

**CIRCULAR NO. 5 /2013**

**From:** Financial Secretary,  
Ministry of Finance, the Economy and Public Administration

**To:** All Permanent Secretaries, Heads of Department/Division/Unit

**Cc:** All Ministers of Government

**Date:** 26<sup>th</sup> March 2013

**Ref:** FIN 22/1A

**Subject:** **Procurement Procedure – Capital Expenditure**

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MINISTRY OF FINANCE  
AND PUBLIC ADMINISTRATION

MAR 27 2013

*Jamal*  
27-03-13  
Blow file to PS

Since September 2011, all commitments for goods and services have been entered into the Government Information and Financial Management (FreeBalance) System in an effort to improve management and control of recurrent expenditure. Starting in April 2013, Capital Expenditure will be managed and monitored using the same Commitment/Obligation procedure that is used for recurrent expenditure. For Capital Obligations the process will be as follows:

**1.1 MINISTRIES IN COMPLEX**

- Departments prepare Request to Incur Expenditure (RIE) as a request for a portion of the project funds as identified in their PSIP submissions
- The Departments are required to attach a copy of the project phasing and disbursement schedules to the RIE
- Once approved by the Office of the Financial Secretary, the RIE will be returned to the relevant Ministry/Department at which point the commitment/obligation process may commence in accordance with the approved project plan
- Departments will approach the proposed supplier to get a quotation or pro forma invoice for the good/service related to the specific project phase
- Write the coding block on the pro forma/quotation
- Submit the completed quote to the Ministry Headquarters
- Accounting Officer at Ministry Headquarters enters obligation into FreeBalance and note the Oblig# on the RIE and Pro forma Invoice
- Accounting Supervisor at the Ministry Headquarters approves using approval 2
- Print Com./Oblig. List by Com./Oblig. # for the Comm./Oblig that have been entered. Print one report per procurement.
- This report is to be submitted to the Research Department at the Ministry of Finance.
- The request will be vetted by the Development Planning Unit to ensure consistency with the Department's PSIP submission.
- Once it is verified by the Development Planning Unit, the Com./Oblig. report will then be approved by the Financial Secretary or designate.
- The stamp of the Financial Secretary and a signature on the Commit/Oblig report will be evidence of approval.
- Stamped report can be shown to vendor as proof of procurement approval
- Once Invoice received enter in expense voucher screen as currently obtains except that:

- report sent to vendor as proof of procurement approval
- Once Invoice received enter in expense voucher screen as currently obtains except that:
    - Instead of entering a coding block, click on the 'Obl' drop down arrow & select the Obligation that relates to this invoice
    - The coding block on the obligation will automatically be defaulted
    - Change the amount in the amount field to reflect the amount on the invoice
  - When submitting the minute to Treasury attach the approved Commit./Oblig report with the Minute, Invoice and LPO

## 1.2 MINISTRY HQ WITHOUT FREEBALANCE ACCESS

- Same as above except that entries will be made at the Kiosk or Research Department at the Ministry of Finance.

Note: If an obligation is not in system the voucher should be rejected and returned to the department.

When submitting their Com./Oblig reports to the Research Department, Ministries and Departments are requested to separate the Recurrent Expenditure reports from their Capital Expenditure reports.

This procedure for entering Capital expenditure in the FreeBalance system takes effect from **Tuesday April 2 2013**. Ministries/Departments are advised to please contact the IFMS Help Desk at the Ministry of Finance should they experience a challenge in respect of this process.

All Ministries and Departments are advised that they must remain within their monthly budgetary allocations. Also, in light of the ongoing fiscal challenges, budgetary allocations will be reviewed from time to time and adjustments made as necessary to ensure expenditure remains in line with available revenue.

Your continued support and cooperation are anticipated.



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FINANCIAL SECRETARY

**Sample MINUTE**

**From:** Permanent Secretary, Ministry of Sample

**To:** Financial Secretary, Ministry of Finance, the Economy and Public Administration

**Date:** 30 March 2010

**Ref:** MS/XYZ

**Re: Permission to Acquire Goods/Services**

Further to Circular No. 11 of 2010, permission is hereby sought to acquire the goods/services as follows:

Name of Merchant/Contractor:	ACME Ltd.
Invoice No./Purchase Order No.	00123
Invoice date/Purchase Order Date:	17 <sup>th</sup> March 2010

Payment will be made from:

**Head:**

**Programme:**

**Activity:**

**Code:**

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**Permanent Secretary**