



TREASURY CIRCULAR

To: All Chief Executive Officers
From: Chief Executive Officer for Finance and National Planning

Reference No.: 15/23/571

Date: 19/09/2014

Reference to our last Treasury Circular dated 5th September 2014, our new initiative of providing further instructions and guidance on certain financial management matters will be a continual process therefore you may find more than one or two Treasury Circulars per month. Hence, please find attached our second guidance notes on budget matters, for information and compliance:

- 1. Budget Guidance (Reference No.BG_2_VBI_2014-15)**
- *Various Budget Issues*

I thank you in advance for your kind cooperation.

For any queries, please do not hesitate to contact the address provided in the guidance note.

Malo 'Aupito,

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Tatafu Moeaki
Chief Executive Officer





MINISTRY OF FINANCE AND NATIONAL PLANNING
Government of Tonga

Budget Guidance

Various Budget Issues

Access to information

Government

FFD Reference Number

BG_2_VBI_2014-15

Issued and effective

Immediately

Content

Guidance on various budget issues

Applicable to

Chief Executive Officers and staff of accounts/budget divisions of all Ministries, Departments, and Agencies

Issuer

Chief Executive Officer for Finance and National Planning
Ministry of Finance and National Planning

SECTION I - PURPOSE AND APPLICATION

1. The Guidance is to provide more detailed instructions on various budget issues that are critical to the prudential management of MDA's limited budget envelopes.
2. The Guidance applies to Government MDAs.

SECTION II - DEFINITIONS

1. **Contingency Fund:** as stipulated in the PFMA
2. **Effective Date:** the date as of which the Guidance enters into effect.
3. **MDAs:** Ministries/Departments/Agencies.
4. **MOFNP :** Ministry of Finance and National Planning.

SECTION III - SCOPE

1. **Background and General Explanation of the Guidance**
 - a. MOFNP is embarking on a standardization exercise between budget sub-programs and organizational divisions in corporate planning as part of its attempt to cost the plan. To achieve this, controls on transfers between budget sub-programs are needed to be put in place immediately.
 - b. Other expenditure controls are also being mentioned for prudence given the limited budget envelopes of MDAs.

SECTION IV - GUIDANCE

1. CONTROL ON TRANSFERS

To check for accuracy and controls on transfer between sub-programs, the endorsement of the Budget Division must be obtained before processing by Treasury Division.

2. Recruitment of Daily Paid Labourers/Contract Staffs

The following criteria are to be observed when recruiting daily paid labourers or contract staffs;

- a. Funding must be confirmed from Budget Division prior to any recruitment taking place.
- b. Recruitment that occurs with no prior funding confirmation from Budget Division will be rejected from Treasury Division.
- c. Daily paid staffs are to be paid out only from vote *1011* of MDAs.

3. Fuel intake per vehicle (1302)

- a. MDAs are to maintain the 40 litres per week per vehicle of fuel intake.
- b. Only Ministerial vehicles are allowed a fuel intake of 50 litres per week.

4. PAYE exemptions

PAYE exemptions are not allowed unless specifically indicated in the contract/MOU.

5. Uniform Vote (1408)

The uniform vote is only to be utilised by the following Ministries:

- 1. Ministry of Police, Fire and Prisons
- 2. His Majesty's Armed Forces
- 3. Customs Division of the Ministry of Revenue and Customs
- 4. Quarantine Division of the Ministry of Agriculture, Fisheries, Forestry and Food
- 5. Ministry of Health (nurses and specialists only)
- 6. VIP drivers of all MDAs

For all other MDAs, staff uniforms are the responsibility of each staff and are not to be borne from Government budget.

6. Unbudgeted Requests

- a. All unbudgeted requests are to be directed to the CEO copied to the Budget Division.
- b. All requests will be strictly scrutinised and to be considered for funding according to priorities identified in the Budget Strategy, Corporate Plan and Annual Management Plan.

7. Contingency Fund

Request for further budget funding from the Contingency Fund is strictly limited for emergency purposes and are only accessible in the last quarter of the Financial Year.

SECTION V – EFFECTIVE DATE

- 1. **Effective Date.** The Guidance is effective immediately.

SECTION VI – ISSUER

The Issuer of this Guidance is the Chief Executive Officer for Finance and National Planning.

SECTION VI – CONTACT AND ACCESS

- 1. **Contact.** For questions relating to this Guidance, please contact the MOFNP Budget Team at budget@finance.gov.to or MOFNP Treasury Team at treasury@finance.gov.to .
- 2. **Access.** The Guidance can also be accessed at <http://www.finance.gov.to/publications/treasury-circulars/index.html>

SECTION VII – RELATED DOCUMENTS

- 1. Public Finance Management Act 2002.
- 2. Treasury Instructions 2010.