to the commencement of projects to be funded from the Tuvalu Development Fund, where project commencement shall be delayed if funds are not provided through an Advance.
  - b. Secondly, where funds to be provided from any other Government for the purpose of funding official travel is confirmed however an advance is required to facilitate travel prior to the receipt of committed funds.
196. Where an advance is to be issued which is recoverable from any other Government, in line with Section 13(a) of the Act, the Secretary shall withhold the disbursement of Advance funds until such time as advice is received directly from a representative of the 'Other Government' regarding their intention and commitment to provide funds to meet the advance.
  - a. To meet the requirements for the provision of an Advance, the advice provided by the donor or country must be in the format of a formal letter or note and be authorised by a senior official or authorised delegate of that organisation or country.
  - b. Funds provided by any other Government or donor organisation for the purpose of

- reimbursing travel expenses does not remove the requirement to record recurrent travel expenditure against the appropriate GL Allocation Item (e.g. Travel GL Allocation Item).
- c. To prevent overspending of GL Allocation Items, advances provided for Travel expenditure shall be supported by an Advance Warrant, to be issued by the Minister.
  - d. Upon entry of the details of approved Advance Warrants into the FMIS by the Department of Planning, Budget, and Aid Coordination, advance expenditure can be incurred.
  - e. An Accounts Receivable record of funds to be received in repayment of the advance shall be immediately entered into the FMIS by the Treasury Department allocated to the appropriate Grants Revenue GL Allocation Item.
197. Where Advances are issued on behalf of any other Government, if funds are not received in full within a period of 3 months from date of issue, the Advance shall be cancelled, and the responsible Head of Expenditure shall be required to meet the value of the advance from recurrent funds. This shall be supported either through Virement or Supplementary Appropriation procedures.
198. The processes and conditions for Advances, and format of the Advance Warrant shall be outlined in the Circular, [ADVANCES](#).

## IMPRESTS

199. An Imprest shall be a sum of money advanced to a public officer as prescribed in Section 13(1)(c) of the Act, in order to meet expenditure connected with the public service, but for which it shall be either impracticable or inconvenient to make direct payment to suppliers.
200. Imprests shall be of two classes:
- a. a Standing Imprest, which shall be replenished from time to time as required, and which shall be retired at the end of each financial year, or at the time when the reason for which such an Imprest was issued shall cease, or at any other time that shall be notified in writing by the Secretary;
  - b. a Special Imprest, which shall be advanced for a specific purpose and which shall be accounted for in full within the period allowed, or when the specific purpose for which the Imprest shall have been issued has been fulfilled, whichever is the sooner.
201. Imprests shall be provided to public officers subject to the following policies:
- a. Retirement or repayment of a Special Imprest must be undertaken within 30 days of the return of the officer from official travel, or from such other due date as established by the Treasury Department;
  - b. Where a Special Imprest is not fully retired 30 days after the due date, the Treasury Department shall charge interest on the monthly balance still outstanding; this applies equally to overdue amounts being recovered through salary deduction. The interest rate chargeable shall be at the Secretary's discretion, but shall be a minimum of 10% plus the current commercial bank overdraft rate;
  - c. No Special Imprest shall be authorised where the officer concerned has a previous Imprest still un-retired;
  - d. Wherever possible, all applications for Imprests, Standing or Special, shall be submitted to the Treasury Department, at least one week before the Imprest shall be required;
  - e. Only permanent staff can be issued with Special Imprest;
  - f. The officer receiving a Special Imprest shall be responsible for ensuring that payment processes, rules and regulations applicable to Imprest shall be complied with;

- g. Failure of an officer to adhere to the processes and requirements for the treatment of Special Imprest may be cause for administrative sanctions.
202. The processes and rules to apply to the provision of Imprests shall be outlined in the Circular, [IMPRESTS](#).

## CHAPTER 9 – DEPOSITS

### **Public Finance Act - Section 21 - Deposits**

- 21 Any moneys, not being moneys raised or received for the purposes of the Government, which may be deposited with the Government (such moneys being hereinafter called “deposits”) shall not form part of the Consolidated Fund and except as provided in this Act shall not be applied in any way for the purposes of the Government.

### STATUTORY REFERENCE

203. The capability of the Government to accept deposits is prescribed in Sections 21 to 24 of the Act, however is not a mechanism that is currently endorsed by the Government.

### DEPOSITS NOT TO BE ACCEPTED BY GOVERNMENT

204. The practice of investing deposits as is outlined through Part V of the Act, under sections 21 to 24, is no longer a practice undertaken by the Government.
- a. Without the express written authorisation of the Minister in line with the requirements of the Act, no deposits should be accepted by officers of the Government.
  - b. The utilisation of deposits as a source of investment funding is no longer applicable in Tuvalu as investments of Government are managed through the appointed managers of the Tuvalu Trust Fund and the Consolidated Investment Fund.



## CHAPTER 10 - SALARIES AND WAGES

### ENTITLEMENT TO SALARIES AND WAGES

205. The entitlement to salaries, wages, overtime and allowances of officers and other employees of the Government shall be as prescribed by General Administrative Orders, and by any other existing order, regulation or instruction.

### PAYMENT OF SALARIES & WAGES

206. The regular periodic payment of salaries and wages shall be made only by the Treasury Department under such centralised system as shall be prescribed within these Instructions and Circulars.
207. The payment of salaries and wages shall only be made by the Treasury Department at such times and in such manner as shall be prescribed within these Instructions and Circulars.
208. Payment of salaries and wages shall normally be made by a direct credit to the officer's bank account by the Treasury Department, and only in exceptional circumstances shall be paid via another payment method.
209. The Treasury Department shall prepare fortnightly payrolls in respect of all officers on permanent terms of employment, with an individual pay slip to be prepared and provided to the relevant Accounting Officer for each officer.
- a. Accounting Officers shall ensure that individual pay slips are delivered to the officer concerned as soon as possible after receipt from the Treasury Department.

### NOMINAL ROLL

210. During the National Budget process, and at any other time the Secretary may specify, all Accounting Officers shall submit Nominal Rolls of all officers employed on permanent conditions of service in their expenditure head, and whose salaries shall be allocated to any personal emolument GL Allocation Item of that expenditure head's budget allocation.
211. The Nominal Roll shall be in such form as shall be prescribed by the Secretary, and shall be consolidated and administered by the Planning, Budget, and Aid Coordination Department.
- a. The National Budget process shall include a review of the consolidated Nominal roll, which shall be undertaken in conjunction with representatives from the Planning, Budget, and Aid Coordination Department, the Personnel and Training Department, and the Treasury Department.
212. The Nominal Roll, as finalised during this National Budget review process, shall form the basis of the following year expenditure estimates for personal emolument GL Allocation Items in the National Budget, as updated for incremental salary progression, agreed new service proposals, and the filling of vacancies.
213. Any change in the circumstances of any officer that shall be likely to affect the payment of their salary in anyway whatsoever, shall be notified to the Treasury Department by submission from the Accounting Officer, of a Staff Casualty Return.
- a. The Staff Casualty Return shall be in the form prescribed at Appendix 7A to Chapter 7 of General Administrative Orders, and shall be submitted to the Treasury Department immediately as the Accounting Officer becomes aware of the change of circumstances.

214. The detail of the Nominal Roll and review process during the National Budget formulation process shall be outlined in the Circular, [GOVERNMENT PAYROLL](#).

### COMMITMENT OF FORTNIGHTLY PAYROLL

215. At the commencement of the Financial Year, a Purchase Order shall be issued by the Treasury Department for each individual fortnightly payroll for each expenditure head in line with the financial amounts provided within the Nominal Roll.
- a. The issue of these Purchase Orders by the Treasury Department shall commit required funds within the personal emolument GL Allocation Items, and only upon payment and posting of each fortnightly payroll, shall the corresponding committed funds be released through the cancellation of the appropriate Purchase Order.

### WAGES TIME SHEETS OR RECORDS

216. The Treasury Department shall pay wages for casual Government workers, against time sheets or other suitable records that shall be prepared in such form and manner as shall be prescribed from time to time, and as shall be applicable to the particular tasks undertaken by the workers.

### DEDUCTIONS FROM SALARIES AND WAGES

217. The Treasury Department shall make deductions from gross salaries and wages for the following items:
- a. Income Tax;
- b. Provident Fund Contributions;
- c. Amounts payable for the rental of a Government House or quarters;
- d. With the agreement of the employee, for any sum that shall be recoverable from an employee in respect of any advance, or any other monies due to Government.
218. The details for deductions and the processes for payroll and wages payment and formulation shall be outlined in the Circular, [GOVERNMENT PAYROLL](#).

### FORTNIGHTLY PAYROLL REVIEW

219. On a fortnightly basis, prior to the payment of salaries and wages, a review committee comprising three senior public service officials shall be involved in the review of calculations and payments of salaries and wages. This Payroll Review Committee shall verify in writing that each fortnightly Government payroll has been reviewed and is authorised for disbursement of funds.
220. Copies of the fortnightly payroll and the verification provided by the Payroll Review Committee shall be forwarded to the Office of the Auditor General.

## CHAPTER 11 – LOANS AND GUARANTEES

### **Public Finance Act – Section – 18- Restrictions on borrowing**

- (1) The Government shall not borrow money except in accordance with the provisions of a written law.
- (2) The powers conferred by any general or specific Loans Act or by an Appropriation Act to borrow money by means of advances from a bank or from the Crown Agents may be exercised by means of a fluctuating overdraft.
- (3) Except as otherwise provided by or under any other law for the time being in force, any money borrowed by the Government shall be paid into and form part of the Consolidated Fund or such other public fund as the Minister may in each case designate and shall be available in any manner in which the Consolidated Fund or such other public fund, as the case may be, is available.
- (4) An account set up by an advance made in accordance with a specific agreement under section 13(1)(e) may be overdrawn in accordance with that agreement but shall be reimbursed as soon as possible.
- (5) Except as otherwise provided by or under any other law for the time being in force the principal money and all interest and other charges on any money borrowed by the Government, and the interest upon any imprest account overdrawn under sub-section (4), shall be charged upon and paid out of the Consolidated Fund or such other public fund as the Minister may in each case designate without further appropriation than this Act.

### **Government Borrowing and Guarantees Act – PART III – Government Borrowing**

#### **3 Authority to Raise Loans**

- Subject to the provisions of this Act the Minister in Cabinet may raise within or outside Tuvalu such loans and upon such terms and conditions as to interest, repayment or otherwise as may be approved by Parliament.

#### **4 Purposes and application of loans**

- Moneys borrowed under section 3 shall be duly applied for such purpose or purposes as may from time to time be approved in relation thereto by Parliament.

#### **5 Loans to be charged on Consolidated Fund or other public fund**

- The principal money of and all interest and other charges on any loans raised under this Act shall be charged upon and paid out of the Consolidated Fund or other designated fund.

### **Government Borrowing and Guarantees Act – PART III - Government Guarantees**

#### **6 Guarantee of certain loans**

- (1) The Minister may, subject to the provisions of this Act, guarantee in such manner and on such conditions as he may think fit the repayment of the principal money of and the payment of the interest and other charges on any loan raised or made by any person either within or outside Tuvalu.
- (2) No such loan shall be guaranteed —
  - (a) unless the purpose of the loan is approved by Parliament; and

## GOVERNMENT LOANS

221. For the avoidance of doubt, the sections of the Act, these Instructions, Circulars, and the Government Borrowing and Guarantees Act which relate to borrowing and or guarantees shall apply to any organisation within Government, as well as for any Public Enterprise or Government owned venture.
222. The Government Borrowing and Guarantee Act (1973) outlines the authority for the raising of loans, the purposes and application of loans, and for the loan repayments to be charged on the Consolidated Fund or other public funds.
223. The Parliament shall be responsible for approving the purposes and conditions of all loans.
224. Unless specifically designated by the Minister for payment into a separate Public Fund, loan

proceeds shall be deposited to the Consolidated Fund and use thereof shall be administered according to the National Budget processes.

225. The principal and interest repayments of loans may be drawn from the Consolidated Fund, without further authority than is provided through the Government Borrowing and Guarantee Act, subject to such repayments being in line with the details of the loan approved by the Parliament.

## GOVERNMENT GUARANTEES

226. Part III of the Government Borrowing and Guarantee Act (1973) provides the framework for the rules governing the guarantee of certain loans by Government.
- a. Only the Minister may guarantee certain loans however the Minister shall not guarantee a loan unless the purpose of the loan is approved by the Parliament.

## APPLICATIONS FOR LOANS AND GUARANTEES

227. All proposals for borrowing or guarantees shall conform to the conditions prescribed within the Government Borrowing and Guarantee Act, the Public Finance Act, these Instructions, and the Circular, [BORROWING AND GUARANTEES](#).
228. Any proposal for the Government to enter into an arrangement called a public-private partnership or similar arrangement, or any arrangement with a donor, a donor-funded party, or any other party which could require the government to make a future payment, assume future funding responsibility, forego future revenue, or release ownership in whole or in part of an asset, shall be deemed as a proposal for a guarantee, and shall undergo the same review as for any other guarantee as outlined in these Instructions.
229. The initial process for any proposed Government borrowing, guarantee, or public-private partnership or similar agreement, regardless of the financial amount, expenditure head, or Public Enterprise, shall be the provision of all proposed details to the Planning, Budget, and Aid Coordination Department for analysis.
- a. This submission of details for analysis must occur prior to any other process, arrangement or commitment being undertaken.
230. Analysis of the proposal by the Planning, Budget, and Aid Coordination Department shall support the Minister to make an informed and balanced decision between the Government's need to take on this debt or guarantee (in response to development goals) and the Government's ability to repay the liability.
- a. If satisfied with the proposal, the Minister shall submit a loan proposal to the Parliament indicating among other things the intended use of the financing, repayment plans, and a debt sustainability analysis to support Parliamentary consideration of the loan or guarantee.
231. If approved by the Parliament, relevant details and documentation shall be held by the Ministry, the Parliament, and the relevant Accounting Officer for reference purposes, and a copy provided to the Office of the Auditor General.

## CHAPTER 12 - GOVERNMENT BANK ACCOUNTS

### **Constitution of Tuvalu – Section 167 - The Consolidated Fund**

- (1) There shall be a Consolidated Fund of Tuvalu, into which, subject to any Act of Parliament, all public money shall be paid.
- (2) Acts of Parliament may make provision for or in respect of other public funds not forming part of the Consolidated Fund, which shall be administered and dealt with in accordance with Acts of Parliament.

### **Public Finance Act – Section 9 - Revenues and other moneys to be paid into Consolidated Fund**

- (1) Subject to sections 19 and 20 (*note: sections 19 and 20 establish the Tuvalu Development Fund and Special Funds*) all revenues and other moneys raised or received for the purpose of the Government of Tuvalu shall be paid into the Consolidated Fund in accordance with the instructions of the Minister.

### **Public Finance Act – Section 11 - Consolidated Fund moneys to be kept with specified banks**

- All sums accounted for in the Consolidated Fund shall be kept with such bank or banks as the Minister shall from time to time determine.

## STATUTORY REFERENCE

232. Apart from accounts which are established under an Act of Parliament, all other accounts of Government shall form part of the Consolidated Fund, examples of funds not forming part of the Consolidated fund are:
  - a. Section 19 of the Act, prescribes that there shall be a separate bank account maintained by the Treasury Department for all development project receipts and payments which shall not form part of Consolidated Fund.
  - b. Special Funds established under Section 20 of the Act, shall also not form part of the Consolidated Fund.
233. The Constitution of Tuvalu and the Act clearly dictate that all Public Monies are paid into the Consolidated Fund apart from where funds may be paid into these separate funds established by an Act of Parliament.

## OVERSIGHT AND MANAGEMENT OF GOVERNMENT ACCOUNTS

234. Every Government account, including accounts forming, and outside of the Consolidated Fund, including the Tuvalu Development Fund, any Special Funds, or any other bank accounts, shall only be opened only with the express written permission of the Minister, and administratively all accounts shall only be opened and managed only by the Chief Accountant.
235. The Chief Accountant, on behalf of the Ministry, must manage and maintain all bank accounts held by Government, and there shall be, for no reason, accounts held outside of the control of the Treasury Department.
  - a. All passbooks, check books, or any other formal documents relating to accounts which hold funds for the use of any expenditure head, must be held and administered by the Chief Accountant.
  - b. There shall be a daily reconciliation conducted between the FMIS and bank statements for the primary transactional accounts of Government, and balances of these accounts shall be included within the monthly financial reports of Government.

- c. Reconciliations of savings accounts and other accounts shall be conducted on a monthly basis, with full details of all Government accounts incorporated in the Annual Financial Statements.
236. Any account forming part of the Consolidated Fund, shall be subject to these Instructions and supplementary Circulars.
- a. Special Funds, shall be governed by the rules contained within the Ministerial Order Establishing the Fund. In all cases however the accounts of the Special Fund must be overseen and administered by the Chief Accountant.
  - b. In any situation, where there is no Ministerial Order establishing, and clearly defining the purpose and utilisation of the Special Fund, then the funds held in a separate account shall be considered to be part of the Consolidated Fund.
237. The processes for opening and managing Government bank accounts shall be outlined in the Circular, [BANK ACCOUNTS](#).

## CHAPTER 13 – TUVALU DEVELOPMENT FUND

### Public Finance Act – Section – 19 - Development Fund

- (1) There is hereby established a capital fund to be known as the Development Fund, which shall not form part of the Consolidated Fund and which shall not be a Special Fund within the meaning of section 20 of this Act.
- (2) The Development Fund shall consist of the following moneys —
  - (a) such moneys as may be appropriated for the purpose by Parliament;
  - (b) moneys received from any other government and any body or person as grants to the Government of Tuvalu for development purposes;
  - (c) moneys received from the proceeds of loans raised for the purpose by or on behalf of the Government;
  - (d) moneys received by way of interest or dividend on any investment or loan of any moneys belonging to the Development Fund;
  - (e) moneys earned by or received in reimbursement of any project financed wholly or in part from the Development Fund: Provided that the moneys referred to in paragraph (b), (d) or (e) may with the prior approval of Parliament in any case be paid into the Consolidated Fund or such other public fund as the Minister may in each case designate.
- (3) The Development Fund shall be operated in accordance with the Rules set out in the Schedule to this Act.
- (4) The Minister may by order amend the Rules set out in the Schedule but shall cause a copy of any order so made to be laid before Parliament at its sitting next following the date on which the order comes into operation.

### STATUTORY REFERENCE

238. The Development Fund shall be established as prescribed by Section 19 of the Act, and shall be operated in accordance to the Schedule to the Act.
239. The Act and Schedule to the Act outline that no warrant or funds shall be issued from the the TDF without a resolution of Parliament.
  - a. In issuing these Instructions and Circulars the Ministry is aware that current practice and processes of Government do not adhere to this requirement of the Act.
240. No funds shall be advanced from the Consolidated Fund to the Tuvalu Development Fund, or from the Tuvalu Development Fund to the Consolidated Fund for any purpose.

### APPLICATIONS TO DONOR AGENCIES

241. The review, coordination and approval of requests for overseas development assistance (ODA) from development partners (donors) shall be a responsibility of the Planning, Budget, and Aid Coordination Department.
242. At the commencement of each financial year, the Head of the Planning, Budget and Aid Coordination Department shall issue a letter to all donors, expressing the importance to Tuvalu of the coordination of ODA and the commitment of Tuvalu to target the receipt of ODA towards identified priority areas of Government.
  - a. This letter to Development Partners shall be copied to all Accounting Officers, and shall outline that only requests from the Government which have been reviewed by the Planning, Budget, and Aid Coordination Department should be accepted by donors as official requests for ODA.
  - b. Accounting Officers shall ensure that all requests for ODA are initially forwarded to the

- Planning, Budget, and Aid Coordination Department, and shall not make any request for ODA directly to a potential donor.
- c. A copy of all final requests for ODA shall be provided to the Treasury Department by the Planning, Budget and Aid Coordination Department.
  - d. In no way shall this requirement prevent Accounting Officers and other public officers from having general discussions on any development projects with aid donors provided that the Planning, Budget, and Aid Coordination Department are provided details of the proposal for review prior to any formal request being made to the donor.
  - e. The content and format of formal requests for ODA shall be outlined in the Circular, [REQUEST FOR ODA](#).
243. The Head of Planning, Budget and Aid Coordination Department shall ensure that all formal requests for ODA funds are evaluated, and where approved, an official Development Aid Project Application shall be forwarded to the Department of Foreign Affairs to facilitate the presentation of the request to the prospective donor organisation.

### ODA FUNDS TO BE HELD IN THE DEVELOPMENT FUND

244. Funds for ODA shall only be held within the Tuvalu Development Fund account, or other account established by an Act of Parliament.
- a. No public officer has authority to receive, hold, or manage ODA funds in an account other than the Development Fund or an account established under an Act of Parliament such as a Special Fund.
  - b. Where a donor specifically requests that funds be held in a separate bank account, this request can be considered by the Minister, however any new account will subsequently be treated as a sub-account of the Tuvalu Development Fund.
  - c. Donors should always be encouraged to operate within the established legal financial framework of Tuvalu, and only in exceptional circumstances, would the Minister consider the creation of a separate bank account within the existing framework for the Tuvalu Development Fund.
  - d. Any separate account authorised by the Minister shall be opened and managed by the Treasury Department, and shall be subject to the conditions of the Act and these Instructions which relate to the Tuvalu Development Fund.
245. If a donor agency indicates that ODA funds cannot be provided within the existing structure of Tuvalu's legislated financial framework, as outlined in the Constitution of Tuvalu, the Act, and in these Instructions, then the Minister shall determine that the project shall not proceed.
- a. In this situation, every effort must be attempted to seek a solution within the legal framework of Tuvalu, so that funds offered to Tuvalu can be accepted. However it shall be accepted that it is not in the best interest of Tuvalu to receive funds in any manner that may contravene the Constitution of Tuvalu or the Public Finance Act.

### RECEIPT OF ODA FUNDS

246. As funds are received from a donor organisation, or a written confirmation shall be received by the Planning, Budget, and Aid Coordination Department that funds are available for a project, the Planning, Budget, and Aid Coordination Department, shall provide the Treasury Department with a project title, project description, and estimated amount of ODA funds to be received in the



Development Fund.

- a. The Treasury Department shall then create in the FMIS an FMIS project number for the new project.
247. The Treasury Department shall maintain in the FMIS, a register of all project numbers and shall issue each newly generated project number to the Planning, Budget, and Aid Coordination Department and to the relevant Accounting Officer.
248. The Treasury Department shall utilise the FMIS to maintain a separate expenditure and revenue records for each development project against the recorded project numbers and details.

## DEVELOPMENT FUND WARRANT

249. Upon the receipt of ODA funds, the Minister shall, in accordance with the powers conferred by the rules contained in the Schedule to the Act, issue a Development Fund Warrant, authorising payment from the Development Fund the sum set out in the warrant against the requisite development project.
250. The Development Fund Warrant, shall authorise the Treasury Department, and Accounting Officer to commit and expend moneys to meet the costs of the development project.
251. No Development Fund Warrant shall be issued in excess of the total funds that shall have been received from a donor, or have been made available by some other means, for the development project.
252. Development Fund Warrants shall remain valid throughout the life of the development project; the warrants shall not cease at the end of the financial year in which they were issued.
253. Copies of all Development Fund Warrants shall be forwarded to the Office of the Auditor General.

## PROJECT EXPENDITURE FROM THE DEVELOPMENT FUND

254. The payment of Funds from the Tuvalu Development Fund shall be undertaken in line with the processes established for the disbursement of funds from the Consolidated Fund.
255. In undertaking purchasing, Accounting Officers shall comply with all additional obligations and directions laid down by donors.
  - a. This shall include, but not be limited to, ensuring that only expenses relevant to the project are incurred from the project funds.
  - b. Where any doubt exists as to the nature of expenditure relating to a Development Project, the Treasury Department shall seek clarification from the Accounting Officer, and require written approval from the relevant donor organisation in order to proceed with the disbursement of funds.
  - c. Procurement obligations and processes, where specified by donors must be followed, and in the absence of such donor prescribed guides, Tuvalu's Public Procurement Act, and Public Procurement Regulations shall apply.
256. Where, for any reason funds are provided by a donor, without clear guidance for the purpose of the funds or limits on the nature of expenditures to be incurred, it shall be the responsibility of the Accounting Officer to provide a written summary specifying the limitations and types of expenditure for approval by the Secretary prior to the disbursement of funds.
  - a. Where there is any ambiguity or uncertainty in relation to whether funds provided were for a Development Project or for Recurrent Expenditure, the Treasury Department shall withhold payment and seek clarification from the Planning, Budget, and Aid Coordination Department.

- b. Where funds are received in the Development Fund for expenditures of a recurrent nature and not for the purpose of development projects, these funds shall be transferred to the Consolidated Fund and receipted as public monies.
- c. In the absence of approved guidelines for the use of project funds, the Treasury Department shall withhold all payments until such guidelines are established.

## COMPLETION OF A PROJECT – REMAINING FUNDS

- 257. Upon completion of a development project, the Planning, Budget, and Aid Coordination Department and the Treasury Department shall be advised by the Accounting Officer through the submission of an acquittal report either in the format prescribed by the donor, or through the use of the template included in the Circular, [TDF ACQUITTAL REPORT](#).
- 258. At this time the Treasury Department and Accounting Officer shall make a full and final check of the project vote ledger against the equivalent FMIS report to ensure that there shall be no outstanding commitments for which payments have not been made.
- 259. Once the project vote ledger and FMIS have been reconciled satisfactorily, and the Planning, Budget, and Aid Coordination Department have reviewed the status of the project the project may be closed within the FMIS.
- 260. Where there are remaining funds due to an under expenditure of a development project, following discussions between the Planning, Budget, and Aid Coordination Department, and the Accounting Officer, the Secretary shall request from the donor that surplus funds be transferred to the Consolidated Fund to close the project account.
  - a. Where this is agreed by the donor, these funds shall be transferred from the TDF to the Consolidated Fund and receipted as public money.
  - b. Where the donor does not agree to the transfer of unexpended project funds, the funds may either be returned to the donor, or in agreement with the donor, an additional project may be commenced using the remaining funds.
- 261. In no circumstance shall remaining funds within the TDF become available to an Accounting Officer or to the Government to utilise at their sole discretion without the application of the standard budget procedures.
- 262. In any circumstance where an over expenditure shall occur, the Secretary shall instruct the Planning, Budget, and Aid Coordination Department, to approach the donor, explaining the circumstances that shall have led to the over expenditure and requesting additional ODA funds to meet the over expenditure.
- 263. Any over expenditure on a project shall remain on that project account until such time as either instructions are issued in writing by the Secretary, following the approval by Parliament to allocate additional recurrent Budget funds, or a decision shall have been agreed upon between the donor and the Planning, Budget, and Aid Coordination Department to provide additional donor funds.
  - a. Under no circumstances shall such balances be transferred to any form of suspense or similar account merely as a matter of convenience.
- 264. Where a donor refuses a request to provide additional ODA funds for an overspent Project, and where the overspend is of a minor nature, the controlling Ministry must make available recurrent funds to meet the overspend.
  - a. This shall be facilitated by issue of a Virement Warrant from existing GL Allocation Items to a Repayment of Overspent Development Fund Project GL Allocation Item and a subsequent

payment of funds from the Consolidated Fund into the Development Fund.

265. Further Procedures for the operation of the Tuvalu Development Fund shall be outlined in Financial Circular, [TUVALU DEVELOPMENT FUND](#).

## CHAPTER 14 – TUVALU TRUST FUND (TTF) AND CONSOLIDATED INVESTMENT FUND (CIF)

### **Tuvalu Trust Fund (Finance And Information) Act – Section 7 - Application of moneys from Trust Fund**

Moneys received by the Government from the Trust Fund —

- (a) shall become public money of Tuvalu and shall be paid only into the Consolidated Fund under section 9 of the Public Finance Act;
- (b) shall be spent only in accordance with section 168(2) of the Constitution and Part III (The Consolidated Fund) of the Public Finance Act;
- (c) shall be accounted for in accordance with section 168(1) of the Constitution and Part III of the Public Finance Act; and
- (d) shall not be paid into the Development Fund established by section 19 of the Public Finance Act (notwithstanding section 19(2) of that Act) or into a Special Fund established under section 20 of that Act.

### **Agreement Concerning an International Trust Fund For Tuvalu – Section 1 - Establishment of Tuvalu Trust Fund**

- (1) There shall be established by this Agreement an international organisation to be known as the Tuvalu Trust Fund (in this Agreement called “the Fund”), which shall be governed by the provisions of this Agreement.
- (2) The Parties to this Agreement shall be the members of the Fund.

### **Agreement Concerning an International Trust Fund For Tuvalu – Section 2 - Purpose of the Fund**

- The purpose of the Fund is to contribute to the Long-term financial viability of Tuvalu by providing an additional source of revenue for recurrent expenses of the Government of Tuvalu in order to:
- (a) assist the Government to achieve greater financial autonomy in the management of its recurrent budget;
  - (b) enable the Government to maintain and if possible improve existing Levels of social infrastructure and services;
  - (c) enhance the capacity of the Government to receive and effectively utilise external capital development and technical assistance;
  - (d) enable the Government to meet Long-term maintenance and operating costs of social and economic infrastructure and services; and
  - (e) assist the Government to develop the economy of Tuvalu.

### **Agreement Concerning an International Trust Fund For Tuvalu – Section 16 Re-Investment and Distribution to the Government of Tuvalu**

- (1) At the end of each financial year, the resources of the Fund (after the administration and other costs of the Fund have been met) shall be available for re-investment and for distribution to the Government of Tuvalu during the following financial year as additional revenue for financing recurrent budgetary expenditure in accordance with this Article.

### **Agreement Concerning an International Trust Fund For Tuvalu – Section 20 - Undertakings of Tuvalu**

- (1) The Government of Tuvalu shall treat all moneys received by it from the Fund as public moneys of Tuvalu and as such subject to Parliamentary appropriation and scrutiny.

## STATUTORY REFERENCE

266. The Tuvalu Trust Fund (Finance and Information) Act, and the Agreement Concerning an International Trust Fund for Tuvalu, establishes and outlines the operation of the TTF.
267. The Agreement Concerning an International Trust Fund for Tuvalu describes in Section 16, the process whereby the TTF shall, at the end of the financial year for the fund (September), determine

if there will be a distribution offered to Government for the financing of Government Expenditure.

- a. Generally, a distribution shall only be offered to the Government from the TTF where the returns of the fund exceed the maintained, real value, of contributions to the fund.
268. Section 7 of the Tuvalu Trust Fund (Finance and Information) Act prescribes that where moneys are received by Government through disbursement from the TTF, these funds shall be paid into the Consolidated Fund as prescribed by Section 9 of the Act.

## CONSOLIDATED INVESTMENT FUND (CIF)

269. Distributions from the TTF shall be deposited into a CIF which shall comprise part of the Consolidated Fund of Tuvalu, and is subject to same oversight and scrutiny of Parliament and the same budgetary processes as the general transactional accounts of the Consolidated Fund.
270. The policy of the Government as outlined in the National Development Strategy of Tuvalu is that a target balance of funds held in the CIF shall provide a savings contingency to ensure budget stabilisation in times of significant revenue or expenditure fluctuation.
- a. These funds shall also provide a mechanism to be utilised as a buffer against unexpected economic or environmental shocks.
271. At the beginning of a financial year, where CIF balance is forecast above the target for the CIF savings balance, excess funds shall be available for inclusion as part of the National Budget process and subject to the appropriation of Parliament.
272. Funds held in the CIF shall be managed by an appointed fund manager to promote increased returns on funds, however with a low risk profile of predominantly cash investments and holdings.

## TARGET SAVING BALANCE OF THE CIF

273. As determined in Tuvalu's National Development Strategy, Te Kakeega II, the target CIF savings balance shall be a level which is equivalent to 16% of the maintained value of the Tuvalu Trust Fund.
274. During the National Budget process, where the CIF balance at the start of the following budget year is forecast to be at a level below the target CIF saving balance, the Minister shall present to Parliament a CIF Contributions and Savings Plan as a component of the National Budget.
- a. The priority of Government shall be to demonstrate in the CIF Contributions and Savings Plan the return of the CIF to the target savings balance by the end of the budget year through a surplus budget position which would provide positive net contributions into the CIF during the year.
  - b. If not realistic to budget that the target CIF savings balance shall be reached within a single financial year, the CIF Contributions and Savings Plan shall provide additional detail to outline the estimated net movements of the CIF during the following five years, and shall demonstrate that the CIF shall reach the target value at the earliest opportunity within the five year plan.
  - c. In such financial circumstances where the Government projects that the CIF cannot reasonably be forecast to reach the target CIF savings balance within a five year period, the CIF Contributions and Savings Plan shall be presented as a ten year forecast, and shall provide an additional detailed analysis of the significant changes that have impacted the cash holdings of Government.

## **DRAWDOWN AND DEPOSIT OF FUNDS IN THE CIF**

275. The CIF as part of the Consolidated Fund shall be utilised by the Treasury Department to ensure that cash holding returns are maximised.
  - a. To increase returns on the balance of savings in the CIF, the management and investment of the CIF shall be undertaken by an appointed fund manager.
  - b. The Treasury Department shall ensure that any funds not immediately required by Government are transferred from the general transactional account of the Consolidated Fund, into the CIF in order to maximise returns.
276. To manage cash requirements and avoid overdraft or penalty fees, the Treasury Department shall withdraw funds from the CIF to deposit in the general transactional account of the Consolidated Fund as required.
277. Any transfer of funds recommended by the Treasury Department into or out of the CIF shall be authorised by the Secretary.
278. As funds held in the CIF are public monies, and form part of the Consolidated Fund of Tuvalu, the annual net contribution or withdrawal from the CIF shall be subject to the oversight and scrutiny of the Parliament.
279. The balance of the general transactional account and the CIF shall be included in a monthly report provided to all Government Stakeholders.

## CHAPTER 15 - PUBLIC ASSETS AND INVENTORY

### Public Finance Act – Section 30 - Accounting Officers

- (1) Every Accounting Officer shall either personally carry out, or shall specifically charge in writing an officer under his control to carry out, such duties as shall satisfactorily discharge his responsibilities under section 16 of the Act.
- (2) The duties referred to in sub-paragraph (1) above shall include, but not necessarily be limited to:
  - (e) the control of all expenditure and the safe custody of public monies, **public stores**, and other Government **assets** within his Ministry or Office, by a suitable and adequate continual system of internal checking and management;
  - (g) the prompt furnishing to the Secretary and to the Auditor-General of any information requested concerning finance, accounts, public monies, **public stores or other Government assets** within his Ministry or Office; in particular, the furnishing within the specified time schedule, and in the specified format, of any regular returns requested by the Secretary.

### RECORDING OF ASSETS AND INVENTORY

280. Assets and Public Stores (inventory) are the responsibility of the Accounting Officer of the expenditure head to which the resources are allocated.
281. Asset and inventory utilisation and management, and the recording of value, is important for a variety of Public Financial Management processes including: assessing and reporting the financial position of Government; determining the requirement for future capital investment or maintenance; and for maximising returns and ensuring efficient utilisation of resources.
282. Accounting Officers shall be responsible for the maintenance of both an asset and an inventory register, for their expenditure heads and shall maintain these registers in line with the format provided by the Treasury Department through the Circular, [ASSETS AND INVENTORY](#).
  - a. Where an Accounting Officer has no inventory, or assets, they shall continue to provide a certified 'NIL' return to demonstrate that no assets or inventory are held by their expenditure head.
283. Assets to be listed in the register shall include all assets that have been purchased by the Government with either recurrent or donor funds, as well as assets purchased or produced by donors or donor projects and handed over to Government.
284. Any change to any asset or inventory item contained on an asset register, must be communicated to the Treasury Department immediately upon any change occurring. Changes shall include, but not be limited to:
  - a. Addition of purchased or donated assets;
  - b. Removal for the disposal of existing assets;
  - c. Recording of the status of existing assets which are no longer in a serviceable state.
285. An updated register summarising any such changes, must be provided to the Treasury Department during the monthly Votekeeper reconciliation process.
  - a. The Treasury Department shall maintain and manage a consolidated register of all Government assets and inventory, utilising the returns provided by Accounting Officers.
286. The categories of assets and inventory, and the information that must be contained on the registers maintained by Accounting Officers and the Treasury Department shall be outlined in the Circular,

## ASSETS AND INVENTORY.

### PURCHASING OF ASSETS

287. The purchase of any Government Asset shall be subject to the Public Procurement Act and the Public Procurement Regulations. The value threshold for determining if a purchase shall be recorded as an asset or recorded as expenditure shall be outlined in the Circular, [ASSETS AND INVENTORY](#).
288. Details of any new asset purchase or addition to the asset register by the Accounting Officer must be immediately provided to the Treasury Department.
289. To proceed with the purchase or addition to the asset register of any new Asset, Accounting Officers must follow the procedures outlined in the Circular, [ASSETS AND INVENTORY](#).

### DISPOSAL OF ASSETS

290. For any proposed sale or disposal of a Government asset or item of inventory, the Accounting Officer shall provide the Treasury Department with all details of the asset or inventory item including a written explanation as to why disposal is proposed.
291. Both the Treasury Department and Planning, Budget, and Aid Coordination Department shall be required to assess and approve the proposal, and provide to the Secretary a recommendation for either the disposal of the asset, or the transfer of the asset to another expenditure head.
  - a. Where the Secretary approves an asset transfer, responsibility for the item shall be moved from one Accounting Officer to another as directed by the Secretary.
292. Where the Secretary agrees to disposal, the details of the goods shall be advertised daily on radio broadcast in Tuvalu for a minimum of one week, and call for any interested parties to submit offers to the Chief Accountant. This process shall be administered by the Central Procurement Unit of the Treasury Department, and details of the process shall be outlined in the Circular, [ASSETS AND INVENTORY](#).
293. Tenders received by the Central procurement Unit shall be evaluated, and the highest value cash offer received shall be provided to the Secretary for acceptance. Only upon provision of cash payment to the Consolidated Fund by the successful tenderer, shall the asset be handed over to the successful purchaser, and the item removed from the Government asset register.
  - a. To ensure transparency of transactions related to the sale of Government assets, the details of the asset purchase, including the sale value, and the name of the purchaser shall be broadcast on Tuvalu Radio immediately following sale.
  - b. Funds received from the sale of assets or inventory shall be recorded as 'Revenue from Asset Sales' within the expenditure head from which the asset is removed.
294. Detailed processes for the sale and disposal of assets and inventory shall be outlined in the Circular, [ASSETS AND INVENTORY](#).

### MAINTENANCE OF ASSETS

295. It shall be the responsibility of the Accounting Officer to plan and request budget funding for the required maintenance of their allocated Government assets.
296. The Planning, Budget, and Aid Coordination Department shall support Accounting Officers in ensuring funds are allocated accordingly by: seeking opportunities to consolidate Asset



Management plans, and assisting in forecasting asset maintenance financial estimates, and to evaluate regional best practice methods for ensuring funds are allocated accordingly.

297. Details relating to any major maintenance which has been undertaken, is planned in the short term, or is planned for any Government asset shall be reported to the Treasury Department, and the Planning, Budget, and Aid Coordination Department, and shall be recorded as additional information within the Government's consolidated asset register and used for cash flow management purposes.

## ASSET VALUES

298. The Treasury Department shall establish the method to be utilised for recording the values of Assets on the Government asset register. Primarily the cost method shall be used and in the event of cost details not being available, an estimate of the cost from either a certified valuer or a market appraisal conducted by the Treasury Department shall be used.
- a. This method should not be overly complex, but should provide an effective and relevant method to assess and record the asset values of Government assets.

## ATTRACTIVE ASSETS

299. Where an Asset held by Government may not meet the threshold minimum value for incorporation into the Government asset register (refer Circular, [ASSETS AND INVENTORY](#)), however is of an 'attractive nature' such as a mobile phone, or other type item that may tempt misuse or theft, the relevant Votekeepers shall maintain a register of such items to ensure that all such items can be accounted for at all times.
300. These items shall be counted during a formal stocktake process every 6 months, in addition to the requirements of Votekeepers to maintain an up to date register of assets.

## ASSET AND INVENTORY STOCKTAKE

301. During June each year, and again in the final two weeks of the financial year, all Votekeepers and Accounting Officers must ensure that all assets on the Government asset register are identified, counted, and a copy of the expenditure head's asset register signed by the Accounting Officer and provided to the Treasury Department.
302. In the case of Inventory Items, a full stock count must be undertaken during the final week of the financial year, and details of the inventory count provided to the Treasury Department.
- a. Representatives from the Treasury Department and Office of the Auditor General are entitled to attend and witness the counting process.
303. Detailed requirements and processes for asset and inventory stocktakes shall be outlined in the Circular, [ASSETS AND INVENTORY](#).

## ASSET MISUSE

304. Assets of Government shall only be utilised for the purposes of Government business. Any use of a Government asset in a context not applicable to the purpose for which it is held by Government shall possibly constitute Fraud, as outlined within these Instructions.
- a. Accounting Officers shall be responsible for ensuring that Departmental Instructions are available to officers in relation to the assets allocated to their expenditure head.

305. During a stocktake or count process, or at any time during the year where an Accounting Officer becomes aware that an asset or inventory item is missing, or unaccounted for, the Accounting Officer shall immediately report the occurrence to the Secretary.
  - a. Upon receipt of this report, the Secretary shall follow the processes and procedures outlined in the Government Fraud policy, as outlined in these Instructions and Circulars.

## CHAPTER 16 - FINANCIAL REPORTING

### **Constitution of Tuvalu - Section 168 - Accounting, etc., for public money**

- (1) All money of or under the control of the Government shall be dealt with and properly accounted for in accordance with law.
- (2) No money of or under the control of the Government shall be spent except as provided by this Constitution or by or under an Act of Parliament.

### **Public Finance Act – Section – 31 - Annual Accounts**

- (1) Within a period of 6 months (or such longer period as Parliament may appoint) after the end of each financial year there shall be transmitted to the Auditor-General by the Minister accounts showing fully the financial position of Tuvalu, which shall include:
  - (i) a statement of assets and liabilities;
  - (ii) a statement of receipts and payments, by Heads and other receipts and payments;
  - (iii) a comparative statement of actual and estimated revenue, by sub-heads;
  - (iv) a comparative statement of actual and estimated expenditure, by sub-head;
  - (v) a statement of Special Funds' balances, by annual and aggregate receipts and payments;
  - (vi) a statement of other ledger balances;
  - (vii) a statement of balances on advances account from the Consolidated Fund, analysed under the several categories set out in section 13;
  - (viii) a statement of balances on advances accounts from deposits;
  - (ix) a statement of balances on deposit account;
  - (x) a statement of contingent liabilities;
  - (xi) a statement of investments, showing the funds on behalf of which such investments have been made;
  - (xii) a statement of outstanding loans made from the Consolidated Fund, by annual and aggregate receipts and payments;
  - (xiii) a statement of the Public Debt;
  - (xiv) a statement of arrears of revenue, by sub-head;
  - (xv) tabulated summaries of unallocated stores and manufacturing accounts;
  - (xvi) a statement of the balance on the Development Fund account by annual and aggregate receipts and payments;
  - (xvii) a statement of the balances on clearance account;
  - (xviii) a statement of unauthorised expenditure by sub-head and item showing the provision as at 31st December, the expenditure for the year and the excess of expenditure over provision;
  - (xix) a statement of balances on remittance account.

### **STATUTORY REFERENCE**

306. As prescribed by Section 31 of the Act, within a period of 6 months (or such period as Parliament may appoint) after the end of the financial year there shall be transmitted to the Office of the Auditor General by the Minister accounts showing fully the financial position of Tuvalu.

### **ANNUAL FINANCIAL STATEMENTS**

307. The Chief Accountant of the Treasury Department shall support the Secretary to oversee the preparation of the Annual Financial Statements in line with the requirements outlined in Section 31 of the Act.
308. The Chief Accountant shall provide as a component of the Annual Financial Statements, a Statement of Tuvalu's Generally Accepted Accounting Practices which have been applied in the

preparation of the statements in the form of a Note to the Statements.

309. The Chief Accountant shall provide to the Office of the Auditor General, all working papers and supporting documentation supporting the compilation of the Annual Financial Statements.
310. The processes and details of the Annual Financial Statements preparation shall be detailed in the Circular, [ANNUAL FINANCIAL STATEMENTS](#), and in the Statement of Tuvalu's Generally Accepted Accounting Practices.

## MONTHLY RETURNS FROM DELEGATED TREASURY OFFICIALS

311. All Delegated Treasury Officials on outer islands and in overseas missions shall balance and reconcile their cash book, review their asset and inventory registers, and update any other financial records that they shall maintain, promptly after the close of business on the last working day of each month.
  - a. Where there are any payments owing or not yet processed for goods and services already received by the Government, a listing of these items must also be provided to the Treasury Department by the Delegated Treasury Official.
  - b. An electronic return of transactions shall be provided by the Delegated Treasury Officials to the Treasury by the 5th day of the following month.
  - c. These electronic returns provided by Delegated Treasury Officials shall be reviewed and entered into the FMIS by the Treasury Department through a General Ledger Journal by the 10th day of the following month.

## MONTHLY RECONCILIATION OF VOTEKEEPER RECORDS

312. Following the update of Delegated Treasury Official returns into the FMIS, the Treasury Department and Votekeepers shall undertake a monthly review of vote ledgers and FMIS records.
313. By no later than the 10<sup>th</sup> day of the following month, the Treasury Department shall issue from the FMIS a listing of transactions as well as a summary report which outlines the GL Allocation Item annual estimates, actual expenditure, and Purchase Order commitments to Accounting Officers and Votekeepers.
  - a. As the National Budget is prepared on a cash basis, this report shall present both a cash and accrual position for comparison to budget estimate figures on a cash basis.
314. All Votekeepers shall be responsible for the review of monthly reports and transaction lists to ensure that transactions recorded in the FMIS reconcile to the expenditure head vote ledger.
315. The Treasury Department shall schedule meetings with all Votekeepers, to facilitate a face to face review of any outstanding variances between the FMIS and vote ledgers.
316. Votekeepers and the Treasury Department shall reconcile any variances, and the Votekeeper shall sign a reconciliation register maintained by the Treasury Department, signifying that the FMIS and vote ledger for which they are responsible have been reconciled.
  - a. Where a Votekeeper utilises the FMIS reports on a daily basis in place of a separate vote ledger, the Votekeeper shall be required to review and sign the reports provided by Treasury to confirm that the records of the FMIS are correct.
317. A copy of all reconciliation records shall be provided to the Office of the Auditor General following the reconciliation conducted at the end of the financial year.

## MONTHLY REPORT

318. The Treasury Department in conjunction with the Planning, Budget, and Aid Coordination Department shall prepare a monthly financial report detailing the following items;
  - a. Monthly and year to date expenditure (including Purchase Order commitments) and revenue compared to budgeted estimates;
  - b. Current and forecast cash holdings, including adjustments to the end of financial year forecast cash position taking into account actual year to date receipts and payments;
  - c. Government borrowing and guarantee balances and details;
  - d. Account receivable balances;
  - e. Asset and inventory details; and
  - f. Summary of projects funded from the Development Fund outlining funds received, funds expended, and the remaining funds available.
319. In the event that the monthly report presents a significant variance between year to date estimates and actual values, the monthly report shall include a written explanation of these variances.
320. Distribution of the monthly report shall be in electronic format, and shall be made available to all stakeholders, including the general public, members of parliament, donor agencies, or any other interested party by the 15<sup>th</sup> day of the following month.
321. The processes and details of the monthly reconciliation of Votekeeper records and monthly report preparation shall be detailed in the Circular, [MONTHLY REPORTING](#).

## FMIS GENERAL LEDGER JOURNALS

322. As outlined within these Instructions and Circulars, all of the financial transactions and financial information of Government shall be maintained within the FMIS. Adjustments to the GL Allocation Item balances in the FMIS not involving an actual transfer of cash, may be made by the use of an FMIS General Ledger Journal.
  - a. General Ledger Journals shall only be entered into the FMIS by the Treasury Department.
323. The content and format of these General Ledger Journals shall be outlined in the Circular, [GENERAL LEDGER JOURNALS](#).

## DISPOSAL AND DESTRUCTION OF RECORDS

324. Any copies of Purchase Orders, Payment Vouchers, cash books, receipt books, and schedules of accounts, provided they shall have been audited and that there are no outstanding audit queries may be disposed of or destroyed after the expiration of seven years after the tabling of the Annual Financial Statements to Parliament.
325. The original copies of financial records held by the Ministry may be disposed of or destroyed after the expiration of seven years provided that they have been audited and that there are no outstanding audit queries.
326. All principal books of account maintained by the Ministry, including the original personal emoluments and establishment records, records held electronically within the FMIS, National Budgets, and Annual Accounts shall be retained indefinitely.

## CHAPTER 17 – FRAUD, MISUSE & LOSS

327. The Government and Ministry will not accept any fraud, misuse, or loss of public money or property.

328. It is the responsibility of all public officers to immediately report any suspicions of fraud, misuse, or loss of public monies or property to their senior officer and the Secretary.

329. The Secretary for Finance and Economic Development shall, within 48 hours of the suspected fraud being reported provide a written report detailing the suspected fraud to the Government Ombudsman, the Head of the Internal Audit Unit and the Auditor-General's Office. The written report and other information will be treated confidentially.

330. The Government Fraud Policy which provides full details of the process for the reporting, and handling of fraud, misuse, and loss shall be outlined in the Circular, FRAUD & LOSS (FRAUD POLICY)..

## CHAPTER 18 –INTERNAL AUDIT

331. The Secretary for Finance and Economic Development shall establish an Internal Audit Unit within the Ministry of Finance and Economic Development. This is in order to carry out a continuous and independent appraisal of the accounting, financial and other manual and electronic systems, controls and procedures of the government so as to assist the Secretary for Finance and Economic Development and heads of other Ministries meet their responsibilities under the Public Finance Act and other legislation.
332. The Internal Audit Unit's work focus will be on maintaining and improving the effectiveness of financial and other operations and protecting the Government and its assets against fraud, loss and inefficiency.
333. The Internal Audit Unit's Charter is contained in the Circular: Internal Audit Unit Charter.
334. The Internal Audit Unit will be headed by the Head of Internal Audit.
335. The Internal Audit Unit shall assist the Secretary of Finance to ensure that acceptable standards of accounting and administration are maintained and that Government operations are carried out with proper regard to efficiency and economy.
336. The work of the Internal Audit Unit will be overseen by an Audit Committee. The members of the Audit Committee will be appointed by the Secretary of Finance and shall include at least one independent non-government member. The Audit Committee's Charter is contained in the Circular: Audit Committee Charter.
337. The Auditor General and the Ombudsman shall be members of the Audit Committee on an observer basis.