

# **THE CONTROL OF PUBLIC EXPENDITURE**

The Ministry of Finance  
and  
Economic Development  
Belize City, December, 1966

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## THE CONTROL OF PUBLIC EXPENDITURE

### *Objects of this Document*

- (1) To set out the methods by which the Legislature makes funds available to the executive,
- (2) To set out the ways *in* which control is exercised within and over the executive.
- (3) To set out the financial duties and responsibilities of public officers.

## THE RECURRENT AND CAPITAL BUDGETS

The Annual Estimates are made up of a Recurrent Budget and a Capital Budget to show separately recurrent revenue and recurrent expenditure from that on capital account. The primary object in framing the Estimates in this way is to keep clearly in view the gap or balance between recurrent revenue and recurrent expenditure. By "recurrent revenue" is meant the level below which the revenue accruing to Government is not likely to fall unless there is a major slump or disaster, and therefore the amount which can normally be relied on year after year. In addition to this solid core of permanent revenue the Government receives every year a certain amount of other revenue from a few sources which cannot be regarded as reliable to finance recurrent expenditure in future years—the proceeds of oil mining exploration licences, sale of lands and other capital assets, and so on. This widely varying income is "non-recurrent" or "extraordinary" revenue. In the same way Government expenditure can be treated. "Recurrent expenditure" includes the cost of Government services which are an annual commitment recurring indefinitely at whatever level the services are expanded to and which could only be reduced substantially by retrenchment and dislocation of services to which the public is accustomed. Capital expenditure, on the other hand, is non-recurrent expenditure which is designed either to provide services which are new, or to expand existing services, or to replace physical assets which become worn out. Since such expenditure does not generally affect the running of existing services—i.e., it is not basically essential to the smooth running of the life of the country—it can be adjusted without too much difficulty to whatever level can be afforded. The cost of building a new hospital is an example of "capital" expenditure, while the cost of running the hospital is "recurrent" expenditure.

2. Although the scale of capital expenditure can be reduced to what can be afforded, it is never likely to be nil. Even in times of the most acute financial stringency some capital expenditure would be unavoidable, for example the replacement of essential worn out capital assets and minor public works.

### *The Recurrent Budget*

3. The Recurrent Budget therefore is framed as so to enable a balance to be struck between the level of recurrent expenditure and the recurrent revenue which can be relied on to sustain it. On the revenue side of the Recurrent Budget appear the proceeds of all permanent taxes, duties, licences, fees, etc., and all sums which of their nature can be relied on for many years ahead (e.g. interest on investments, etc.). Also included under appropriate heads are Overseas Service Aid Scheme receipts and Colonial Development and Welfare receipts in respect of expenditure on C.D. & W. items in the recurrent budget and the amount of grant-in-aid, if any, required to balance estimated recurrent expenditure. If at any time the Recurrent Budget may balance or show a surplus such surplus is to be transferred to the capital budget where it will be shown as a contribution from local revenue. On the expenditure side appear all the charges, under appropriate heads of Personal Emoluments and Other Charges, which are required to maintain the current level of permanent services as well as all other constantly recurring charges (e.g. the cost of interest and sinking fund payments in respect of loans raised by the government, pension etc.) The Service Aid Scheme contribution to the emoluments of certain officers is included under a special head. Where C.D. & W. funds contribute towards permanent services such as salaries of foresters, surveyors, etc., such expenditure is to be shown in a separate column under the head in question with a note of the scheme number if a grant has already been approved.

4. The objective is to clean through the development of the country's resources, the deficit on current account as early as possible. The gap in the recurrent budget should there fore be reduced annually if this objective is to have a reasonable chance of being realized.

5. It is important that in each estimates exercise a post mortem should be held on the out-turn of the previous year's budget to determine the causes of any over-or under-estimate in recurrent revenue or recurrent expenditure. If they were due to entirely transitory reasons (e.g. a hurricane would increase expenditure in one year and affect revenue) then they may largely be ignored. But if the results seem to be due to permanent causes (e.g. the yield from a particular tax is dropping for some basic economic reason or a recurrent service is costing more than it did) (e.g. because of a general salaries revision, etc.), or expenditure on a recurrent service has been over-estimated consistently so that "water" has appeared on the recurrent expenditure side of the Budget, then the position must be corrected by measures which will have a permanent effect. In the first case, this correction can be achieved by a judicious economy in the annual expansion of recurrent services (by resisting demands for new or additional posts and for increases in other charges expenditure except in special cases or by slowing down recruitment to the Public Service) or by fiscal measures (e.g. the imposition of additional permanent taxation or the tightening up of any possible loophole in collection or assessment). In the other case, the over-estimated provision must be adjusted and steps taken to ensure that future over-estimation does not occur.

#### *The Capital Budget*

6. The Capital Budget is so constructed as to enable the Legislature and the Government to keep a check on the level of capital works which can be afforded in each year. The bulk of capital expenditure outside the grant-in-aid budget is usually drawn from the Government's approved Development Plan. The capital budget includes the complete statement of the year's revenue and expenditure on capital account however financed (local revenue, grant-in-aid, C.D. & W. and loans). The revenue side shows separately the transfer of any surplus from the recurrent budget, surpluses from previous years' budgets, loans including unspent balances, and Colonial Development and Welfare and other grants, the sale of capital assets, and any grant-in-aid required for capital projects. The expenditure side includes all capital expenditure whether development or not (Public Works Non-Recurrent and other non-recurrent items). Not only is provision for the replacement of vehicles, office furniture, equipment, etc. included but also capital expenditure on development projects such as new roads, water supplies, clinics, etc. Sources of expenditure under each head are to be shown separately in columns for each of the following: Revenue (including grant-in-aid), loan funds, C.D. & W., and other grants.

## **CHAPTER I**

### **THE CONTROL OF PUBLIC EXPENDITURE**

There are two main aspects of the control of expenditure of public funds. The first concerns the methods by which such funds are made available to the executive, and the second concerns the ways in which control is exercised within and over the executive, primarily by the Ministry of Finance. These two aspects are dealt with generally in the paragraphs below, and in more detail in the following chapters.

#### *The Authorization of Expenditure*

2. There is a clear division of responsibility between the Executive on the one hand and the Legislature on the other. Ultimate control rests with the Legislature but the initiation of policy and the detailed day to day management remain with the Government which acts through the Ministry of Finance. Nevertheless the only authority for the expenditure of public funds is that which is given by the Legislature by the enactment of an Ordinance or by resolution for the establishment of a Contingencies Fund pending the enactment Of a law

under section 58 of the British Honduras Constitution Ordinance [No. 33 of 1963.] The basis of this system is the approval of the annual Estimates by the Legislature and this is given statutory force by the passing each year of an Appropriation Ordinance in which the amount of money available for each service of the Government is set out by Heads. Once this Ordinance has been passed the amounts of money appropriated by it and any other laws must be considered as definitely limited and arranged.

3. The procedure by which estimates are approved, and appropriation authorised is set out in the following paragraphs. It involves first an understanding of the composition and functions of the Committee of Supply.

4. The role of Ministers in the control of public expenditure is primarily concerned with the embodiment of policy at draft Estimates stage when Ministers are endeavouring to secure the maximum funds for the subjects within their portfolios, for it is out of the detailed consideration of the many competing requirements, first in the Ministry of Finance and later in the Cabinet, that the priorities of Government financial policy finally emerge. Once these priorities are translated by the Legislature into the approved Estimates the role of Ministers is to achieve implementation through the executive departments and offices within their portfolios. The detailed day to day authorisation of expenditure provided for by the Legislature is, however, the responsibility of civil servants, that is, the Accounting Officers appointed to control the various votes as listed in the approved Estimates. A Minister is, of course, responsible to the Legislature for every action of his department. It follows that departmental expenditure, as the expression of policy, is also the responsibility of the Minister in charge of the department, who must defend before the Legislature the expenditure and the policy which it embodies. It also follows that in certain circumstances he may feel obliged to resign to save Government embarrassment even though his own character may be blameless.

#### *The Annual Estimates*

5. The annual Estimates- the preparation of which is fully described in subsequent chapters—are dealt with as follows;

- (a) the Estimates of Expenditure are tabled in the House of Representatives by the Minister of Finance who on the same day presents the Appropriation Bill.
- (b) After the presentation of the Appropriation Bill the Minister shall either immediately or at a later date move the second reading of the Appropriation Bill and make his budget speech. In the course of his speech he announces any new revenue proposals or any adjustment of existing revenue measures. He does this towards the end of his speech, i.e., after revenue offices, commercial offices, etc. are closed. (After the Minister has made his budget speech no other member shall speak then on the motion and the Minister of Finance shall name the day upon which the debate and the second reading shall be resumed.) The Minister immediately thereafter proposes resolutions giving immediate effect to the revenue proposals pending their enactment at a later stage. These resolutions, which are designed to protect the public, are always passed without debate.
- (c) After the motion for the second reading of the Appropriation Bill has been resumed, the debate continues. The debate is confined to the financial and economic state of the country and the general principles of government policy and administration as indicated by the Appropriation Bill and the estimates.
- (d) When the Appropriation Bill is read a second time, the Minister of Finance shall propose "That this House do now resolve itself into Committee of Supply there to consider the Appropriation Bill and the associated Estimates", or shall name a date for consideration of the Bill and the Estimates in Committee.
- (e) On the consideration of the Appropriation Bill and the Estimates in the Committee of Supply, each head of expenditure shall be considered with the appropriate Estimate.
- (f) The Chairman then calls out the first head to be considered.

- (g) The responsible Minister may then speak if he wishes, to explain further any of the items comprising each subhead, or to move that the provision be amended. In the case of an increase in the sum allowed, the Minister will have to signify to the Committee the recommendation of the Governor to the increase.
- (h) Any member who wishes to move an amendment to the head does so by proposing that the provision under the head be reduced by whatever sum is necessary to give effect to his proposals (No increase may be proposed). Each such proposal is treated as a formal motion—as indeed it is and requires one clear day notice—and put to the vote after discussion has finished.
- (i) After every head has been approved, the Chairman puts to vote the Schedule to the Appropriation Bill (which lists all the heads), having first amended the figures as may be necessary as a result of the Committee's deliberations. Thereafter each clause of the Bill and the preamble is put to the vote, the Minister of Finance moving any amendments necessary in consequence of amendments to the total made in the Committee. After the Bill as amended has been passed by the Committee, the House resumes.
- (j) On resumption the Minister of Finance then reports to the House in the following terms; "I beg to report that the Committee of Supply has considered the estimates of expenditure for the year....., and has passed a resolution recommending the approval of the Appropriation Bill" (with or without amendment as the case may be).
- (k) The Minister of Finance then moves: "I beg to move that the Appropriation Bill as amended be read a third time and passed", and with the passing of this motion the procedure of approval of the Annual Estimates of Expenditure is finished as far as the House of Representatives is concerned.
- (l) Any legislation required to give effect to the revenue proposals made in connection with the budget (see (b) above) is tabled in the course of the budget session and enacted Amended as may be) as soon as possible. The temporary resolutions (see (b) above) lapse on enactment of this legislation, but action taken under them remains valid whatever the extent of the legislation as finally enacted.

6. All the processes described above and those required in the Senate should be completed by the 31st December in each year, so as to permit funds to be made available as from the 1st January next, and the timetable for the preparation of the Estimates (see Chapter II below) is based on this requirement,

7. Once the Appropriation Bill is passed, the Minister of Finance approves a Provisional General Warrant to the Accountant General authorising him to meet the expenditure approved in the Appropriation Bill, subject to such reservations as the Minister of Finance may consider desirable in the interests of effective financial control (see Appendix IV) and subject to any overriding grant-in-aid arrangements. This Provisional General Warrant is replaced by a General Warrant as soon as the Secretary of State's covering approval of the Estimates is received.

#### *Supplementary Estimates*

8. These are of two kinds. The first is due to initial under-estimating, which can never be entirely avoided in a financial system which requires Estimates to be drawn up some six months before the beginning of the financial year to which they relate, i.e. eighteen months before the end of it. The second is sometimes known as an "additional" estimate, in which money is required for some new item of expenditure arising in the course of one financial year and which was not or could not have been foreseen when the annual Estimates were framed. Both types are considered in Committee of Supply and subsequently covered by an Appropriation Ordinance. They are dealt with in detail in Chapter III.

#### *Votes on Account*

9. These will not normally be required and would arise only if, for any reason, it were not possible to pass the Appropriation Ordinance before the beginning of the financial year to which it relates. In the circumstances a Vote on Account would be approved by the Minister of Finance—it is really an advance—to cover the requirements of the Government for a period not exceeding four months. Votes on Account can only be made available for recurrent and/or capital services which have received the approval of the Legislature in previous years.

#### *Excess Expenditure*

10. Excess expenditure is expenditure which is incurred without authority. It is the worst of all financial lapses. At its worst it arises as a result of carelessness or inefficiency on the part of the officer responsible for controlling a head, through a lack of proper attention to the Vote Control Book (see Appendix III). Excess expenditure is dealt with by a procedure which involves detailed reports to and examination by the Public Accounts Committee, whose functions are described later, and the procedure is set out in full in Chapter V

#### *Authorization of Additional Provision in cases of urgency*

11. It may happen from time to time that funds are urgently required for some activity of the Government for which there is inadequate or no provision in the Estimates. This situation is met by reallocation (virement), or by issues on account of Contingencies.

#### *Reallocation or Virement*

12. If it becomes apparent during the course of the financial year that within the ambit of any single head expenditure on a particular subhead of the head is going to exceed that provided in the Estimates, whilst at the same time savings are going to accrue on another subhead of the same head, the Minister of Finance, if he is satisfied that the proposed expenditure does not represent an important departure from the original intentions of the Legislature, may sanction a transfer of provision from the one subhead to the other. This transfer is known as reallocation or "virement". It may only be allowed on the authority of the Minister of Finance acting as aforesaid and is not given automatically. Even if savings are available the Minister of Finance may be of the opinion that the nature of the proposed expenditure is such that its existence ought to be brought specially to the knowledge of the Legislature. He would then direct that a Supplementary Estimate be introduced. Reallocation is dealt with in detail in Chapter IV and the general principles set out above are subject to limitations detailed in paragraph 68.

#### *Provision on account of Contingencies*

13. If provision is urgently required by any department for a new service or for an extension to an existing service (assuming that a virement is not possible or not acceptable), the Minister of Finance may authorise "advance" additional provision on account of Contingencies. The word "advance" is important for no such "advance" provision may rest permanently on account of Contingencies. It must be cleared by means of a Supplementary Estimate. If the Minister of Finance is satisfied that a case for "advance" provision on account of Contingencies is justified he will authorize it; as soon as possible thereafter the responsible Minister must notify the Legislature of the circumstances in which the "advance" provision was made, and it must be covered in the next available Supplementary Estimate. All "advance" provision on account of Contingencies must be covered within six months of the end of the financial year to which it relates. This procedure will only be used where it is essential that the expenditure is incurred before there is the opportunity to seek first the approval and authority of the Legislature. It is under the sole control of the Minister of Finance. All provision on account of Contingencies lapses at the end of the financial year.

14. A statement of each item of provision on account of Contingencies together with the expenditure charged against such provision and its clearance by Supplementary Estimate will be submitted to the Principal Auditor annually, and will be available for review by the Public Accounts Committee. The mechanics of obtaining "advance" provision are fully dealt with in Chapter HI.

#### *The Public Accounts Committee*

15. The Legislature reserves to itself two duties with regard to the expenditure of public funds. The first is the authorization of supply. The second is to satisfy itself that the executive to whom the supply has been made available spends it for the purposes for which it was provided, and spends it efficiently and without waste. It performs its second function through the agency of the Public Accounts Committee.

16. The Public Accounts Committee is a sessional select committee of the House of Representatives. It is invariably composed of persons who are not Ministers. Its duties are to review the accounts of the Government in the light of the report of the Principal Auditor, and it may also review such other accounts laid before the Legislature as the House of Representatives may refer to the Committee. In addition it shall review cases of excess expenditure referred to it by the Minister of Finance and recommend to the Committee of Supply whether or not such expenditure shall be allowed as a charge to public funds.

17. This committee is one of the most important safeguards in the financial system. It is assisted by the advice of the Principal Auditor and officers of the Ministry of Finance, and may review any aspect of the Government accounts. Its function is not to criticize the policy of the Government—that is the prerogative of the Legislature—and its main concern is with what has already happened, but no greater mistake could be made than to suppose that because of these limitations it is a dusty kind of body dealing with the past and therefore in some vague way not quite up to date. A vigorous and efficient Public Accounts Committee is the best watchdog that the Legislature could have, and although it deals with what is past its criticisms and its recommendations—which may take into consideration the current position in regard to any particular scheme or operation included in the accounts under review—can have a vital effect on future practice and procedure.

18. The committee has the power to examine witnesses as it considers desirable. The results of its deliberations are embodied in reports in which it criticises financial administration; proposes alterations of system, when necessary, to avoid repetitions of the objects of its censure; and, in the case of excess expenditure, makes firm recommendations to the Committee of Supply as to whether or not such expenditure shall be allowed as a charge against public funds. These reports are laid before the Legislature and they are given the fullest consideration by the Minister of Finance. Any instructions which then appear to be necessary are issued by the Ministry of Finance in the form of a minute. This minute is communicated in the following year to the Committee, which is thereby able to satisfy itself of the adequacy of the measures taken to give effect to its recommendations. The Public Accounts Committee, therefore, can and should become a powerful instrument for the exposure of waste, inefficiency and all forms of maladministration.

19. The Public Accounts Committee in discharging its task of examining the annual accounts with the aid of the Principal Auditor's Report should invariably have the Accounting Officer concerned together with his Finance Officer, and perhaps one other assistant before it as witnesses. The Principal Secretary of the responsible ministry will normally attend. This procedure, among other things, helps to keep the Accounting Officers up to the mark and serves to impress on them, as the persons mainly responsible for the custody of public funds, the principles which they are required to follow. The fact should not be overlooked that the Public Accounts Committee is not an emanation of the Government; it is the servant of the Legislature and is under no obligation to do what Government tells or suggests to it. As the ultimate guardian of the public purse, it is incumbent on the Public Accounts Committee to carry out its functions in the way it deems fit.

#### *The functions of the Ministry of Finance*

20. The Minister of Finance is responsible to the Cabinet, as the principal instrument of policy, for the financial soundness of the Government's economic policy and for the proper control of revenue and expenditure. The Minister of Finance, assisted by his chief adviser, the Financial Secretary, exercises this responsibility through the Ministry of Finance, which is divided into two branches,—Finance, consisting of the Under Secretary (Finance) and his staff, and the Central Planning Unit with the Head of Planning Unit as its head and his staff and the Accountant General.

21. The Ministry of Finance has its main opportunity for carrying out its responsibilities when the annual Estimates are being prepared. It must then satisfy itself that the policies of Ministers are such that financially they are capable of realization, and again that individual proposals are sound in themselves, and do not involve wasteful expenditure. Similarly, when proposals for expenditure not provided for in the Estimates arise during the year, either on new schemes or on schemes for which the original Estimates have proved to be faulty, it is the duty and right of the Ministry of Finance to examine such proposals and have them submitted for the approval of the Legislature before any expenditure is incurred upon them. The Legislature indeed must feel able to rely on the Ministry of Finance to examine in detail not only all proposed expenditure prior to its submission to the Legislature, but also to examine at the earliest stage possible all schemes which may ultimately involve the Government in expenditure. In addition it is, of course, clear that one authority must be responsible for laying down general directions with regard to financial control and procedure.

22. The main object of the chapters that follow is to set out in detail the means whereby the Ministry of Finance intends to execute its responsibilities.

## **CHAPTER II**

### **THE ANNUAL ESTIMATES**

#### *Introductory*

23. The annual Estimates, and the corresponding Appropriation Ordinance, limit and arrange the expenditure of the Government for the year to which they relate. It follows therefore that the greatest care and attention to detail is essential in their preparation and submission. The purpose of this chapter is to lay down rules for their preparation and submission.

#### *The Form of the Estimates*

24. The annual Estimates are designed to show clearly the amount of money to be spent on each individual service; to define the scope of each service; and to set out the authorized establishment. They are intended to cover all foreseeable expenditure but to make no provision for contingencies. The Estimates are divided into two main divisions—the Recurrent Budget and the Capital Budget. Each Budget is itself divided into heads of revenue and expenditure and each head is divided into subheads arranged in numerical sequence.

#### *The Estimates Timetable*

25. The compilation of the Estimates from the mass of individual estimates is an involved process undertaken within strict time limits. Not the least consideration is the heavy burden placed upon the Government Printer, and it is therefore essential that the dates for the submission of the estimates by departments, etc., which will be set annually by the Minister of Finance, should be rigidly observed and that the instructions contained in this chapter should be exactly followed.

26. The Ministry of Finance will prescribe annually by circular the timetable for the submission of draft Estimates to it.

### *New Expenditure Proposals—Recurrent Budget*

27. A new expenditure proposal may be defined as "a proposal for the inclusion in the draft Recurrent Budget of provision for a change in any establishment or salary scale; or in any existing service involving expenditure on a subhead substantially greater than that provided in the current Estimates (say, by 10 per cent, or more); or for any new Government activity i.e. a new subhead".

28. The Ministry of Finance will by circular name a date in each year by which new proposals for the Recurrent Budget are to be submitted to it by ministries/departments; this circular will set out the procedure to be followed.

29. Each department or equivalent will set out its new proposals in order of priority in two categories using the appropriate forms:—

Category A	Establishment proposals
Category B	Other Charges proposals.

30. Each form should contain a brief justification and explanation of every new proposal; an estimate of the cost; a comparison with provision already sanctioned in the current Estimates; a reference to any Capital Budget provision to which the new proposal may be linked; and—in the case of Category A items—details of the posts and salary scales involved; an explanation of the duties attached to them; and reference to any relevant documents or report.

31. The forms should then be submitted to the appropriate Ministry where they will be examined, discussed and amended as necessary, and thereafter submitted to the Ministry of Finance. The Ministry of Finance will examine the new proposals, obtaining all oral or additional written advice of the ministry and/or department concerned and of the Permanent Secretary, Establishment in the case of Category A proposals.

32. The Ministry of Finance will convene a meeting to discuss the proposals of each department and the Accounting Officer concerned, the Permanent Secretary of the parent ministry and, where appropriate, the Permanent Secretary, Establishment or his representative will be invited to attend.

33. After discussion the Ministry of Finance will endorse the form with its decision and a copy of the form thus endorsed will be returned to the appropriate ministry for onward transmission to the Accounting Officer concerned.

### *Expenditure Estimates—Recurrent Budget*

34. The Ministry of Finance will send in quadruplicate direct to each Accounting Officer in ample time before the Estimates have to be prepared, printed sheets which show the head as it appears in the current Estimates, plus columns in which to insert the detailed Estimates for the coming year. There is space at the foot of each sheet for the inclusion of any approved new proposals of the department, all of which must be shown. The existing subhead numbers must not be changed, but the new subheads should be numbered, e.g. 2A, 2B, 2C, their places in the head being indicated by arrows. On completion the department will retain one copy, and submit the other copies to the appropriate ministry. The ministry, having examined, discussed and amended the draft as necessary, will retain one copy and submit two copies to the Ministry of Finance together with a memorandum, also in duplicate, containing such comments, recommendations and amendments as it may wish to make.

35. Explanatory details to be submitted must include the following:—

(a) under Personal Emoluments, a breakdown of the establishment and provision for each item, as follows, e.g.:—

<i>Establishment</i>	<i>Salary</i>	<i>Amount Provided</i>
	\$	\$
5 existing posts filled ..		
existing post vacant	----	----
1 new posts proposed	----	----
8		
-----	-----	-----

The provision for "posts filled" must be the sum of the actual amounts that will be required in the coming year, including increments payable, irrespective of whether the posts are filled permanently or only temporarily. Provision for posts "vacant" and "proposed" must be shown at the lowest point of the appropriate salary scale, each post calculated from such date as the Accounting Officer estimates, it can be filled having regard to the circumstances of recruitment. Nominal rolls are NOT required.

(b) Under *Other Charges* the detailed calculations for each subhead of expenditure. In every case the actual expenditure on the corresponding subhead (if any) in the previous financial year must also be shown, thus:—

Subhead 9	Stationery and Incidentals	\$300	
	Stationery Incidentals	\$200	\$500
	Current Estimates Last		\$500
	year—Actuals		\$468

(c) *Reimbursements*.—Full details must be given of every reimbursement which will be received against expenditure subheads. The details must show, in addition to the amount of reimbursement receivable in each case, the sources from which it will derive, the authority for it, and the supporting calculation.

### *Stores and Equipment Items*

36. Departments should estimate for the total sum they wish to place orders against in the coming financial year, it follows that Estimates should not include any provision for stores ordered in a previous year.

### *Footnotes*

37. Footnotes for inclusion in the draft Estimates must be purely factual—e.g. to explain a change caused by the transfer of provision or posts to another head or subhead; to refer to a reimbursement or to state for what station or duty a new post whose creation involves no new principle is required. Any change which involves a new principle or activity must be fully explained in the new proposals form submitted in accordance with paragraph 29.

38. A covering memorandum shall accompany the draft Estimates, unless there has been no departure from the new proposals originally submitted, and the explanatory details are clear and self-contained.

### *Revenue Estimates*

39. Estimates of Revenue for both the Recurrent and Capital Budgets will be called for direct by the Ministry of Finance. They will be submitted direct on Finance Form 10. Departments should give concise explanations in the columns provided for the purpose in every case in which there is an appreciable difference (say 10%) between the approved and revised Estimate, or between the revised Estimate and that submitted for the coming year.



#### *Expenditure Estimates—Capital Budget*

40. The format of the expenditure side of the Capital Budget together with the instructions for the preparation of the Estimates for each of the heads of the Capital Budget is given in detail at Chapter VII.

#### *Printed Proofs*

41. As soon as examination of a head is completed the Ministry of Finance will make up the head for printing. The next stage therefore will be the despatch to the ministry, with copies to the individual departments, of a printed proof of the head. These will be addressed personally to the officer concerned with the detailed preparation of the Estimates, to obviate registry and other delays. It is the responsibility of the recipient to check the proof in detail for accuracy, and to return it to the Ministry of Finance within the time specified, which will normally be seven days. If this is not done it will be assumed by the Ministry of Finance that the proof is accurate, and it will be at once printed off. No amendment will thereafter be made to the printed Estimates prior to its submission to the Cabinet.

42. After approval by the Ministry of the draft Estimates one copy of the final proof will be sent to the Permanent Secretary, Establishment who will be responsible for preparing a Schedule of Additions and Deletions in respect of pensionable offices to cover changes incorporated in the draft Estimates.

#### *Revised Estimates of Revenue and Expenditure*

43. The Ministry of Finance will call for revised Estimates of Revenue and Expenditure for the current year by circular. Replies will be furnished through the appropriate ministry to the Ministry of Finance on Finance Form 12 and 13. The purpose of obtaining these revised Estimates is to enable the Minister of Finance to present a picture of the outturn of the current year when presenting the Estimates for the coming year to the Legislature. The revised Estimates are also of considerable value in assessing the accuracy of the individual draft Estimates for the coming year.

#### *Proposed amendment to the printed draft Estimates*

44. It may happen that for good and sufficient reasons ministries or departments will have to propose amendments to the printed draft Estimates before they become the approved Estimates. Amendments of this nature which are accepted by the Minister of Finance and agreed by the Cabinet will be included in a schedule and circulated to members of the House of Representatives before the House is due to examine the details of the draft Estimates in Committee of Supply.

#### *Budget Day: and subsequent procedure*

45. Towards the end of November or in December, the printed draft Estimates are laid on the Table of House of Representatives by the Minister of Finance. The subsequent procedure has been fully described in Chapter I.

### **CHAPTER III**

#### *Supplementary Estimates*

##### *Introductory*

46. It is a fundamental principle of good government that the annual Estimates and Appropriation Ordinance shall be held to limit and arrange expenditure. It follows that no expenditure may be incurred save on the authority of the Minister of Finance and out of monies voted by the Legislature in accordance with Estimates submitted to it. Expenditure should never be incurred without the prior authority of the Legislature or the Minister of Finance acting under powers delegated to him by the Legislature. Any officer in control of a vote who incurs expenditure without such authority does so at his sole responsibility, and will consequently be held personally responsible for his actions. This means of course that an officer can be called upon to meet unauthorized over-expenditure from his own purse.

47. It is accordingly vital, in the interest not only of good government and sound administration, but also in the interests of individual officers authorised to incur expenditure that not a dollar should be spent without the prior approval of the Legislature. There are only three ways in which this can be obtained:

- (a) by the inclusion of provision in the approved annual Estimates;
- (b) by the inclusion of provision in the approved Supplementary Estimate;
- (c) by reallocation of provision within an approved Estimate, whether annual or Supplementary,

48. In addition, funds may not be committed in anticipation of approval of the grant of funds, either by the Legislature, or through Contingencies provision, or reallocation. Where it is considered essential that such commitments must be entered into, e.g. to ensure the continuity of any supplies or services which have been previously approved in principle by the Legislature, the prior concurrence of the Ministry of Finance will be obtained, in the form of rulings to cover general applications or specific cases. The Ministry of Finance will build up a body of practice in this regard which will be subjected to the continuous scrutiny of the Legislature through the Public Accounts Committee.

49. This chapter deals with the procedure for obtaining provision in a Supplementary Estimate. Such provision is known as supplementary provision. Specimen of each of the Finance Forms referred to in the following paragraphs will be found in Appendix I.

#### *Limitations of the Use of Supplementary Provision*

50. Applications for supplementary provision will only be considered when the Ministry of Finance has examined the following aspects:—

- (f) that the voting of the additional money is manifestly in the public interest;
- (b) that the need is so urgent that provision cannot be delayed until the next annual Estimates are approved;
- (c) that failure to foresee the expenditure when the current annual estimates were framed was due to reasonable causes;
- ((f) that the monies required cannot be found by reallocation on a basis acceptable to the Minister of Finance in the light of the principles governing reallocation as described in Chapter IV below.

51. No suggestion should be made therefore either to the public or to departmental officers that a request for supplementary expenditure will be or is likely to be approved by the Legislature, prior to such approval; nor must any officer enter into any commitment in advance of such approval and in this regard reference is invited to paragraph 46 above.

#### *Procedure for Application for Supplementary Provision*

52. Application for supplementary provision under the terms of the preceding paragraphs is to be submitted on Finance Form I. It will be observed that this form is to be used for supplementary provision, reallocation and for "advance" provision on account of Contingencies. The application, which must be expressed in a round number of dollars, is initiated by the Accounting Officer concerned, and is submitted to the appropriate ministry in duplicate with a memorandum attached also in duplicate setting out the reasons for the application. These reasons must fulfil all the requirements listed in paragraph 50 above. No covering letter is necessary.

53. The application is then considered in the ministry. If it is recommended for approval, the form is completed and ONE copy forwarded to the Ministry of Finance. No covering letter is necessary, unless, of course, the ministry wishes to elaborate on the departmental memorandum. The second copy is retained in the ministry.

#### *Procedure for Approval or Rejection of the Application*

54. The application is closely examined in the Ministry of Finance to ensure that it fulfils the requirements set out in paragraph 50, and that the purpose is in fact essential and not merely desirable. The number and extent of Supplementary Estimates is ordinarily restricted to two each year by the insistence that save in exceptional circumstances even proposals approved on grounds of general policy shall await the next annual Estimates. Should, however, the need arise, the Minister of Finance may arrange for an additional meeting of the Committee of Supply, if in his opinion, the consideration of such estimates cannot be deferred without detriment to the public interest and an advance from the Contingencies Fund cannot be authorised.

55. Ministries and departments should therefore note carefully, in following the procedures described in this Chapter, that there will be only two opportunities for seeking supplementary provision each year:

April: requests for supplementary provision the need for which (a) has appeared in the period October—December of the preceding financial year or (b) has appeared in the period January—March in the current financial year or (c) is expected to appear in the remaining part of the current financial year.

October: requests for supplementary provision the need for which has appeared in the period April—September in the current financial year or is expected to appear before the end of the current financial year.

Thus in cases where the use of the Contingencies Provision procedure (see paragraph 59 below) or the reallocation procedure (see Chapter IV) is not approved, it will be necessary to wait up to six months before funds can be made available.

56. If the Minister of Finance does not approve submission of an application for supplementary provision to the Legislature, the appropriate ministry is so informed by a memorandum in duplicate which gives the reason for its rejection. If it is approved for such a submission, then the details of the application are included by the Ministry of Finance in a Supplementary Estimates Schedule. It is this schedule which is in due course, i.e. after approval by the Cabinet, submitted to the House of Representatives sitting in Committee of Supply for its consideration together with the necessary Supplementary Appropriation Bill.

#### *Action taken by the Ministry of Finance after the decision of the Legislature is received*

57. If the Legislature has not approved the application, the appropriate ministry is so informed, by a memorandum, in duplicate issued by the Ministry of Finance. If it has approved it, then the Minister of Finance signs a Supplementary Estimates Warrant (Finance Form 3) as soon as the Supplementary Appropriation Bill becomes law. This Warrant is passed to the Accountant General and copied to the Principal Auditor.

#### *Action taken by the Accountant General*

58. A Supplementary Provision Advice (Finance Form 4) will be issued in duplicate one copy being sent direct to the appropriate ministry for his information. On receipt of this advice the Accounting Officer concerned may incur or commit the expenditure authorised.

#### *Provision on account of Contingencies*

59\* It will happen from time to time that an application for supplementary provision will reveal a degree of urgency which makes it essential that funds be provided at once. In such circumstances, the Minister of Finance may at his sole discretion authorise advance provision for the purpose on account of Contingencies. The Legislature in approving the use of this procedure has set a limit to the provision which may remain uncleared at any one time, and the use of this provision is under the control of the Minister of Finance who is answerable to the Legislature for its proper use.

#### *Token provision on account of Contingencies*

60. In certain circumstances, no additional money needs to be provided for new items of essential expenditure which must be provided for at once, because such money can be provided by reallocation—or, in the case of Personal Emoluments, by the existence of savings on the subhead as a whole. But the creation of the relative new item of Personal Emoluments, or other Charges, or of Capital expenditure is necessary before any expenditure can be incurred. This can be done by the Minister of Finance approving the creation of the new item by the provision of a "Token" sum (\$1) of advance provision on account of Contingencies which must, as for any other Contingencies provision, be covered by a Supplementary Estimate at the first opportunity and by the relevant Minister notifying the Legislature of the circumstances at its next sitting. But for accounting purposes, the item need NOT be treated as a Contingencies one with a separate "advance" record in the Accountant General's books as is the case for non-token provision—it may be treated as any ordinary item of expenditure.

61. Any "advance" provision granted on account of Contingencies must be covered by means of a Supplementary Estimate at the first opportunity, and the Minister seeking the "advance" provision must notify the House of Representatives at its next sitting of the circumstances in which the advance provision was made. At the same sitting the Minister of Finance will lay on the table for the first reading the necessary Supplementary Appropriation Bill. There is therefore no general variation in the procedure described in the preceding paragraphs. In addition to that procedure, however, the Minister of Finance will, if "advance" provision on account of Contingencies is approved, sign a Contingencies Provision Warrant (Finance Form 5), in order to convey the necessary authority. This Form will be passed to the Accountant General, copied to the Principal Auditor. On receipt of the form the Accountant General will issue a Contingencies Provision Advice (Finance Form 6). This form will be addressed direct to the Accounting Officer, with a copy to the appropriate Minister. On receipt of the form the Accounting Officer may incur or commit expenditure up to the amount of the authorized provision.

#### *Establishment Matters*

62. Authority for changes in salary scale, or additions to the number of posts, or alterations in their titles should normally be sought in Category A proposals submitted in accordance with the procedure laid down in paragraph 29. Proposals for changes or additions or alterations referred to above which it is desired should be urgently considered will be submitted by the Accounting Officer to his ministry in time for the proposals to be forwarded to the Ministry of Finance and considered for inclusion in the next Supplementary Estimates, if appropriate.

63. The Permanent Secretary, Establishment will be responsible for ensuring that provision is made in the Estimates for the full cost of acting allowances and extra assistance expected to come in course of payment during the year.

#### *Procedure for dealing with outstanding commitments on recurrent budget indicating the Supplementary Provision Procedure required in certain cases*

64. As soon as possible after the 31st of December Accounting Officers should review the position of all uncleared commitments, whether stores or otherwise, entered against the previous year's votes. A return on Finance Form 14 should be furnished by the 31st of March giving detailed lists of outstanding commitments from the previous year which the Accounting Officer considers it will not be possible to absorb into the current year's provisions. The return will be completed in quintuplicate and will be dealt with as follows: The Accounting Officer will retain one copy and send four copies to the Ministry of Finance through his ministry which will forward all four copies to the Ministry of Finance with its comments. The return will be examined by the Ministry of Finance with a view to ascertaining:

- (a) Whether the current year's provision is adequate to absorb the additional expenditure involved;

- (b) whether the current year's provision may prove inadequate to absorb additional expenditure;
- (c) whether the current year's provision is clearly inadequate to absorb the whole or part of the expenditure.

The Ministry of Finance will record the decision of the Ministry of Finance on all four copies, I will retain one copy and forward two copies to the ministry concerned (one for retention and one for forwarding to the Accounting Officer) and one copy to the Principal Auditor,

65. Accounting Officers will be informed by the Ministry of Finance by a return of the copy of the form, under which category it is considered the expenditure shall fall. In the case of subheads falling in category (b), Accounting Officers will be required to review the relative subheads by the following 15th September and in the light of the position at that date to justify any need for additional provision or reallocation. In the case of subheads falling in category (c), Accounting Officers will submit an application for supplementary provision or reallocation of that amount only which cannot be met by foreseeable savings in the relevant current year's subhead. Any additional provision or reallocation made in consequence of the above procedure may only be used against the outstanding commitments in question. Outstanding commitments relating to Other Charges Expenditure subheads of previous years not repeated in the current year's estimates clearly fall under category (c) and an application on Finance Form I for the full amount should be submitted together with Finance Form 14.

66. In regard to stores and equipment Accounting Officers shall ensure as far as possible delivery and payment within the financial year to which they relate. To this end indents should normally be submitted at the earliest possible date to the Accountant General. Except in the larger departments where automatic ordering procedures are in force for the maintenance of adequate stocks, indents received after the 30th September will only be forwarded when it has been established that it was not possible to foresee the requirements and prepare the indents before that date and that postponement to the following financial year will be detrimental to the public service.

## CHAPTER IV REALLOCATIONS

### *Introductory*

67. Within the ambit of a single head of expenditure it may be that, as a result of circumstances which could not have been foreseen when the annual Estimates were framed, additional provision is required on any particular subhead while at the same time equivalent savings can be made on another subhead of the same head. In these circumstances the Minister of Finance will authorise reallocation between these subheads, provided he is fully satisfied that sound reasons exist for the additional expenditure thus involved to be incurred upon the "receiving" subhead. If he is not satisfied that an application for reallocation has been fully justified he will reject it.

### *Limitations on the use of Virement*

- 68. There are certain limitations upon the use of this procedure. There are as follows.
  - (a) money may NOT be reallocated between different heads;
  - (b) money may NOT be reallocated to create a new subhead (or a new item under P. E.);
  - (c) money may NOT be reallocated to create a new post or to alter any salary scale;
  - (d) money may NOT be reallocated to give effect to a new principle or policy; or so to increase provision as to place in doubt the original intention of the Legislature in approving the vote.

- (e) money may NOT be reallocated in the Capital Budget if the result would be to make funds available in excess of the Estimated Total Cost of the receiving subhead except when such virement is within terms allowed by the Secretary of State;
- (f) money may NOT be reallocated unless the case for the increased expenditure thus involved against the "receiving" subhead is proved to the satisfaction of the Minister of Finance;

69. Sub-paragraph (e) may need elaboration. Subheads of the votes comprising the Capital Budget have an Estimated Total Cost attached to them, and these, quite as much as the actual provision for the year, limit expenditure on the project. It follows that a proposed reallocation which would result in the Estimated Total Cost being exceeded cannot be considered until the revision of the Estimated Total Cost has itself been approved by the Legislature, through the machinery of a Supplementary Estimate, or in emergency by the Minister of Finance within his permitted limit from the Contingencies Fund, or unless within terms allowed by the Secretary of State (e.g. Government is allowed certain powers of virement under Colonial Development and Welfare Schemes—vide paragraph 2 of Colonial Office Print Miscellaneous 522).

70. It is of course fundamental to the successful operation of virement that the greatest care be taken by officers authorised to incur expenditure to ensure that, once a reallocation of funds has been approved, expenditure against the subhead from which the money has been transferred is not allowed to exceed the reduced provision that remains. This cannot be too strongly emphasized.

### *procedure for Application for Reallocation*

71. Applications for reallocation under the terms of the preceding paragraphs are to be submitted on Finance Form I. It will be observed that this form is to be used equally for "advance" provision on account of Contingencies, reallocation or supplementary provision. The application which must be expressed in round number of dollars, is initiated in the department concerned, and submitted through the appropriate ministry in duplicate with a memorandum (See Appendix II) attached also in duplicate setting out the reasons for the application and a brief explanation of the circumstances in which the savings which it is proposed to reallocate arose. No covering letter is necessary. The application is then considered in the ministry. If it is recommended for approval, the form is completed, and ONE copy forwarded to the Ministry of Finance. The other copy is retained in the ministry. No covering letter is necessary, unless of course the ministry wishes to elaborate on the departmental memorandum,

### *Procedure for Approval or Rejection of the Application*

72. The application is examined in detail in the Ministry of Finance. If it is NOT approved, the appropriate ministry is informed accordingly by a memorandum in duplicate, which gives the reasons for rejection. If it is approved, details of the application are entered by the Ministry of Finance in the schedule of a comprehensive Reallocation Warrant (Finance Form 7). The Reallocation Warrant of which that schedule forms a part is then signed by the Minister of Finance and passed to the Accountant General for action, with a copy to the Principal Auditor.

### *Action taken by the Accountant General*

73. On receipt of the Warrant the Accountant General issues a Reallocation Advice (Finance Form 8). This advice is normally prepared in triplicate, two copies being sent direct to the ministry/department concerned, the third being sent to the appropriate ministry for its information. The word "normally" is used because it may happen that reallocation is authorised between subheads controlled by different departments although within the same head. In such a case two additional copies are needed for the additional department.

### *Action taken by the Initiating Department*

74. The Accounting Officer concerned then makes the appropriate Vote Control Book adjustments, and returns within fourteen days one copy of the Advice, duly certified to : Accountant General.

### *General*

75. It is the intention that at most no more than one Reallocation Warrant incorporating agreed applications will be signed each month, except in special circumstances during the month of December. It is therefore incumbent upon officers authorised to incur expenditure to watch most carefully the state of their votes, and to submit application for reallocation in good time. The monthly schedule will be considered by the Ministry of Finance on 01 about the last day of each month, it will not therefore be possible to include in the schedule for any month applications which reach the Ministry of Finance later than the 25th of that month.

76. Once a quarter the Minister of Finance will arrange for the laying on the table of the Legislature, for the information of members, copies of the schedules to the Reallocation Warrants signed during the preceding three months.

## CHAPTER V EXCESS EXPENDITURE

### *Introductory*

77. Excess expenditure is expenditure incurred without authority. It is the worst of all financial lapses and should in practice not occur. Excess expenditure reflected in the final accounts after the Accountant General has closed his books can only be due to one of the following factors:—

(«) real excess expenditure, due to funds having been expended without the necessary provision having been first made available; (6) apparent excess expenditure, due to misallocations.

78. Neither of these should occur if standing instructions regarding departmental vote control, keeping of Vote Control Books and monthly reconciliations with the Accountant General's books are carried out (Appendix III). If, however, excess expenditure is still revealed when the Accountant General's books have been closed and the accounts finalized, it must either be given retrospective sanction, or must be refunded personally by the officer who incurred it.

### *Action to be taken by the Accountant General*

79. When the Accountant General is about to close his books for any financial year he will circularize all Accounting Officers stating that the Treasury books will be closed on a given date. This will afford all Accounting Officers a last opportunity to initiate and follow through any adjustments which may be necessary to correct misallocations. Once the Accountant General's books have been closed, however, no further internal book adjustment can be made.

80. As soon as he has closed his books the Accountant General will inform Accounting Officers of all excess expenditure as revealed in his books. Finance Form 9 will be used for this purpose. He will also report all excesses so notified to the Ministry of Finance.

### *Action to be taken by Accounting Officers concerned*

81. On receipt of Finance Form 9 Accounting Officers concerned will forthwith submit applications on Finance Form I for retrospective reallocation to cover all or as much as possible of the excess expenditure, and for retrospective sanction for supplementary provision to cover any remainder. The normal procedure for applications for supplementary provision and reallocation will be followed, in accordance with the instructions contained to Chapters III and IV, but the accompanying memorandum must explain how the excess occurred, and why it was not covered before the financial year ended.

82. If the records of the Accounting Officer concerned appear to show that all or any of the excess expenditure is due to misallocation in the books of the Accountant General, the officer must certify as follows on the memorandum that accompanies his application on Finance Form I for reallocation:—

"I certify that no excess expenditure on Head ..... , ..  
subhead ..... ( ..... 19 .....  
Accounts) is revealed in my records.

It appears that the excess may be due to misallocation of debits properly chargeable to Head ..... subhead .....  
where an equivalent under-expenditure is shown.

Signed ..... , ..

Title of Accounting Officer ..... , .. - .. - ..

This procedure is designed to obviate continuous and lengthy correspondence and discussion between the Accountant General's Department and Accounting Officer over misallocations. Once the Accountant General's books have been closed all excess expenditure there shown has to be covered whether it is or is not due to misallocation except where it is disallowed by the Committee of Supply and has to be refunded by the officer responsible.

### *Action to be taken by the Ministry of Finance*

83. Approval of the applications for retrospective reallocation or supplementary provision thus submitted will by no means be automatic. Where the Minister of Finance is satisfied that the excess expenditure is due to misallocation or where the amount involved is negligible or where other sound reason exists, the Minister of Finance will normally approve the reallocation or will seek the approval of the Legislature to the retrospective grant of supplementary provision. The reallocation schedule laid before the Legislature in this connection will be marked "Retrospective" and will distinguish excesses as between misallocation, negligible and other sound reason (this is to give the Legislature an opportunity to question the use of the Minister's discretion). The remaining excesses shall be automatically notified to the Public Accounts Committee by the Minister of Finance with brief comments by the Minister of Finance.

### *Subsequent Action*

84. The Public Accounts Committee then considers the excesses so referred to it and recommends to the Committee of Supply whether or not such excesses shall be allowed as a charge against public funds. If the Committee of Supply allows the excesses the Minister of Finance will approve retrospective reallocation if funds are available (this is to avoid "water" in the Supplementary Estimates and/or in the Supplementary Appropriation Ordinance). If the Committee allows an excess but funds are not available for reallocation the Committee of Supply will approve a supplementary estimate,

### *General*

85. If the Committee of Supply rejects an excess or any part of it such amount as is not allowed will have to be recovered by the executive from somebody's pocket. There is rarely a valid reason for excess expenditure. Compliance with the approved procedure for Annual Estimates, Supplementary Estimates and Reallocation will adequately safeguard Accounting

Officers, provided they maintain proper control of their votes through their Vote Control Book (Appendix III), These regulations will therefore be strictly applied and will accordingly place upon the Accounting Officer concerned the onus of satisfying the Public Accounts Committee that any excess expenditure incurred on the votes for which he is responsible was satisfactorily justified.

## CHAPTER VI

### DEPARTMENTAL WARRANTS

86. When it is necessary for an Accounting Officer to authorize another officer to incur expenditure on his behalf, he<sup>1</sup> will do so by means of a Departmental Warrant (Finance Form 15) addressed to the officer concerned with copies to the Accountant General and the Principal Auditor. The Warrant will state the nature of the service, etc., the amount and the allocation; the full sum allocated will be entered immediately in the Accounting Officer's Vote Control Book as a commitment. The officer to whom the Warrant is issued will maintain a detailed record of expenditure; and commitments against it in his Vote Control Book, treating the amount allocated exactly as if it were a subhead in the estimates under his control. Vouchers drawn against a Departmental Warrant will show as the authority for expenditure "DW No ..... of ..... (Accounting Officer)".

Accounting Officers issuing Departmental Warrants will be responsible for reconciling the Treasury Monthly Statement with entries in their Vote Control Books at the end of each month, as required by Appendix 11.

87. Under no circumstances shall expenditure be incurred or committed by the Warrant Holder in excess of the amount stated in the Departmental Warrant. If it appears, however, that this provision may prove insufficient the Warrant Holder will apply to the Accounting Officer for a further Departmental Warrant for the additional funds required. If satisfied that the expenditure is necessary and that funds are available the Accounting Officer will issue a further Departmental Warrant endorsed 'to supplement DW No ..... of .....'. It must be emphasized that approval of the application must on no account be anticipated and an officer incurring unauthorised expenditure will be liable to be surcharged with the whole of such amount.

88. Departmental Warrants for both capital and recurrent subheads lapse at the end of each financial year. Where necessary a fresh warrant is issued at the start of the new financial year.

89. Departmental Warrants may be used either in the case where a certain work should be carried out by another ministry/department, after obtaining the agreement of the ministry/department concerned and an estimate of the cost, or for the purpose of devolving control of all, or part of a particular subhead upon an officer in charge of a branch of the same ministry or department. Such devolution within a ministry/department in no way limits the responsibility of the Accounting Officer for ensuring the most economical use of the monies voted; it does devolve on the holder of the warrant responsibility for ensuring that the expenditure authorised is not exceeded. The Accounting Officer has full discretion to allot part of a vote only e.g. to cover expenditure for three or six months—and to keep a reserve under his own hand if he wishes. Similarly a departmental warrant can be withdrawn at any time as set out in the succeeding paragraphs.

90. Where the Warrant Holder is in the same district or station as the Accounting Officer, the Accounting Officer shall notify the Warrant Holder by letter of the withdrawal of the warrant, with a copy to the Accountant General and the Principal Auditor, and shall take over the Vote Control Book kept by the Warrant Holder and shall assume responsibilities for settling outstanding commitments.

91. In all other cases:

- (a) The Accounting Officer shall notify the Warrant Holder by letter, with a copy to the sub-accountant at the Warrant Holder's station, the Accountant General

arm A-nncipai rtuuao, u>wt me warrant is wiaorawn as irotn date 01 receipt 01 such letter and direct the Warrant Holder to submit a statement through the sub-accountant giving the total of the amount actually authorised for payment and full details of all outstanding commitments and the final balance of funds remaining unallocated. (Care must be taken to ensure that the outstanding commitments include sums due in respect of wages including any wages payable in lieu of notice).

- (b) On receipt of such a letter the Warrant Holder will prepare the statement required in quintuplicate and present himself with his Vote Control Book and statement at the sub-accountant's office.
- (c) The sub-accountant will satisfy himself that the statement is correct according to the Vote Control Book presented to him and will countersign the statement as correct and distribute it as follows:—

- 1 copy to the Accounting Officer
- 1 copy to the Warrant Holder
- 1 copy to the Principal Auditor
- 1 copy to himself.

- (d) The sub-accountant will then assume responsibility for authorising payment of the outstanding commitments and will quote the departmental warrant as authority for payment.

92. It is clear from the lengthy procedure involved in withdrawing a Departmental Warrant that it is not envisaged that such withdrawal will take place except in extraordinary circumstances, e.g. where there is a cutback in expenditure which must have immediate effect or where a project is to cease.

## CHAPTER VII

### THE CAPITAL BUDGET

93. Basically, the Capital Budget represents the financial implementation of the Development Plan setting out how investment in the public sector is to be directed and calculated as far as possible to achieve, within the limited means of the country, maximum expansion of the economy and development of natural resources and maximum improvement in the standard of living.

94. The expenditure side of the Capital Budget is divided into heads most conveniently similar to those in the Recurrent Budget showing the source of finance for each subhead, i.e., whether from Revenue, Loans or CJX & W. and Other Grants.

95. Also shown for each subhead in the Capital Expenditure Estimates are "Estimated Total Cost", "Total Expenditure up to ..... (end of last financial year at time of preparation of Estimates)" and "Approved Estimates 19 ..... (for the previous financial year)".

#### *Estimated Total Cost*

96. Particular importance is attached to the column headed "Estimated Total Cost" for once this has been arrived at for each subhead, its approval by the Legislature by incorporation in the Capital Expenditure Estimates defines and limits the total money which may be spent on the subhead concerned and, except as provided in paragraph 68 (e) the Minister of Finance has no power to reallocate so as to make funds available in excess of the Estimated Total Cost.

97. This restriction is imposed in view of the fine margins of priority within which the Development Plan has to be drawn up and the need for very careful estimating. The Minister of Finance may nevertheless increase the Estimated Total Cost by means of an advance from the Contingencies Fund.

98. It follows that no work may start, no contract may be let, and no stores or equipment may be ordered, which might commit the Government to a total expenditure on any subhead in excess of the approved Estimated Total Cost.

#### *Vote Control*

99. The fundamental importance of the correct use of the Vote Control Book in avoiding excess expenditure has been stressed in previous chapters. There is another aspect to vote control in the Capital Budget, namely control of expenditure against Estimated Total Cost, but this will be achieved in the preparation and approval of the Capital Expenditure Estimates so that the instructions for the use of the Vote Control Book in regard to the Capital Budget are the same as for the Recurrent Budget (Appendix IIT).

#### *Revotes*

100. Notwithstanding the concept of Estimated Total Cost, which may involve expenditure in more than one year, as a control factor for planning purposes, provision approved for one year but not spent within that year is not automatically available for adding to the following years' provision and has to be specially voted again, if required (sometimes called a 'revote').

101. Whilst it is expected that the approved Capital Expenditure Estimates will be fully executed generally, if it does occur that provision unspent from a previous year is required for the current year, it is important that the Accounting Officer submits an application for supplementary provision at the earliest opportunity available. In determining the need and amount of an application for supplementary provision, the Accounting Officer shall also take into account any anticipated acceleration of progress in works above that envisaged when the current estimates were drawn up and approved. Should delay in work result from a delay in submitting such application, the Accounting Officer may be required to answer to the Public Accounts Committee (as distinct from the Minister's responsibility to the House of Representatives).

#### *Preparation of the Capital Budget—Basis*

102. In the preparation of the annual Capital Budget the basic steps will be for each Ministry:

- (1) to draw up estimates: for those schemes which are to be continued within the estimated total cost;
- (2) to refer to the approved Development Plan and extract therefrom schemes for implementation;
- (3) to draw up estimates of the cost of current assets requiring replacement;
- (4) to submit proposals for new schemes or upward revision of estimated total cost of existing schemes.

103. Whilst detailed estimates for works costing \$10,000 and over are not required at this stage, every care should be exercised in providing the best possible estimated cost of such works so that the Cabinet may be put in a reasonably realistic position when recommending alteration of funds. To this end the Ministry of Public Utilities will work towards the establishing of standard costs per square foot, per superficial foot, per mile, etc. In regard to works costing less than \$10,000—and Personal Emoluments, Other Charges, stores, machinery and equipment subheads—detailed estimates are required.

#### *Submission of proposals for New Schemes or for Upward Revision of Estimated Total Cost*

104. A new scheme is one which is not included in the Development Plan. Should it happen that a ministry wishes to put forward urgent proposals for the inclusion of new schemes or for increasing the estimated total cost of an existing scheme, such proposals

should be submitted to the Ministry of Finance by a date which will be notified by circular. When submitted initially the necessary details should be set out in memorandum form alone which should include:—

- (a) a description of the new scheme or the reason for the increase in the estimated total cost of an existing scheme;
- (a) an explanation as to the urgency of the proposal;
- (c) the estimated total cost of the new scheme and the proposed phasing of expenditure over the ensuing year.

105. Very good reasons will have to exist before a new scheme or upward revision of estimated total cost is approved for it is the intention not to depart lightly from the Development Plan.

#### *Preparation of draft Capital Expenditure Estimates*

106. The Ministry of Finance will notify each ministry of the allocation recommended by the Cabinet for each ministry for the forthcoming financial year, together with acceptance or rejection of proposals submitted for new schemes or upward revision in accordance with paragraph 104, and each ministry will then draw up on Finance Form 11 its relevant Estimates for the coming year. A separate Finance Form 11 will be used for each head.

107. The Ministry of Public Utilities is responsible for the execution of all works under the head Public Works Non-Recurrent and for the submission of Finance Form 11. In regard to new works to be executed under this head, the ministry concerned will notify the Ministry of Public Utilities of its requirements and allocation recommended (paragraph 106). In submitting Finance Form 11 the Ministry of Public Utilities will state whether its executive capacity is adequate to implement the proposals thus submitted, after taking account of its commitments for maintenance and other works not coming within the head Public Works Non-Recurrent. If the Ministry of Public Utilities states that it will have surplus capacity, the Cabinet will consider how best to use it bearing in mind the limitations imposed by finance.

#### *Embarking upon works which are to be carried out/supervised by the*

#### *Ministry of Public Utilities*

108. After the allocation of funds by the Cabinet, the first stage in the preparation of plans for a new Government building or major extension or other work is the submission by the commissioning department of a schedule of what is required. In the case of buildings, for example, this will show the number and approximate size of the rooms required, and their purpose with an indication of how they should be grouped for convenient working. The schedule of requirements will be forwarded, through the Ministry concerned, to the Ministry of Public Utilities. Once the Architects and/or Engineers have worked out their preliminary sketch plans, in full consultation with the department concerned, the following will be forwarded to the ministry concerned by the Ministry of Public Utilities;

- (a) the proposed layout;
- (b) sketch plans;
- (c) a schedule of general specifications indicating the materials and form of construction proposed;
- (d) a detailed estimate of cost;
- (e) bills of quantities—when available.

109. The ministry concerned will then examine these plans and if satisfied will confirm its acceptance of the plans in writing and return them to the Ministry of Public Utilities (through the Medical Authorities where buildings are concerned) for submission to the Minister of Public Utilities for final authority to proceed with the works.

110. The Ministry of Public Utilities will not accept or make any other than minor technical modifications to the layout agreed with the commissioning department after it has been approved by the Minister of Public Utilities. If any other than minor technical modifications come to the notice of a commissioning department, it will forthwith report the matter in writing to the Ministry of Public Utilities with copies to the Ministry of Finance and the Principal Auditor. In exceptional cases, in the development of the working drawings, substantial variations from the proposals approved by the Minister of Public Utilities are found to be necessary, the Minister of Public Utilities, approval must be obtained and he shall not give this without prior reference to the ministry of the commissioning department (and the Ministry of Finance if variance to the Estimated Total Cost is involved).

111. Once anew work is included in the Capital Expenditure Estimates the Ministry of Public Utilities may either carry out the work itself or arrange the letting of contracts after Tenders Committee procedure has been followed, provided that no more is spent in each financial year than is authorised for that year. It will normally be the case that the work will be so planned as to start at such a time that it may continue uninterrupted until completed, thus keeping within the financial limitations not only of the Estimated Total Cost but also of that part of it shown as provision for the year in question,

#### *Economy in Buildings and Works*

112. The Ministry of Public Utilities shall ensure:—

- (a) that the maximum economy in design compatible with the retention of sound building standards and the needs of the commissioning department is obtained; (6) that the type of building proposed is suitable for the site selected; (c) that maximum standardization of building materials is achieved; (rf) that considerations of architectural merit are not lost sight of in the pursuit of functional convenience.

### **CHAPTER VIII**

#### **FINANCIAL DUTIES AND RESPONSIBILITIES OF PUBLIC OFFICERS**

##### *Accounting Officers*

113. Officers responsible for controlling the various votes of the Estimates, as listed in the Estimates, are Accounting Officers (in most cases they are heads of department). The concept of the Accounting Officer is important. Technical knowledge of accounts is not necessary to enable the Accounting Officer to discharge himself of the responsibility which his signature implies. An Accounting Officer cannot delegate responsibility. All he can delegate is work. He assumes full responsibility for both the work which he personally performs and the work which he delegates to his subordinates. In other words, although the Accounting Officer has—and must have—accounts staff to exercise in detail functions of financial control, this in no way relieves him of any of his responsibilities. He is, in fact, held personally and pecuniarily liable to the Legislature through the Public Accounts Committee for the administration of the votes for the services under his control. If the affairs of his department or office are under discussion by the Public Accounts Committee, he appears in person to answer their questions. It is his duty to see that the votes are not over spent, any records which may be maintained by the Accountant General being, for this purpose, no more than a secondary check.

114. The Accounting Officer is personally responsible for the regularity of all payments authorized by his department or office; that is to say he is responsible for seeing that all payments made have behind them authority which can, if required, be referred to in their justification. Although this responsibility is an important one, in any well organized department or office unauthorized and irregular payments should be rare. A more important responsibility of the Accounting Officer is to ensure that the functions of the department or

office under his control are exercised on the most economical lines. This means that it is his duty to ensure that the activities of his department or office within the ambit of approved policy are carried out without waste, the monies voted to it being utilized in the best possible way. It is part of the functions of the Public Accounts Committee to draw attention to the existence of wasteful expenditure where it finds it, and the Accounting Officer must be prepared to defend himself on such charges when he appears before the Committee.

115. To sum up, therefore, the Accounting Officer is responsible: —

- (a) for the authorising of all payments from the votes or funds under his control; for furnishing his ministry, the Accountant General, the Ministry of Finance and the Principal Auditor with any information called for concerning finance, accounts
- (c) and stores;
- (d) for ensuring that the work of his department or office is carried on within the framework of approved policy, without waste;
- (e) for maintaining his departmental accounts and financial records in accordance with the detailed instructions issued by the Ministry of Finance;
- (f) for producing his financial, accounting and stores records for audit ; for arranging a system of internal checks and internal control covering all aspects of revenue and expenditure (including below-the-line transactions), cash, stores and government property within his department or office and for ensuring that it is adhered to rigidly.

116. As regards revenue and other receipts for which his department or office is responsible, the Accounting Officer is held answerable to the Legislature through the Public Accounts Committee for ensuring that the approved system of assessment and collection is carried out, that the approved revenue registers are kept and promptly posted, that appropriate action is taken in cases of arrears, and that gross revenue receipts are duly paid to the Treasury.

117. Whilst all vouchers covering payments receive an additional examination by the Accountant General's staff, and payment is effected by, or via, the latter, this in no way relieves the Accounting Officer of responsibility for his votes and it is his duty to ensure that his records of expenditure coincide with those of the Accountant General, or to report any difference.

118. Whilst the responsibilities of an Accounting Officer are set out briefly above, some supplementation is required and this is given in a formal letter from the Minister of Finance, pro-forma at the end of this Chapter.

##### *The Accountant General*

119. The Accountant General is the responsible officer of the Ministry of Finance for the accounting arrangements in all ministries and departments. His general duties are, *inter alia*: —

- (a) to see that a proper system of account is established in every ministry and department of the Government;
- (b) to see that proper arrangements are made for the safe keeping of all public moneys, stamps, securities and valuable documents;
- (c) in case of any apparent extravagance or of any apparent defect in the provision for a charge owing to the exhaustion or absence of a vote, to call the attention of the Ministry of Finance in writing to the matter;
- (d) to exercise general supervision over the receipt of public revenue and as far as possible to ensure its punctual collection; and to exercise general supervision over the expenditure and other disbursements of Government.

His particular duties are, *inter alia*—

- (i) to bring promptly to account, under the proper heads and subheads of accounts, all money, whether revenue or other receipts, paid into the Treasury or accounted for to him;
- (ii) to exercise supervision over all the officers of his department entrusted with the receipt or expenditure of public money, and over the sub-accountants, and to take precautions, by the maintenance of efficient checks, including surprise inspections, against the occurrence of fraud, embezzlement, or carelessness;
- (iii) in regard to payments made by him, to take care that no payment is made which is not covered by proper authority expressed or referred to on the voucher relating to it;
- (iv) promptly to charge in his accounts under the proper heads and subheads and accounts all disbursements of the Government, whether expenditure or other payments;
- (v) to render the accounts for audit and to prepare the Financial Statements and Returns.

120. Certain of the Accountant General's officers are entrusted with the day to day receipt, custody and disbursement of moneys on his behalf. In the Accountant General's office itself this is done by the cashier and in the districts by sub-accountants (District Officers).

#### *Sub-Accountants*

121. A sub-accountant is an officer who is entrusted with the receipt, custody and disbursement of public money and who is required to keep a cash book in the form directed by the Accountant General. A sub-accountant shall furnish a copy of this cash book, as required by the Accountant General, fully supported by vouchers to be embodied in the Government's final accounts.

#### *Finance Officers*

122. Finance Officers are appointed to each of the main departments to serve their Accounting Officers relieving them of much of the routine work, whilst at the same time keeping up close liaison with the Ministry of Finance,

Their duties when so appointed are:—

- (a) to be financial advisers to their Accounting Officers;
- (b) to take charge of and organise the finance divisions of their departments;
- (c) to ensure the correct financing (provision of funds) of departmental policy with all safeguards against waste and loss. Should it appear that there is insufficient provision in any subhead to meet current or future needs he shall immediately draw the attention of the Accounting Officer to this matter so that the necessary application for additional provision is submitted to the Ministry of Finance;
- (d) to ensure that public revenue is collected promptly and properly accounted for;
- (e) to ensure that all financial regulations are observed and that directives from the Ministry of Finance are implemented;
- (f) to be responsible for the maintenance of proper systems of accounts not only in headquarters but in every branch office and to make supplementary regulations for control purposes;
- (g) to exercise supervision over all officers of their departments entrusted with the receipt or expenditure of public money;

(A) to ensure that the accounts are properly kept by making personal checks and arranging other checks, including surprise inspections, to guard against irregularity and fraud. A resume of the creation of finance divisions in government departments is reproduced at the end of this Chapter.

(B) to report verified cases of carelessness or extravagance in writing to their Accounting Officers;

(C) to ensure the prompt submission of all financial returns on their due dates i.e. Estimates, Revised Estimates, Arrears of Revenue or any other returns which may be required.

#### *Revenue Collectors*

123. A revenue collector is an officer, other than a sub-accountant, who is entrusted with an official receipt or licence book for the collection of some particular form of revenue, and who is required to keep a cash book recording all moneys received and their lodgement in full.

#### *Imprest Holders*

124. An imprest is a sum of money advanced to an officer to enable him to effect payments on behalf of government which cannot be conveniently effected through the Accountant General or his sub-accountant. The officer is required to keep a cash book recording full details of all payments made and to redeem all payments at regular intervals as required by regulations.

### PRO-FORMA LETTER OF APPOINTMENT TO AN ACCOUNTING OFFICER

(to be issued annually)

Sir,

I am directed to inform you that you have been appointed the Accounting Officer for all votes and accounts to be accounted for by the .....

2. The responsibilities of an Accounting Officer are important and varied. They are set out briefly in paragraphs 1.13 to 1.18 of Chapter VIII of The Control of Public Expenditure handbook but what is said there needs to be supplemented. It will be seen that paragraph 1.13 stresses the personal responsibility of the Accounting Officer for the proper conduct of financial business. Thus, his most obvious duty is to ensure that the public funds entrusted to his care are properly safeguarded. The precise arrangements to be made will depend upon the circumstances of the department, but they should invariably include, without regard to personal considerations, independent and effective checks of cash balances in the hands of any officer.

3. It is equally part of the duty of the Accounting Officer to ensure that the funds entrusted to him are applied only to the purposes intended by the Legislature. He must satisfy himself, for instance, that any payments authorised by his department or office are both within the ambit of the vote and also covered by specific statutory authority where necessary; and that the approval of the Legislature has been sought, by way of a Supplementary Estimate or otherwise, in all cases where it is appropriate to do so, e.g. in connection with a service not contemplated when the original estimate of the department or office was drawn up. The Accounting Officer is answerable to the Public Accounts Committee for the formal regularity and propriety, in the senses described above, of all the expenditure out of the votes for which he is responsible. Similarly he is expected to ensure that adequate machinery exists for the due collection and bringing to account of all receipts of any kind connected with the votes and revenue heads under his control.



4. If any questions are raised concerning the propriety of a particular payment, the Public Accounts Committee may seek the views of the Ministry of Finance; and they will normally wish to know whether the Ministry of Finance was consulted. On all technical matters affecting the accounts, and on any matters touching the propriety and regularity of transactions, the officers of the Ministry of Finance are available to be consulted; and it is an important part of their duties to give advice on such questions. The Accounting Officer should, therefore, regard it as part of his responsibility to ensure that before his department or office enters into any transaction the regularity of which may be called in question, the advice of the Ministry of Finance is sought. The advice of the Ministry, however, does not absolve him from his (former) responsibility as Accounting Officer; and he should, therefore, also make sure that any issue of sufficient importance to call in question that responsibility should be brought to his personal attention, even though the advice of the Ministry of Finance may already have been obtained.

5. The above paragraphs set out the duties of an Accounting Officer in regard to accounting for the regularity of expenditure from his votes and the avoidance of misappropriation in the strict sense—matters which are capable of formal definition. It should be emphasized that any dereliction of duty in this respect may lead to a recommendation by the Public Accounts Committee that expenditure already incurred should be disallowed. If this should happen, the doctrine of personal accountability means in theory—and it has been known to happen in practice—that the Accounting Officer is liable to have to defray the expenditure from his own purse. It is for this reason that as will be seen in paragraph 9 of this letter, a recognised procedure has been developed to protect an Accounting Officer should he be over-ruled by his Minister in a matter which may lay him open to a financial penalty. In other words, the duties of an Accounting Officer are far from being merely procedural, recounted here simply for the sake of form. They form an integral and important part of his practical day-to-day responsibilities.

6. In fact, these practical duties are embraced in a much wider conception of an Accounting Officer's responsibilities, which springs from the basic conception underlying government financial procedure and organisation. This is that due regard can never be paid to financial considerations if finance and administration are divorced, and finance is kept separate from other matters which enter into public decisions, it is basic to all government activity that finance is regarded as an essential element to the consideration of policy questions from the outset; and the administrative head of department must make sure, as a prerequisite of efficient and economical administration, that financial considerations are taken into account at all stages by his department or office in framing and reaching decisions of policy, and in their execution. It is for this reason that it is the general rule that the head of the department is the Accounting Officer: the Accounting Officer must be prepared to answer for the efficient and economical conduct of the department as a whole, and the only officer who is in a position to do that is its head.

7. As part of this general conception, the Principal Auditor is specifically encouraged to bring to the notice of the Public Accounts Committee any cases of apparent waste and extravagant administration; and this Committee expects the Accounting Officer to satisfy them that the policy approved by the Legislature has been carried out with due regard to economy, and to furnish them with explanations of any examples to the contrary to which their attention has been drawn.

8. From this description of the duties of an Accounting Officer, it will be clear that the head of a department or office has ultimate responsibility over a wide field; and that this overall responsibility clearly cannot be carried out unless he is supported by a sound organisation which permits of proper delegation of duties. For this reason it is one of his chief duties to make sure that the department or office is organised and staffed on sound lines. In particular, he should pay special attention to the organisation and staffing of both the financial and other branches of the department or office, and should encourage the closest liaison between them; for these branches have a particular responsibility on his behalf for seeing that there is a proper use of the public funds with which the department or office is entrusted.

9. This letter would not be complete without reference to two further points. It may sometimes happen that an Accounting Officer disagrees with his Minister upon a matter of importance affecting the financial administration of his department or office. In the first place, the Minister may seek to insist upon implementing policy in a manner which the Accounting Officer regards as entailing expenditure on a scale, or in a direction, which could lay him open to criticism. While it is, of course, the duty of an Accounting Officer in the last resort to obey any instruction given to him by his Minister, it is nonetheless his duty, as has already been stressed, to do everything in his power to see that the administration of his department or office is carried on with efficiency and economy. He should, therefore, not hesitate to represent his objection to any course of action which he regards as inconsistent with that duty, and to put on record his disagreement with any decision which he may find difficulty in defending, as a measure of prudent administration, before the Public Accounts Committee. Having done so, he must nevertheless, if the Minister adheres to his decision, accept it; in which case he should support his defence of the action taken, if need should arise, by reference to the policy ruling given by his Minister.

This assumes, of course, that the instruction given is not in conflict with any law, for example, an instruction to build a new airfield from the Public Works Annually Recurrent provision for "airfield" or an instruction to build a bridge across the Belize River when there is no vote for this purpose under the Public Works Non-Recurrent head or an instruction to continue the agricultural extension programme when funds so far provided have been fully committed or spent would be illegal; and the Accounting Officer could not carry out the instruction or authorise payment vouchers therefor, nor could the Treasury pay such vouchers if they were presented.

10. Alternatively, the matter which is the subject of the Accounting Officer's protest may be one which involves his personal liability on a question of formal regularity or propriety. In that case he should (as indicated in paragraph 5) act on the lines which have been recognised as appropriate in such circumstances—i.e. he should, not only set out his objection to the proposed expenditure, and his ground for it, in writing but he should only make the payment upon a written instruction from his Minister over-ruling the objection. Finally, after making such a payment, he should inform the Ministry of Finance of the circumstances and should send copies of the papers to the Principal Auditor. Provided that this procedure has been faithfully followed—but only on this condition—the Public Accounts Committee will no doubt acquit him of any personal responsibility for the expenditure.

11. The second matter concerns the relationship between the Accounting Officer and the Ministry of Finance. Attention has already been drawn to the role of the Ministry in advising upon technical matters. It only remains to add, without prejudice to the personal responsibility of the head of a department or office for the efficient conduct of his own administration, that the Ministry of Finance may often be able, by reason of its central coordinating position, to give helpful advice in the exercise of that responsibility in its widest aspects. It is, indeed, an essential part of the present-day conception of government organisation that there should be the closest contact and co-operation at all levels between departments or offices and the Ministry of Finance. An Accounting Officer is therefore encouraged, and should encourage his own subordinates, to make the fullest use of this right of consultation. Provided that he does so, and provided finally that, over the whole field of his duties as they have been set out in this letter of appointment, he does not fail in a due exercise of his own common sense and administrative experience, an Accounting Officer will be considered to have discharged himself of his responsibility.

I am,

Sir,

Your obedient servant,

Financial Secretary

## RESUME OF THE CREATION OF FINANCE DIVISIONS IN GOVERNMENT DEPARTMENTS

(The creation of finance divisions was approved by Executive Council in December 1963. In doing so it recognised that, while the aim is to establish finance divisions in major departments, this cannot be achieved overnight due to a shortage of trained personnel.)

The purpose of this circular note is to describe the place which finance divisions shall play in the machinery of government. By way of introduction, however, the main object of this change is to promote greater efficiency in the working of the Administration, and that in two ways—

(a) by relieving heads of departments of a very large amount of routine work. They will have by their sides trained Finance Officers specialising exclusively in financial and stores matters, who will be subject to independent supervision by the Ministry of Finance, "in his situation, while not relieving heads of departments of the ultimate responsibility for these matters (that responsibility will continue unimpaired), will enable them to delegate a very significant amount of routine work, thus leaving them freer to concentrate on their technical tasks;

(b) by improving the system of control of public expenditure and stores. In future these matters will be administered by specially trained individuals having direct links with the Ministry of Finance, operating a clearly defined set of instructions, and using methods which will be uniform for all departments.

2. The finance divisions shall in practice be the means whereby the system of control of public expenditure described in The Control of Public Expenditure handbook shall be implemented. This would have happened even if the finance divisions had not been instituted; with their introduction the saving of time and energy for the senior technical officers of departments should be very significant, and it is to be hoped that this saving will lead directly to a considerable stepping up of the tempo of execution of the substantive work of departments, both recurrent and capital.

### *Organization of finance Division*

3. The first task of a newly appointed Finance Officer will be to organise the finance division. In doing so he will be working with the guidance of the Ministry of Finance, the Accountant General's Department and the Audit Department. In carrying out the reorganisation through he will inevitably come into conflict with previous methods, and perhaps with personalities. His task will not be an easy one, and he will need all the support which can be given to him—he will certainly have the full support of the Ministry of Finance and the Cabinet.

Broadly speaking, the finance division will be divided into two branches: one dealing with financial matters and the other dealing with stores.

### *Status of Finance Officers*

4. The career prospects of all the Finance Officers (i.e. all officers designated as such) will normally lie in the financial field. While serving in a department they shall be responsible for watching the financial and stores interests of that department and will be responsible to its head for the efficient discharge of their duties. That is to say, their primary loyalty will be to its head—their task shall be to serve the interests and to administer to the needs of the department within the restrictions imposed upon them by the financial system of the government.

5. But for the purposes of promotion and discipline they will form part of the public service. Confidential reports on Finance Officers will be therefore submitted by the head of department to the Public Service Commission through the Ministry of Finance which will comment on their suitability for promotion. Their technical work will be supervised by the Accountant General. They will have close and direct links with the Ministry of Finance

which will be responsible for ensuring that the advice they give to the Accounting Officer is sound. It follows that an Accounting Officer should accept the advice of his Finance Officer on any matter within the latter's province; in particular an Accounting Officer should accept the advice of his Finance Officer on any matter touching on the expenditure of public funds which have been appropriated to his department by vote or by law. If for any reason the Accounting Officer rejects the advice of the Finance Officer, or fails to observe it, he shall signify this decision in writing to the Finance Officer, sending copies to the Principal Secretary of his ministry, the Permanent Secretary Finance, the Accountant General and the Principal Auditor. Since the Accounting Officer is responsible ultimately for all the administration of his department, the Finance Officer, in such a situation, shall be obliged to follow his instructions. This procedure will operate in the interest of an Accounting Officer, since it will be he who will account to the Public Accounts Committee for all expenditure made by his department, and it will be he who will be open to surcharge if the Committee is not satisfied that the expenditure was properly made. It follows that it is desirable for an Accounting Officer to have the backing of the Finance Officer and the Ministry of Finance,

6. It is clear from the foregoing that the Finance Officer will not be in a position to exercise a veto on operations in a department, or to interfere in any way in matters related to the general technical function of the department. Indeed, once the departmental policy intention has been laid down by the proper authority (i.e. the Minister in consultation with the head of a department) the finance Officer's job will be to see, to the best of his ability and within the structure of the government's system of financial control, that it can be and is financed. His task is solely to ensure that whatever a head of department wants to do, if it involves the spending of public funds, is done according to the financial regulations and with the maximum of economy. In other words, he performs the same function within a department as the Ministry of Finance does within the government as a whole. And just as no proposal involving the expenditure of public funds can be put to the Cabinet except with the concurrence of the Ministry of Finance, so no departmental proposals involving expenditure should be formulated except in consultation with the Finance Officer. But he, like the Ministry of Finance, is not so much concerned with the substantive nature of the proposals as with the questions: Have we the money available? If not, can it be obtained? Are the estimates accurate? Will we obtain maximum value for our money? What safeguards have we against fraud, waste and loss? Is there authority for the expenditure?

7. In order to preserve the efficiency of the Finance Officers, they will as far as possible be transferred to other departments at regular intervals. This will involve no dislocation, since all Finance Officers, in whatever department, will be operating what is basically a uniform system.

APPENDICES

APPENDIX	I	Specimen Finance Forms 1 to 15
APPENDIX	II	Specimen Memorandum of Application for Reallocation
APPENDIX	III	Notes on Keeping Vote Control Book
APPENDIX	IV	Requisition to Incur Expenditure

Finance Form I

Specimen

GOVERNMENT OF BRITISH HONDURAS

Department .....

Reference .....

Date .....

APPLICATION FOR ADDITIONAL PROVISION  
REALLOCATION/ADVANCE PROVISION ON  
ACCOUNT OF CONTINGENCIES

The Permanent Secretary Finance,

Thro' the Permanent Secretary of Ministry of .....  
I apply for the additional provision detailed below, for the reasons described in the attached memorandum,

2. \* I certify that the savings offered are available and will not be required or used for the purpose for which they wer« originally provided.

Signed .....

Title of Accounting Officer .....

Year Of Account	Head	Subhead	Provision already sanctioned			Additional Provision required	* To be re-	
			Annual Esti- mates	Approved Reallocation or Supplementary Pro*			allocated from	
				vision				
				\$	Warrant No.			Plus or minus \$

Ministry....

Reference

Date .....

Forwarded and recommended.

\* The Ministry's comments are set out in the accompanying letter ref  
dated , ....

Signed.....

Permanent Secretary  
MINISTRY

\* Delete as necessary

GOVERNMENT OF BRITISH HONDURAS

(Provisional) GENERAL WARRANT      No.      of 19

To the Accountant General

You are hereby authorised and required to pay during the financial year 1st January to 31st December, 19 , the Personal Emoluments, Pensions, Allowances and Other Charges specified in the Schedule hereto uinixed as they become due in accordance with the Laws and Financial Instructions of this Government.

2.      And for so doing, this, together with the Accounts, Certificates, and Acquittances prescribed in the said Laws and Instructions, shall be your sufficient Warrant and Discharge.

Date.....  
.....  
*Minister of Finance*

SCHEDULE

All items provided in the attached Approved Estimates of Revenue and Expenditure as passed by the House of Representatives on the      day of      19 ,  
,  
save and except the several amounts shown under the heads and subheads enumerated below which are hereby reserved subject to and until the approval of the Minister of Finance of a requisition to incur expenditure submitted by the Accounting Officer concerned.

Copy to the Principal Auditor

GOVERNMENT OF BRITISH HONDURAS

SUPPLEMENTARY ESTIMATES WARRANT

To:      No.....Of .....

The Accountant General,

You are hereby authorized and required to pay during the financial year 1st January, 19\_ to 31st December, 19 .... , Uie Personal Emoluments, Pensions, Allowances and Other Charges specified in the Schedule hereto annexed, as they become due, in accordance with the Laws and Financial Instructions of this Government.

2.      And for so doing, this, together with the Accounts, Certificates and Acquittances prescribed in the said Laws and Instructions, shall be your sufficient Warrant and Discharge.

Date.  
.....  
*Minister of Finance*

SCHEDULE

All items provided in the attached Supplementary Estimates of Expenditure Schedule as passed by the House of Representatives on the..... \_ .....

Copy to:

The Principal Auditor

GOVERNMENT OF BRITISH HONDURAS

SUPPLEMENTARY PROVISION ADVISE

(Supplementary Estimates Warrant No..... of...

To:

Copy to:

The Permanent Secretary of Ministry of,... ,.....

(Your reference.....dated....., ..

Supplementary provision «it out below has now been approved.

- 2. You are authorized to incur expenditure accordingly.

Accountant General.			
Date ..... - . .			
Year of Account	Head	Subhead	Amount \$

GOVERNMENT OF BRITISH HONDURAS

CONTINGENCIES PROVISION  
ADVANCE WARRANT

No.....of...

To:

The Accountant General,

You are hereby authorized and required to pay from Contingencies Provision during the financial year 1st January, 19 to 31st December 19 \_ the sums set out in the Schedule overleaf as they become due, in accordance with the Laws and Financial Instructions of this Government

2, And, for so doing, this together with the Accounts, Certificates and Acquittances, prescribed in the said Laws and Instructions, shall be your sufficient Warrant and Discharge.

- 3. This provision will lap?\* at the end of the current financial year.

Date \_ ..... ,..

Minister of Finance.

Copy to:

Principal Auditor.

SCHEDULE

Year of Account	M.F. File No.	Application initiated by	APPLICANT'S		MINISTER'S		Head	Subhead	Provision
			Reference	Date	Reference	Date			

GOVERNMENT OF BRITISH HONDURAS

CONTINGENCIES PROVISION ADVICE

(Contingencies Provision Warrant)

(No. \_\_\_\_\_ of \_\_\_\_\_)

To:

\_\_\_\_\_

\_\_\_\_\_

Copy to:

The Permanent Secretary of Ministry of \_\_\_\_\_

(Your reference \_\_\_\_\_ dated \_\_\_\_\_)

An "advance" provision as set out below, on account of Civil Contingencies has now been approved, pending consideration of a Supplementary Estimate. You are authorized to incur expenditure accordingly.

\_\_\_\_\_  
Accountant General.

Date \_\_\_\_\_

Year of Account	Head	Subhead	Provision

**GOVERNMENT OF BRITISH HONDURAS**

# REALLOCATION WARRANT

No. \_\_\_\_\_ of \_\_\_\_\_

**To:**

## The Accountant General

The sums set out in the Schedule overleaf are hereby reallocated in the manner shown.

2. You should now issue Finance Form 8 to the officers authorized to incur the expenditure, copies of the form being also sent to the Ministers concerned.

Signed \_\_\_\_\_  
Minister of Finance.

Date \_\_\_\_\_

**Copy to:**

*Principal Auditor.*

## SCHEDULE

[illegible]

GOVERNMENT OF BRITISH HONDURAS  
REALLOCATION   ADVICE

(Reallocation Warrant: No ..... of. ....)

To:  
-----  
-----

Copy to:

The Permanent Secretary of Ministry of .....

(Your reference .....dated,.....)

The reallocation set out below has been approved.   You are authorized to incur expenditure accordingly.

2.   Please return the duplicate copy of this Warrant, certifying that the amount (5) shown below have been recorded as reductions in your Vote Control Book (s).

*Accountant General.*

Date.

<i>Head</i>	<i>Amount</i> \$	<i>Reallocated</i>	
		<i>From Subhead</i>	<i>To Subhead</i>

To;  
  
The Accountant General,

I certify that the amount (\$): shown above have been recorded as reductions in my Vote Control Book (\$),

Signed.....

Title.....

Date,,.....

GOVERNMENT OF BRITISH HONDURAS

EXCESS EXPENDITURE

To:  
-----  
-----

Financial Year 19.....

My books have been closed.

2,   They reveal excess expenditure on the following subheads which you control.

<i>Head</i>	<i>Subhead</i>	<i>Excess Expenditure</i>

3.   Immediate action should now be taken *to* cover the excess expenditure.

Signed.....  
*Accountant General.*

Date.....



## ESTIMATES OF REVENUE DEPARTMENT

(a) Head	(b) Subhead	(c) Actual Revenue for year (last year)	19..... Estimate (Current year)		(f) Reasons for any dif- ference between (d) & (e)	(g) 19..... Estimate (forth- coming year \$	(h) Reasons for any difference between (g) & (e)
			(d) Approved \$	(e) Revised \$			

Signed.....

Title.....

Date.....

Ministry of.....

## CAPITAL BUDGET 19.....

## ESTIMATES OF EXPENDITURE HEAD

(1) Current Esti- mates Subhead No.	(2) Chapter and paragraph reference in develop- ment plan	(3) Description	(4) Approved Estimated Total Cost	(5) Actual Expendi- ture to 31.12. (Close of previous financial year)	(6) Revised Expendi- ture 19..... (Current financial year)	(7) Balance of approved Estimated Total Cost available 7-4- (5+6)	(8) Estimated Total Cost to be re- vised to	(9) Balance of approved (or proposed Revision of) Estimated Total Cost available \$	(10) Approved Estimates (Current year)	(11) Estimates 19..... (Coming financial year)		(12) Remarks
			\$	\$	\$	\$	\$	\$	\$	\$		

## NOTES:

SIGNED.....

DESIGNATION.....

DATE.....

Column 2—Refers back to latest Sessional Paper in which the Development Plan is set out in full.

Column 8—If it is not proposed to revise the Estimated Total Cost leave Column 8 blank.

If a revision in the Estimated Total Cost shown in Current Estimate has already been effected by a Reallocation Warrant or Supplementary Estimate or Contingencie. Advice, insert in column 8 the revised Estimate Total Cost approved with a reference in Column 12 to R.W. + or—\$ S.E. + \$ CA +\$

If a revision of Estimated Total Cost is now being proposed quote reference in Column 12 to where equivalent savings are to be found, or to Ministry of Finance acceptance of the proposal under paragraphs 102 and 104.

Column 9—If column 8 is blank, column 9 will be same figure as column 7. If there is a figure in column 8, column 9 will be 8—(5+6).

## REVISÉD ESTIMATES OF REVENUE 19.....

和

**Signed** \_\_\_\_\_

**Title** \_\_\_\_\_

## REVISÉD ESTIMATES OF EXPENDITURE 19

45

**Signed** \_\_\_\_\_

**Title** \_\_\_\_\_



**GOVERNMENT OF BRITISH HONDURAS**  
**RETURN OF OUTSTANDING COMMITMENTS**

from last year's votes which cannot be absorbed into the current year's provisions  
 (to be rendered to the Ministry of Finance by 31st March)

Previous Year 19				Current Year 19			
Amount Provided				Actual Outturn		Amount Provided	
Head and subhead numbers	Approved Estimate	Supplementary Estimate (+)	Reallocations (+) or (-)	Total	Spent	Approved Estimate	Commitments
6-9	7,740	160	+100	8,000	7,860	8,000	100
9-17	1,400	—	-400	1,000	850	Not repeated	140
24-9	1,250	150	—	1,400	1,280	1,200	120
							Percentage of approved estimates of outstanding commitments
							1.25 %
							100 %
							10 %
							Decision of Minister of Finance
							A
							C
							B

I certify that the above charges are all those outstanding from last year and that all have been carried forward as commitments in the 19      Vote Control Book.

Ministry of Finance Ref:

Appropriate action should be taken as indicated in the above column headed "Decision of Ministry of Finance,"  
 copy to Principal Auditor

Decision will be indicated thus:—

A—this commitment is to be absorbed in the current year's vote without supplementary provision.

B—this subhead should be reviewed by the 15th September next and an application for reallocation or supplementary provision should be submitted on Finance Form 1 to the extent to which savings cannot be found within the current year's provision to meet the additional charges involved.

C—application on Finance Form 1 should be submitted forthwith for supplementary provision or reallocation of that amount only which cannot be met by foreseeable savings in the current year's provision, or for the full amount if the subhead is not repeated in the current year's Estimates.

Accounting Officer,  
 (Signature and date)

Permanent Secretary, Ministry of Finance.

**GOVERNMENT OF BRITISH HONDURAS**

DEPARTMENTAL WARRANT NO.      OF 19

From

To

You are hereby authorized to incur expenditure during the year      of the amounts specified in the Schedule below, provided that such expenditure is made in accordance with the financial instructions of this Government.

2. Under no circumstances must expenditure be incurred in excess of the amounts stated unless an application for a further Departmental Warrant has been approved by me.

3. Copies of this Warrant have been sent to the Accountant General and Principal Auditor.

4. \* This Warrant supplements my Departmental Warrant No      of 19

Accounting Officer

Date

The Accounting Officer shall not sign this warrant until he has initialled the entry in the Vote Control Book.

**SCHEDULE**

Head	Subhead (and details of service, etc.)	Amount \$

\* To be completed where it is necessary to allocate additional funds in the same year.

## APPENDIX H

### SPECIMEN MEMORANDUM OF APPLICATION FOR REALLOCATION

#### Head 29. Public Works

Application for the reallocation of a sum of \$ from subhead 3—Travelling and Subsistence—to subhead 10—Stationery and Incidentals.

- (a) *why funds are exhausted under subhead 10:* Funds provided were in respect of normal requirements which have all been met to-date;
- (b) *why additional provision is required:* To meet cost of 200 special filing jackets (visual brand) for keeping of vote control records;
- (c) *why the need could not have been foreseen when the estimates were framed:* The supply of these special filing jackets is a recommendation of the Report of the Committee to enquire into the Organization and Methods of the Public Works Department recently published and accepted by the Cabinet and "requiring immediate implementation"
- (d) *why funds can be made available from subhead 3:* Provision had been made under this subhead for travelling of engineers resident in Belize City to inspect works in progress in the Districts. With the recent posting of an Assistant Engineer to reside in Statm Creek Town, however, less inspection from Belize City is necessary. Savings are therefore available under this subhead.

## APPENDIX III

*Instructions for keeping the Vote Control Book—see specimen I attached*

No red ink entries should be made except when credit adjustments or credit entries are made. No pencil entries should be made,

2. All the information at the top of the Vote Control Book pages should be brought forward from folio to folio.

3. Cash Vouchers and Journal Vouchers should be submitted for signature by the duly authorised officer and each entry in the Vote Control Book initialled in column 14 when the signature is put on the vouchers. On receipt of notification of Woodward Wight and Crown Agents debits and credits appropriate entries will be made in the Vote Control Book and initialled by the duly authorised officer. The initials in the Vote Control Book indicate verification of correct recording and that the "Unallocated Balance" has been noted. The duly authorised officer referred to in this and subsequent paragraphs are the Accounting Officer or the officer authorised by him under the provisions of Financial Order 352.

4. (1) The amounts of any administrative restrictions, supplementary Provision Advices or Reallocation Advices should be properly entered in the Provision Block at the top right hand corner of the page so that the total provision to date is shown, and corresponding amendments to the "Unallocated Balance" in column 13 should be effected.

(2) Similarly, the amounts of any allocation of funds received by Departmental Warrant should be promptly entered in the Provision Block at the top right hand corner of a page—a separate folio of the Vote Control Book will be kept for each subhead of expenditure for which Departmental Warrants are received.

(3) Similarly, the amounts of any allocation of funds received by Contingencies Advice should be promptly entered in the Provision Block at the top right hand corner of a page—a separate folio of the Vote Control Book will be kept for each Contingencies Advice.

*Reconciliation of the Treasury Monthly Statements with the relevant entries in the Vote Control Book.*

5. All Department Warrant Holders are required to submit to the Accounting Officer a certified list of vouchers authorised by the Departmental Warrant holder during each month, together with a simple summary of the position of funds under the Departmental Warrant. Specimens of the form which the list and the summary should take are attached (specimen I). The Departmental Warrant holder's responsibilities in the process of reconciliation are limited to the accurate and prompt rendition of the certified summary and list.

6. The Accounting Officers have all the information available in their own offices to enable a complete, simple and effective reconciliation of their votes to be carried out, viz:—

*On the one hand*

The Treasury Monthly Statement showing the date of payment, the departmental voucher number, the Treasury voucher number and amount in respect of each payment and journal voucher appearing in the Treasury books. The statement will come to you direct from the Treasury, Belize City.

*On the other hand*

All payments authorised  
(i) by the Accounting Officer as shown in the Accounting Officer's Vote Control Book  
(ii) by Departmental Warrant Holders—as shown in the certified summary and list.

7. Accounting Officers should keep a separate file jacket for each subhead;—

*On the left hand side of this file jacket*

Should be placed the copies of the Treasury Monthly statement

*On the right hand side of this file jacket*

Should be placed the certified summary and list from any Departmental Warrant holder.

The front of each of these file jackets should be standardised as per specimen I11 attached.

8. The mechanics of vote reconciliation to be carried out by Accounting Officers are:—

- (i) always work (i.e., exhaust) from the Treasury Monthly Statement to your Vote Control Book and to the certified lists from your departmental warrant holders;
- (ii) identify by departmental voucher number and amount, each entry appearing in your Vote Control Book or in the certified lists from your departmental warrant holders;
- (iii) if the entries correspond, tick the entry on the Treasury Monthly Statement and enter the month in which paid in the column so described in your Vote Control Book (column 9) or the certified lists from your departmental warrant holders e.g. "1" for January, "2" for February, etc.
- (iv) if an entry appearing in the Treasury Monthly Statement cannot be identified in your Vote Control Book or in the certified lists from your departmental warrant holders, you should contact the Treasury immediately to find out why and you should initiate and follow through whatever adjustments may be necessary;
- (v) entries in your Vote Control Book or in the certified lists from your departmental warrant holders against which the column "Month in which paid as per Treasury Monthly Statements" remains blank, represent those vouchers authorised either by you or your departmental warrant holder which for one

reason or another have not yet been cashed. Investigations should be made of any entries which have not been reflected in the Treasury Monthly Statements within two months (*La*, an entry in column 8 or 10 of your Vote Control Book dated 1st August should be investigated if it does not appear on the Treasury Monthly Statements for the months of August or September);

(vi) A reconciliation statement should then be prepared in the following form and filed in the relevant jacket:

Reconciliation Statement of payments authorised to .....  
under Head ..... Subhead .....

A. TOTAL as per Treasury Monthly Statement

B. ADD in Vote Control Book or certified lists not on Treasury Monthly Statement

Departmental Voucher No.	Amount
--------------------------	--------

C. DEDUCT in Treasury Monthly Statement not in Vote Control Book  
Treasury Voucher No.                      Amount                      Adjusted by

D.

E. TOTAL of:

(a) Running Total of Actual Payments as per Vote Control Book (column 12)

(b) Payments authorised to 31.7.64 as per summaries certified by I departmental Warrant Holders:

Departmental Warrant No.	Amount
--------------------------	--------

F.

(\*\* Totals at "D" and "P" must agree)

9. When Accounting Officer.\* are satisfied that reconciliation has been effected, the following certificate should be furnished to the Accountant General:

"I certify that the Treasury Monthly Statements submitted for you for the month of..... 19..... have been reconciled with my Vote Control Books for all the heads and subheads the control for which I am responsible as set out in page ..... of the 19..... Estimates."

This certificate is required from Accounting Officers *personally*. Vote control is the personal responsibility of the Accounting Officer listed in the Estimates.

#### *General Make-up of Vote*

10. In some cases, it is a good plan to record at the top of the page the make-up of the subhead as budgeted for—if however, the subhead is too complex to enable this to be done

11. The object of this information is to provide a ready reference when questions of changes in the general direction of expenditure on a subhead are necessary—e.g., in the sample case illustrated in the specimen, should it be decided that uniforms are not required in the year in question, then straightway it would be known that the sum of 5(50) was available for other purposes within the subhead or for reallocation to another subhead.

A clear analysis of the make-up of each subhead should be kept by the Finance Officer a separate file

12. AH expenditure including all commitments outstanding from the previous year that can be foreseen (either actual or the best estimate) will be entered at the first possible opportunity in the "Amounts Committed" column 6 thus committing the subhead with a corresponding increase in the "Running Total of Commitments Outstanding" column 11 and a corresponding reduction in the "Unallocated Balance" column 13.

13. *Departmental Warrants*—Any sums allocated by Departmental Warrant must be entered individually in the "Amounts Committed" column 6 and the entry initialled by the Accounting Officer before the warrant is signed.

14. *Woodward Wight and Crown Agents Indents*—The estimated value of all indents (i.e. cost plus freight plus 5 per cent of cost) must be entered individually in the "Amounts Committed" column 6 as soon as they are prepared and the duly authorised officer signing the indent is responsible for seeing that this has been done.

15. *Local Purchases*—An entry in column 6 should be made on preparation of the Local Purchase Order and before signature by the duly authorised officer who will verify the entry in the "Amounts Committed" column 6.

16. *Stores Requisitions involving charges to a vote-*  
be committed in column 6 at the time of requisitioning.                      -The best possible estimate must

17. *Local Transport Charges*—The best approximation for local transport must be committed in column 6 at the time of requisitioning or otherwise at the first opportunity. In the case of officers travelling by their own cars Finance Officers should suggest a monthly or quarterly sum for each officer for the approval of the Accounting Officer over which the officer must not go without prior reference to the Finance Officer who can then commit corresponding to these maximum amounts and adjust as soon as claims are required.

18. *Fuel Orders* (i)—The Accounting Officer shall commit the best estimate in column 6 on the 2nd January annually, to cover Fuel Orders to be authorised by his Department/ Ministry during the year and shall review this commitment at least monthly, against payments authorised and Fuel Orders issued but not claimed for by the Oil Company, to ensure that the amount committed is adequate to meet all payments to be authorised to the end of the year. The Accounting Officer will be responsible for setting limits to the value of fuel orders which fuel controlling officers must not exceed in any one month.

(ii) *Alternatively*—where fuel is purchased from funds provided in a Departmental Warrant instead of from a central allocation, arrangements may be made for fuel controlling officers to send to the Departmental Warrant Holder within twenty four hours copies of all fuel orders issued. The Departmental Holder will immediately enter the value of the Orders placed as commitments in column 6, increase the figure in column 11, and reduce the unallocated balance in column 13 accordingly.

(iii) As soon as possible (hereafter but in any case at least once a week the Departmental Warrant Holder will prepare a detailed list in the form of Specimen IV of all fuel orders re-

ceived, check the list against column 6 to ensure that all commitments have been listed, and enter the total of the list as a payment in column 8, reducing column 11 and increasing column 12 accordingly. The Departmental Warrant Holder will then forward the list to the Accounting Officer. Copies of the orders are required to be kept by Departmental Warrant Holder. Copies are not required to be sent to the Accounting Officer unless specifically called for by the Accounting Officer.

O'v), The Accounting Office) will open a separate Vote Control Book sheet to be marked FUEL CONTROL, and on receipt of each list will enter the total shown on the list in red ink in column 6 with corresponding increases in column 11 (in red) and column 13 (in black).

(v). When payment is made ix> the oil company in accordance with paragraph 31, entries will be made in column Ji(black) with a corresponding increase in column 12(black) and a decrease in column 13(blac'ii).

(vi). No change will be madt: in the figure in column 11 when a payment is authorised, the same figure from the previous line being brought down in red. In this way column 12 plus column 13 (both in black) will always equal column 11 (red).

(vH). In forwarding the momhly Ust required under paragraph 5 the Departmental Warrant Holder will include the iota! of the list as entered in column 8, showing nothing in the column "Dept'l Vo. No." a ad the word "Fuel" in the column "For use by Accounting Officer... \_ ..... HS per Treasury Monthly Statement."

19. *Persona! Emoluments*—At the opening of the financial year, on the 1st of January the amount of Personal Emoluments of all officers actually filling posts on the 1st of January should be entered in the "Amounts Committed" column 6 in the "Running Total of Com mitments Outstanding" column 11. The "Unallocated Balance" column 13 will therefore represent the value of those-Personal Emoluments posts for which vacancies exist and should be supported by a detailed list oi' the salaries and posts involved. Columns 6, 11 and 13 should be modified as and when changes occur in the establishment, for example:—

- (1) one clerical officer at \$2,280 replaced by one clerical officer at \$2,760 wttTmean a reduction in column 13 and an increase in columns 6 and 11 of \$480;
- (2) if a vacancy existing on 1.1.64 at \$5,460 per annum is filled on 1.7.64 at the same rate, column 1 "I should be reduced and column 6 and 11 increased by the sum of \$2,730.

#### *How to Commit*

20. For all commitments—ihc amount committed should be prefixed with a number—say 1,2,3, etc.,—the corresponding payments in column 8 should be similarly prefixed when they are entered.

21. In the case of Woodward Wight and Crown Agents Indents the method to be followed is as set out as paragraph 14 above and paragraphs 27 to 30 below,

#### *Setting Off of amounts paid against amounts committed*

22. On submission of any pa vrnent voucher and journal voucher for the duly author ised officer's signature, at payment or acceptance stage, it should be ascertained whether or not it refers to an amount commit led.

23. If it does refer to an amount committed and if the amount committed exceeds the amount to be paid and if the commitment remains not completely fulfilled the sum payable will be entered in column H "Payments against amounts committed" with a corres ponding reduction in the total coulnrn 11 "Running Total of commitments outstanding" and with a corresponding increase in the "Running total of actual payments" in column 12.

24. If it does refer to an amount committed and if the amount committed exceeds the amount to be paid and if the commitment is then completely fulfilled the sum payable wilJ be entered in column 8 "Payments against amounts committed" with a corresponding reduction in column 11 "Running total of commitments outstanding" and corresponding increase in the "Running Total of actual payments" in column 12. The difference between the amount committed and the sum payable will be entered in red prefixed by N.P. (for not paid) on the next line of column 8 with a corresponding reduction in the "Running Total of commitments outstanding" in column 11 and a corresponding increase in the "Unallocated Balance" in column 13.

25. If it does refer to an umount committed and if it exceeds the amount committed (or the balance remaining of the amount originally committed if there have been previous payments against the amount originally committed) the amount committed (or the balance remaining committed) will be intered in column 8 (with a corresponding reduction in the "Running Total of commitments outstanding" in column 11 and a corresponding increase in the "Running total of actual payments" in column 12), and the difference between the sum payable and the amount committed (or the balance remaining committed) will be entered in column 10 "Payments of amounts not committed" (with a corresponding increase in the "Running total of actual payments" in column 12 and a corresponding reduction in the "Unallocated Balance" in column 13).

26. If it does not refer to an amount committed the sum payable will be entered in column JO with a corresponding increase in the "Running total of actual payments" in column 12 and a corresponding reduction in the "Unallocated Balance" in column 13. In all such cases, consideration should be given to the possibility of committing such amounts in future.

#### *Setting Off of Woodward Wight and Crown Agents charges against amounts committed.*

27. A separate file will kept for each indent.

28. A copy of the indent will be filed inside the left hand cover of the file (nothing else will be filed on the inside of the left hand cover); all correspondence including copies of invoices, bills of lading and airway bills relating to the indent will be filed inside the right hand cover of the file.

29. On receipt of advice copies of invoices, bills of lading or airway bills the amounts shown thereon should be compared with the amount allowed and committed on the indent for the particular item. If it appears that the amount originally committed will be insufficient by more than five per cent an additional commitment of a realistic amount should be made immediately and a note made on the indent. Similarly where it can be foreseen that there will be savings on an indent of more than five per cent the estimated amount may be de-committed by an entry in the Vote Control Book as follows "Anticipated savings on Indent No. " and showing the amount as a red ink figure in the "Amounts Committed" in column 6 (with the original prefix number) with a corresponding reduction in the "Running total of commitments Outstanding" in column 11 and a corresponding increase in the "Unallocated Balance" in column 13.

30. On receipt of the debit notes from the Treasury the particulars, especially the amount, will be identified in the relevant invoice or bill of lading. The amount charged will then be entered in the appropriate sheet of the Vote Control Book as a payment against "Amounts Committed" in the column 8 with a corresponding decrease in the "Running Total of Commitments Outstanding" in column 11 and a corresponding increase in the "Running total of actual payments" in column 12. in other words the procedure will be similar to that outlined in paragraphs 24 and 25 above,

(Paragraph 5)

Head and Subhead

To: (Accounting Officer)

I certify that the position under Departmental Warrant No .....  
as at (say) 31st July 1964 of the above Head and Subhead was

Amount of Warrant

\$.....

Less payments authorized to 31, 7.64 i.e. the figure appearing in  
column 12 of my Vote Control Book

\$ -----

Less outstanding commitments i.e. the figure appearing in  
column 11 of my Vote Control Book

\$ -----

Unallocated balance at 31,7,64 i.e. the figure appearing in column  
13 of my Vote Control Book

\$ -----

I further certify that the following *list* of vouchers totaling \$ was  
authorized by me during the period 1st July to 31st July 1964.

-----  
*Signature of Departmental Warrant Holder.*

Departmental  
Voucher No.

Amount

*for use by Accounting  
Officer to show months  
in which paid as per Treasury  
Monthly Statement.*

*Note:* (i) Continue list of vouchers over leaf if required.

(ii) Copies of vouchers are required to be kept by the Departmental Warrant  
Holders. Copies are not required to be sent to the Accounting Officer unless  
specifically called for by the Accounting Officer.

Departmental  
Voucher No.

Amount

*For use by Accounting **Officer**  
to show month iri which paid as  
per Treasury Monthly State  
ments.*