

MINISTRY OF ECONOMY CIRCULAR

MINISTRY OF ECONOMY

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ECONOMY CIRCULAR NO: 03/2018

From: Permanent Secretary for Economy

Date: 12 June 2018

To: Permanent Secretaries
Heads of Departments
High Commissioners and
Ambassadors in Fiji Foreign Missions

File No : FIN 60/36

Subject: Closing of Accounts Processes and Procedures 2017-2018

1.0 Objective

- 1.1 The objective of this closing of accounts circular ('circular') is to outline the processes and procedures for the closing of the accounts of the Government Financial Year ('FY') 2017- 2018, the preparation of the financial statements and its reporting *via* the annual report.

2.0 Legislative Requirements

- 2.1 Section 28 of the Financial Management Act 2004 ('FMA') requires that Heads of Agencies are responsible for the preparation of its agency financial statements and its subsequent reporting in accordance with section 50 of the FMA and Division 2, sections 69 and 70 of the Finance Instructions 2010.
- 2.2 Following this, the Whole of Government financial statements are compiled and reported on in accordance with section 45 and 46 of the FMA.

3.0 Closing of Accounts Procedures and Processes for FY 2017 - 2018

3.1 Local Purchase Order

- 3.1.1 Please note that the cut-off date for the issue of Local Purchase Orders ('LPOs') is 29 June 2018.
- 3.1.2 From 2 July – 26 July 2018, LPOs raised shall only be prepared for the purchases of, in ***exceptional circumstances*** for ***essential goods and services only***. This will include purchase of fuel and oil, rations, emergency hospital equipment's, flights and hire of vessels duly ***authorised*** by the ***Head of the respective Budget Sector Agency***. **Payments of these LPOs are to be made within the financial year.**
- 3.1.3 Any procurement from 27 July – 31 July via direct payments or on pro-forma invoices are ***delegated*** to the **Permanent Secretaries and Heads of Departments** for ***this period only***. Permanent Secretaries and Head of Departments are to ensure that necessary due diligence is applied in the execution of these transaction as they are fully liable for the transactions executed.

- 3.1.4 All outstanding LPOs from August 2017 to May 2018 should be cleared by **15 June 2018**.
- 3.1.5 Agencies processing purchase orders within the FMIS are required to run a **Pending Purchase Order Report (PO556)** on a weekly basis to facilitate clearance of outstanding LPOs in a timely manner.
- 3.1.6 LPOs which remain **Open** where the vendor has not delivered the goods and services should be subject of **follow up with the vendor** and **paid within the FY** or **cancelled**.
- 3.1.7 **Partially Open LPOs** where vendor is still to deliver some goods and services should also be the subject of follow up with the vendor or cancelled if goods and services are not received **before the 26th July 2018**.
- 3.1.8 On the **27th July 2018**, the **Ministry of Economy ('MOE')** will **cancel all open LPOs**.

Due Date	Process to be Completed (Action)
15 June 2018	August 2017 – May 2018 LPOs to be cleared
29 June 2018	Cut-off date for issue of LPOs
02 July – 26 July 2018	LPO in exceptional circumstances for essential items only authorised by Permanent Secretary of respective Ministry / department
27 July 2018	MoE to cancel all open outstanding LPOs
27 July – 31 July 2018	Procurement in exceptional circumstances for essential items authorised by respective Permanent Secretaries only (Direct Payments and Payments on Proforma Invoices)

3.2 Payments

- 3.2.1 All Agencies must ensure that payments for expenditure incurred in the year to 31 July 2018 should be processed and payment files sent to the bank (**'bank files'**) before **2.00pm on 31st July 2018**.
- 3.2.2 All bank files must be sent to the bank **before 2pm** so that the payment processes is completed in 31 July 2018. Processing of bank files after 2pm will mean that the payment will be completed in 1 August 2018 which would consequently cause significant Unpresented Cheque balances as at 31 July 2018.
- 3.2.3 Open payables & undisbursed vouchers¹ for August 2017 to May 2018 should be cleared before **15 June 2018**.

Due Date	Process to be Completed (Actions)
31 July 2018 [before 2.00pm]	All Payments to be processed and bank files sent to the bank

¹ Open Payables are vouchers that are raised and are open in the system.
Undisbursed vouchers are vouchers that have been paid but the payment process has not been completed in the system and thus remain unposted into the General Ledger.

Due Date	Process to be Completed (Actions)
15 June 2018	Open Payables & Undisbursed vouchers (August 2017 – May 2018)
31 July 2018	Open Payables & Undisbursed vouchers cleared (16 June 2018 – 31 July 2018)

3.3 Revenues

- 3.3.1 All public monies collected in the year to July 31st must be deposited into the Consolidated Fund Bank Account before **12pm on the 31st July 2018**. Where banking facilities are not available, deposits are to be made at the nearest Post Office.
- 3.3.2 A list of all dishonoured cheques still held by Ministries and Departments shall be prepared including the name of the debtor, amount outstanding and the probability of recovery of the amount. Those amounts which are highly unlikely to be recovered shall be listed in a separate report.
- 3.3.3 Agencies that receive revenues through Post Fiji Limited (**'PFL'**) should ensure that all revenues received have been recorded in the accounts where cheques from Post Fiji have been deposited to the Consolidated Fund Account (**'CFA'**).
- 3.3.4 The Return of Arrears of Revenue and outstanding debt for the final quarter of FY 2017-2018 must be submitted to the Debt Management Unit of the Ministry of Economy by **31 August 2018** to be incorporated in the Accounts and Finance Report.

Due Date	Process to be Completed (Actions)
31 July 2018	All monies completed to be deposited into CFA
31 August 2018	Arrears of Return to be submitted to MoE

3.4 Bank Lodgement Clearances (BLC)

- 3.4.1 All Bank Lodgement Clearance (BLC) accounts must be cleared by the **3rd August 2018**.
- 3.4.2 Under no circumstance, must a BLC transaction be cleared to either a Trust Fund allocation or Revolving Fund Account (RFA) allocation.
- 3.4.3 Reconciliations for BLC accounts must be submitted to FMIS unit no later than **29 August 2018**.

Due Date	Process to be Completed (Actions)
03 August 2018	BLC reconciled to zero balance.
29 August 2018	BLC reconciliation endorsed and sent to FMIS Unit.

3.5 Trust Accounts

- 3.5.1 The last payday for the FY is the 26 July 2018 and therefore, all payroll deductions for PAYE taxation, FNPF, Insurance, loan repayments, Union Dues as well as any other deduction collected for the year ended 31st July shall be paid out to the relevant institutions before **30 July 2018**.

- 3.5.2 All trust account reconciliations should be submitted to the MOE, Operating Trust Account and for the True Trust Fund account with a copy of the bank statement is provided by 29 August 2018.

Due Date	Process to be Completed (Actions)
30 July 2018	All payroll deductions for the year to be paid out.
29 August 2018	All trust reconciliations to be submitted to MoE.

3.6 Foreign Mission Accounts

- 3.6.1 All Foreign Mission Account acquittals are to be sent to the Ministry of Foreign Affairs ('MoFA') Head Quarters by **10 August 2018**.

- 3.6.2 MoFA to submit all virements for regularisation to MoE by **15 August 2018**.

Due Date	Process to be Completed (Actions)
10 August 2018	All Foreign Mission Account acquittals to be sent to MoFA HQ.
15 August 2018	MoFA to submit all virements for regularisation to MoE.

3.7 Journal Inputs and Adjustments

- 3.7.1 Journal for July 2018 should all be processed by **10 August 2018**.

- 3.7.2 A General Ledger (GL) report will be released by MOE on the **13 August 2018**

- 3.7.3 Posting of supplementary journals and regularisation of expenditure will be processed daily until the **22 August 2018**.

- 3.7.4 A final GL report will be issued by FMIS on the **24 August 2018**.

Due Date	Process to be Completed (Actions)
10 August 2018	Completion of processing of all Journal inputs.
13 August 2018	GL report to be issued by FMIS.
22 August 2018	Posting of supplementary journal and regularisation of expenditure.
24 August 2018	Final GL report to be issued by FMIS.

3.8 Clearance of SLG 84

- 3.8.1 All unspent balances in SLG 84 are to be returned to the originating Ministry or Department through JV posting by **6 July 2018**.

- 3.8.2 All receiving Ministries and/or Departments should adjust the relevant balances to the correct budgetary allocation to retain funds received from donors and development partners.

- 3.8.3 Ministries and Departments will need to provide a full justification to the Ministry of Economy, International Cooperation Division by **15th July 2018**, as to why the funds have not been fully utilised.
- 3.8.4 All unspent balances are to be journalised by respective Ministries and Departments by **15th July 2018**. This should bring SLG 84 account to a zero balance.
- 3.8.5 MoE will deactivate all SLG 84 accounts by **16th July 2018**.
- 3.8.6 All reconciliations for SLG 84 accounts accompanied by all relevant documentation are to be submitted to FMIS Unit by **29th August 2018**.

Due Date	Process to be Completed (Actions)
06 July 2018	Unspent SLG 84 balances returned to Originating Ministry
15 July 2018	SLG 84 justification on unutilised balances to ODA budget and unspent balances journalised to bring SLG 84 to zero.
16 July 2018	MoE to deactivate all SLG 84 accounts.
29 August 2018	SLG 84 Reconciliations with FMIS Unit

3.9 Inter-Departmental Clearances

- 3.9.1 All Inter-Departmental Clearance (IDC) account transactions are to be cleared and all misallocations adjusted by 3 August 2018. Therefore, it is advisable that all Form 'S' copies of Journals and other forms of advice necessary for the clearance of interdepartmental transactions between Ministries and departments are to be submitted by **31 July 2018**.
- 3.9.2 All IDCs are to be cleared (zerorised) by the **3rd August** and reconciliations submitted to FMIS by the **29 August 2018**.

Due Date	Process to be Completed (Actions)
31 July 2018	All Form 'S' for IDC to be submitted by 31 July.
10 August 2018	IDC reconciled to zero balances.
29 August 2018	IDC reconciliation endorsed and sent to FMIS Unit.

3.10 Drawings

3.10.1 Drawings Reconciliations

- 3.10.1.1 The FMIS GL reports will be available for reconciliation purposes on **13 August 2018**.
- 3.10.1.2 When undertaking reconciliations, Accounting Heads should ensure pending items such as bank fees and bank errors are cleared from the General Ledger through correct supplementary journal vouchers by **22 August 2018** to avoid audit queries.
- 3.10.1.3 FMIS will issue a second and final GL report (inclusive of all adjustments) on **24 July 2018**.

3.10.1.4 A **final copy** of the reconciliations after adjustments is to be submitted to FMIS by **29 August 2018**.

3.10.2 Unpresented Cheques

3.10.2.1 In prior years, Ministries and Departments tend to process large amounts of payments on the last day of the financial year.

3.10.2.2 This must be avoided as it has led to a significant number of unpresented cheque listing in prior years.

3.10.2.3 Accounting Heads should ensure that payments are processed much earlier in July to ensure cheques are presented and bank files are submitted before **2pm on 31 July 2018**.

3.10.2.4 If ODA funds are to be released in the financial year, communication with Treasury, International Cooperation and Budget and Planning should commence immediately to ensure timely release of payments specifically for grants and projects.

3.10.2.5 Accounting Heads should ensure that the details of unpresented cheques agree with departmental records and all discrepancies must be correctly adjusted and the reconciliation submitted by **29 August 2018**.

3.10.2.6 Accounting officers in Ministries and Departments must ensure that the balance in the Drawings account equates to the total unpresented cheque listing as at **31 July 2018**.

3.10.3 Stale Cheques

3.10.3.1 Stale cheques which were issued more than six months ago should be cleared from the accounts prior to the **22 August 2018**.

3.10.3.2 Final reconciliations are to be submitted to FMIS by the **29 August 2018**.

3.11 Imprests

3.11.1 The provisions of Section 34 of the Finance Instructions must be complied with. **All annual imprests must be retired in full by 20 July 2018**.

3.11.2 Failure to retire imprest accounts by the due date will result in non-issuance of imprest warrant in the new financial year.

Due Date	Process to be Completed (Actions)
20 July 2018	Imprest cash balances to be banked

3.12 Virements

3.12.1 Accounting Heads must ensure that all virement warrants have correct account numbers, duly authorised/endorsed and are submitted to the Budget and Planning Division of the Ministry of Economy no later than **13 July 2018** for approval and then to FMIS by **20 July 2018**.

- 3.12.2 Virement warrants that will be processed shall only include virements for obligatory payments, contractual payments and projects that need to be completed within the FY.
- 3.12.3 Ministries and Departments should monitor all expenditures under each SEG to ensure that there is no over expenditure.
- 3.12.4 Accounting Heads must ensure that ledger reconciliations are carried out regularly and virements raised in a timely manner.
- 3.12.5 Ministries and Departments should regularly check the budget loadings and advise FMIS on any discrepancies as soon as possible. The cut-off date for acceptance of virements for updating in the FMIS will be **20 July 2018**.
- 3.12.6 Any regularisation of expenditures through virements are to be submitted to the Budget and Planning Division by the **13 August 2018** including the Departmental warrants approved by the respective Ministry / department.

Due Date	Process to be Completed (Actions)
13 July 2018	Virements to be submitted to Budget and Planning Division for the FY
20 July 2018	Closing date for FMIS to load virements for FY
13 August 2018	Regularisation of Expenditures after the close of the FY

3.13 Requisition to Incur Expenditure

- 3.13.1 Final Applications for Requisition to Incur Expenditure ('RIE') for the period August 2017 to July 2018 are to be submitted by **15 June 2018**.

Due Date	Process to be Completed (Actions)
15 June 2018	Closing date for the RIE Applications

3.14 Boards of Survey

- 3.14.1 Accounting Heads must ensure that an annual Board of Survey ('BoS') has been carried out to verify the existence and conditions of assets recorded in the asset register.
- 3.14.2 In accordance with Clause 49 of the FI, annual BoS must be conducted by three officers who are independent of the officer responsible for the custody of the assets being verified.
- 3.14.3 A BoS must thus be two-fold:-
- A board of survey that verifies the physical existence of the conditions of assets; and
 - A board of survey that verifies Drawings Account cheques to ascertain the value of unrepresented cheques (Refer Appendix 1 for Format)

- 3.14.4 A copy of the BoS report for assets is to be submitted to Office Services of the Ministry of Economy for any request for write-off in accordance with section 57 of the Finance Instructions whilst a copy of the Board of Survey for Drawings Account Cheques is to be submitted to (i) FMIS; and (ii) Office of the Auditor General by **22nd August 2018**.

Due Date	Process to be Completed (Actions)
22 August 2018	Board of Survey completed

3.15 Trading and Manufacturing Accounts

- 3.15.1 The TMA bank reconciliation statement for transactions recorded in July 2018 is to be submitted to Asset Management & Monitoring Unit (AMMU) by **15 August 2018** together with:
- i) A copy of the bank statement/bank confirmation of cash at bank balance as at 31 July 2018; and
 - ii) An Unpresented Cheque List as at 31 July 2018.
- 3.15.2 The annual Stocktake Certificates for all TMAs as at end of financial year 31st July 2018 are to be submitted to the Ministry of Economy's AMMU by **15 August 2018**.
- 3.15.3 TMA operators shall ensure that the stocktake process is undertaken independently ensuring that an officer from the Office of the Auditor General as well as personnel that are not in charge of recording receipts and issuance of stock are present.
- 3.15.4 Trading and Manufacturing Accounts for 2017-2018 operations must be prepared in accordance with Finance Circular No 11 of 2015 and submitted to AMMU before **29 August 2018** with a copy of bank statement as at end of financial year 31 July 2018.

Due Date	Process to be Completed (Actions)
15 August 2018	Submit TMA stocktake certificate as at 31 July 2018
15 August 2018	Submit TMA Bank Reconciliation as at 31 July 2018 together with: i) a copy of the bank statement/bank confirmation of Cash at Bank balance; and ii) Unpresented Cheque list as at 31 July 2018.

4.0 Preparatory Procedures and Processes for new FY 2018 – 2019

4.1 Budget Loading

- 4.1.1 Ministries and Departments must submit their cash flow forecast for 2018 – 2019 budget loading to the FMIS by **6 July 2018**.
- 4.1.2 FMIS has a fund control mechanism that monitors availability of funds when a LPO or payment is raised and the system will reject POs and payments if funds are not available under the allocations specified.

4.2 Trading and Manufacturing Accounts

- 4.2.1 Trading and Manufacturing Account (TMA) Business Plans for 2018-2019 should be submitted in accordance with Section 29 of the Finance Instructions by **29th June 2018**.

Due Date	Process to be Completed (Actions)
29 June 2018	Submission of TMA Final Business Plan for 2018/2019

4.3 Preparation of Agency Financial Statements

- 4.3.1 All Agencies are required to prepare their Agency Financial Statements ('**AFS**') in accordance with the AFS Checklist (enclosed) and to submit them to the Office of the Auditor General prior to **31 October 2018**.
- 4.3.2 The AFS forms an integral part of the Agency Annual Report that is to be tabled by **31 December 2018**.
- 4.3.3 In order to produce reliable and accurate financial statements, Accounting Heads must comply with the necessary closing of accounts processes, ensure system processes and GL postings are correctly completed, all accounting records are updated and all necessary documentation is easily accessible.
- 4.3.4 Permanent Secretaries are requested to ensure that Accounting Heads comply with the above requirements to ensure that all AFS are properly prepared and financial accounts for the financial year ending 31st July 2018 are properly closed off and are ready for audit by the Office of the Auditor General prior to the 31 October 2018.

Due Date	Process to be Completed (Actions)
31 October 2018	AFS submitted to the Office of the Auditor General
31 December 2018	Annual Report submitted

For any clarifications on the contents of this circular, please contact Raveena Kumar on 3221340, email: raveena.kumar@economy.gov.fj or Kelera Ravono on 3221142, email: KKolivuso@economy.gov.fj or Salaseini Raiwalui, on 3221284, email: salaseini.kurusiga@economy.gov.fj or Mohammed Rahat on 3221229, email: mohammed.rahat@economy.gov.fj.

Thank you.



Makereta Konrote
Permanent Secretary for Economy

APPENDIX 1

From: _____

ANNUAL BOARD OF SURVEY REPORT ON DRAWINGS ACCOUNT CHEQUES

Department/Division: _____ Station: _____

1. In accordance with the instructions contained in memo dated We have examined the Drawings Account cheques issued on the last day of the financial year ended (insert date) and report as follows :

2. **DRAWINGS ACCOUNT NO.** _____ **BANK:** _____

		\$
i)	Amount of unpresented cheques at the end of the previous month (30 June <i>(insert year)</i>)	
ii)	Amount of cheques issued during the month as at 31 July <i>(insert year)</i>	
iii)	Total (Add (i) and (ii))	
iv)	Less: Amount of cheques presented during the month of July as per Bank Statement	
v)	Less: Voided Cheques during the month	
vi)	Amount of Unpresented cheques as at end of FY 31 July xx	
vii)	Number of the last cheque issued on last day of FY ending 31 July xx	
	Cheque No. _____ Date: _____ Amount: _____	
viii)	The total number of unpresented cheques at the end of the financial year has been verified with the closing balance of xxx	
	(Attach certified copy of unpresented cheque listings from the Accounting Head of the Ministry/Department	

(A Certified Copy of the Unpresented Cheque listings from the Accounting Head of the Ministry/Department is to be attached)

4. **GENERAL COMMENTS OF THE BOARD**

The accounts for this year have been checked and verified. Amounts are true and correct to the best of our knowledge with the information provided.

5. **MEMBERS OF THE BOARD OF SURVEY**

President

Name: Designation:

Signature..... Date

Member

Name: Designation:

Signature Date

Copy to:

Head of Treasury;

Auditor General;

File

APPENDIX 2

TIMELINES FOR 2017 – 2018 CLOSING OF ACCOUNTS PROCESSES

Dates	Key Tasks	Responsibility	Paragraph
15-Jun-18	Outstanding LPO's for August 2017 - May 2018 to be processed	Accounting Heads	3.1.4
15-Jun-18	Open Payables and Undisbursed vouchers for August 2017 to May 2018 to be cleared	Accounting Heads	3.2.3
15-Jun-18	Final Submission for approval of applications for RIE	Accounting Heads	3.13.1
29-Jun-18	Cut-off date for issue of PO's	PS's/Head of Budget Sector Agency	3.1.1
29-Jun-18	Submission of TMA Business Plan 2018 - 2019 FY	Accounting Heads	4.2.1
6-Jul-18	Un-utilised SLG 84 Fund returned	Accounting Heads	3.8.1
6-Jul-18	Submission of 2018 - 2019 Budget loadings and cash flow forecast to FMIS	Accounting Heads	4.1.1
13-Jul-18	Submission of approval of Virements to Budget and Planning Division	Accounting Heads	3.12.1
20-Jul-18	Cut-off date for acceptance of Virements for posting into the Ledgers	AO FMIS	3.12.1
20-Jul-18	Retirement of all annual Imprests	AO Treasury	3.11.1
26-Jul-18	Cancel outstanding Open/Released Partially and Partially invoiced PO's (June PO's Only)	Accounting Heads	3.1.7
27-Jul-18	MoE to cancel all open LPOs.	FMIS/Ministry of Economy	3.1.8
31-Jul-18	Complete all payments for all outstanding invoices and commitments for 2017 2pm	Accounting Heads	3.2.1
31-Jul-18	Lodgement of all revenues into CFA	Accounting Heads	3.3.1
3-Aug-18	IDC reconciled to zero balance	Accounting Heads	3.9.2
3-Aug-18	BLC Account to be zerorised	Accounting Heads	3.4.1
10-Aug-18	Foreign Missions Acquittals sent to MoFA HQ	Foreign Missions	3.6.1
10-Aug-18	Completion of journal inputs for July 2018	Accounting Heads	3.7.1
13-Aug-18	First GL report to be issued by FMIS	FMIS	3.10.1.1
15-Aug-18	Submission of TMA Stock Certificate as at 31 July 2018	Accounting Heads	3.15.1
15-Aug-18	Submission of TMA Bank Reconciliation Statement, Bank Statement and UP Listing	Accounting Heads	3.15.2
15-Aug-18	MoFA to submit virements for regularisation	MOFA	3.6.2
22-Aug-18	Submission of Board of Survey Report on assets to Office Services MOE	Accounting Heads	3.14.4
22-Aug-18	Submission of Board of Survey Report on Drawings Account Cheques to FMIS and OAG	Accounting Heads	3.14.4
22-Aug-18	Clearance of all stale Cheques	Accounting Heads	3.10.3.1

Dates	Key Tasks	Responsibility	Paragraph
22-Aug-18	Posting of supplementary journals	Accounting Heads	3.10.1.2
24-Aug-18	Final GL report to be issued by FMIS (post adjustments)	FMIS	3.10.1.3
31-Aug-18	Arrears of Revenue Returns to be submitted to Debt Management Unit (MoE)	Accounting Heads	3.3.4
31-Oct-18	Submission of Agency Financial Statements to Auditor General	Accounting Heads	4.3.1
31-Dec-18	Submission of Agency Annual Report to Minister	PSs/Head of Budget Sector Agency	4.3.2
Reconciliations to be submitted			
29-Aug-18	IDC Reconciliation	Accounting Heads	3.10.2
29-Aug-18	SLG 84	Accounting Heads	3.9.5
29-Aug-18	BLC Reconciliation	Accounting Heads	3.4.3
29-Aug-18	Drawings	Accounting Heads	3.11.3.4
29-Aug-18	SAG 56, SAG 57, SLG 54, SLG 86, SLG 89	Accounting Heads	3.8.6
29-Aug-18	True Trust Reconciliations	Accounting Heads	3.5.2
15-Aug-18	TMA	Accounting Heads	3.20.3