

# MINISTRY OF FINANCE CIRCULAR

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## CIRCULAR NO: 11/2024-2025

**From:** Permanent Secretary for Finance, Strategic Planning, National Development and Statistics

**31 July 2025**

**To:** All Permanent Secretaries  
Heads of Departments  
High Commissioners in Fiji Foreign Missions

**FIN: 60/36**

**Subject: Changes to the Financial Instructions and Processes**

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### **1.0 Objective**

- 1.1 Following the approval of the 2025-2026 Budget by Parliament, this Circular outlines the key changes to financial processes and responsibilities effective from 01 August 2025. Ministries, Departments and Agencies ('MDAs') will need to strictly adhere to this Circular.

### **2.0 FMIS Fund Control on SEG 1 and SEG 2**

- 2.1 The new Financial Management Information System ('FMIS') went live on 01 August 2024. Despite extensive trainings and provision of FMIS process manuals, some MDAs have been non-compliant especially with major over-expenditures in Standard Expenditure Group ('SEG') 1 and SEG 2.
- 2.2 To avoid over expenditures in personal emoluments ('PE') moving forward, the Ministry of Finance ('MoF') has implemented fund control in FMIS for SEG 1 and SEG 2 like all other SEGs. This means that all MDAs will need to ensure that sufficient funds are available under their SEG 1 and SEG 2 allocations before payroll processing. MDA's will have to remain within their approved SEG 1 and SEG 2 budget to avoid over-expenditures or non-payment of salaries/wages if the approved budget is exhausted.
- 2.3 All Permanent Secretaries/Responsible Authorities will have to closely monitor their SEG 1 and SEG 2 budget utilisation against available balances to ensure timely payment of salaries/wages to their staff. MoF will not be responsible for any delays or non-payment of salary/wages payments due to insufficient balances.

### **3.0 Requisition to Incur Expenditure (RIE)**

- 3.1 MoF is piloting the removal of RIEs in the 2025-2026 financial year to improve operational efficiency. This change is intended to provide flexibility to responsible authorities in managing their Heads of Appropriation in accordance with the requirements of the Financial Management Act (FMA) 2004 and its subsidiary legislations.
- 3.2 While this reform provides flexibility to Permanent Secretaries/Responsible Authorities, it also increases their responsibilities of ensuring compliance to all financial legislations and regulations.
- 3.3 Permanent Secretaries/Responsible Authorities of MDAs will be held responsible for any non-compliance to financial legislations, regulations and guidelines.

#### **4.0 Virement Authorities**

- 4.1 Pursuant to **section 16** of the **FMA 2004**, the Minister of Finance ('**Minister**') has the authority to vire appropriation for budget sector agencies as deemed necessary and in **section 72** of the **FMA 2004**, the Minister may delegate powers, functions or duties through the Finance Instruction ('**FI**') 2010.
- 4.2 With the removal of allocations under RIE, MoF has revised the FI 2010 to ensure that the powers for virements involving SEGs 1,2,6,7,8,9 and 10 will be reverted to the Permanent Secretary for Finance ('**PSF**').
- 4.3 This will ensure that Permanent Secretaries/Responsible Authorities can utilise their budget for the purpose it was approved for by Parliament, with full flexibility. However, should MDAs intend to vire funds within, into or out of those SEGs to which they are not authorised, they must seek the prior approval of PSF.
- 4.4 Permanent Secretaries/Responsible Authorities of the respective MDAs will maintain authority to vire funds within, into or out of SEGs 3, 4 and 5.
- 4.5 Accounting Heads must regularly monitor allocations and make necessary provisions in advance to avoid shortfalls.

#### **5.0 Virements within Personal Emoluments**

- 5.1 SEG 1 and SEG 2 will now have a single account as PE and Wages respectively, without itemised breakdowns like in previous financial years. This modification has been undertaken to enhance operational efficiency for MDAs during budget execution.
- 5.2 This change in SEG 1 and SEG 2 will eliminate the need for virements as overtime/allowances is consolidated into the PE account. A detailed breakdown of the PE for SEG 1 and SEG 2 has been provided by MOF to respective MDAs to assist in managing expenditure within approved limits. The breakdown of actuals for SEG 1 and SEG2 will be available in the FMIS through payroll codes for MDAs.
- 5.3 Any virements into or out of SEGs 1 and 2 will require the approval of PSF as stated in paragraph 4.2.

#### **6.0 Cash grants**

- 6.1 All cash grants have been moved to Head 50 as these funds will be released **only upon** receipt of aid funds into the Consolidated Fund Account ('**CFA**'). In some cases, funds have already been received into the CFA and will be released from Head 50 to ensure that all grant funds are monitored and spent in an effective and efficient manner.

#### **7.0 Value Added Tax ('VAT')**

- 7.1 All SEGs that incur VAT will now be VAT inclusive or VIP and there will be no separate SEG for VAT which was previously provided under SEG 13. This has been undertaken to ensure that information reflected in the Budget Estimates provide more comprehensive and impactful information to readers when consolidated.
- 7.2 Effective from 1 August 2025, the VAT rate will be 12.5 percent. All MDAs should reflect this in Government fees, fines and charges that attract VAT.

## 8.0 **Excess Approval**

- 8.1 MoF provides excess approval for daily cash ceilings based on supporting documents submitted by MDAs. Effective 01 August 2025, excess approvals will be issued **purely based on the availability of cash** and MDAs will have full responsibility to ensure proper processes, policies and laws are followed before payments are executed. Any audit queries or issues will be the sole responsibility of the respective Permanent Secretaries/Responsible Authorities.
- 8.2 We look forward to the usual support and cooperation. For further clarifications, please contact Manager Financial Policy and Assurance, Ms Asenaca Mae at email: [asenaca.mae@finance.gov.fj](mailto:asenaca.mae@finance.gov.fj), Head of Treasury, Mr. Atin Chand at email: [atin.chand@finance.gov.fj](mailto:atin.chand@finance.gov.fj) or Head of Budget, Mr. Nemia Dawai at email [nemia.dawai@finance.gov.fj](mailto:nemia.dawai@finance.gov.fj).

Thank you.



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**Permanent Secretary for Finance**

**Strategic Planning, National Development and Statistics**