



MINISTRY OF ECONOMY

MEMORANDUM

From: Permanent Secretary for Economy

Phone: 330 7011

To: As per Distribution List

Date: 20 May 2021

Subject: Administration of Cash Grants and Grant Agreements

File Ref: 110/18/3

1. This memorandum serves to inform the role of Government agencies in the management of Official Development Assistance (ODA) received from Development Partners, and also highlights the essential processes that must be adhered to in accessing cash grants in a timely and coordinated manner.
2. Non-compliance issues have been continuously identified in signing of grant agreements and in submissions received from various agencies requesting for release of unbudgeted (ad-hoc) cash grants. This Memorandum will also address such matters so that Government agencies are better aware of the correct processes for future engagements.
3. The Ministry of Economy (MoE), being the central agency for managing Government finances, is mandated to lead, administer, coordinate and monitor all forms of ODA received by the Fijian Government. MoE is also responsible for providing financial and policy support to Whole of Government (WoG) in the administration of development finance relating to bilateral and multilateral support.
4. The two key forms in which ODA is received by the Fijian Government are cash grants and Aid-In-Kind (AIK). Cash grants refer to financial inflows received in the Fijian Government bank accounts. AIK consists of various forms of support such as technical assistance, volunteer schemes, scholarship programs, trainings, equipment and other commodities.
5. Cash grants are further classified as budgeted cash grants and unbudgeted (ad-hoc) cash grants. Budgeted cash grants are predetermined and incorporated in the Fijian Government National Budget whereas unbudgeted (ad-hoc) cash grants are not predetermined and are received from development partners within the fiscal year on a need basis.
6. Recipient agencies must ensure that development partners are correctly advised that cash grants must be deposited into the Fijian Government Consolidated Funds Account (CFA). Cash grants remitted from overseas must be deposited directly to the Fiji Government Central Bank account that is held with the Reserve Bank of Fiji. On the other hand, cash grants from local development partners must be deposited in any CFA held with local commercial banks. Should this not be adhered to, recipient agencies will be in violation of Section 10 of the Financial Management Act 2004, and immediate corrective measures will be taken by the Ministry of Economy.

7. Whilst Government agencies liaise directly with development partners, consultations must be held concurrently with MoE regarding financial aspects of grant funding and agreements. Lack of consultations has resulted in agencies failing to comply with financial regulations and breaching mandatory processes that have affected timely administration and implementation of donor funded projects.
8. It is imperative to emphasise on the need for line agencies to work in collaboration with MoE in order to make informed decisions, and to enable better administration and monitoring of development assistance.
9. MoE has noted instances where cash grants have been utilised outside the scope of grant agreements that were not initially agreed with development partners. We have noted instances where cash grants received for projects have been utilised for other purposes such as payment of per-diems, travel allowances and airfare tickets, all of which were not stipulated in the grant agreement. Should this be identified, surcharges will apply to officers approving these payments.
10. It has also been identified that agencies do not have in place contract agreements with suppliers, particularly where grant funds were provided for procurement of goods and services. As such, once funds were released, recipient agencies had used cash grants haphazardly or failed to achieve the objective for which funds were provided by development partners. Hence, future cash grants will only be released once contract agreements are in place with suppliers that must be vetted by the Office of the Solicitor General.
11. MoE has also noted instances where operational budget allocations are being utilised to carry out development partner funded projects and subsequently regularising expenditure through reimbursements. As such, this practice must be stopped.
12. MoE strongly emphasises that the following instructions must be strictly adhered to during the process of finalising grant agreements, and for the overall effective management of cash grants:
 - i. All request for release of unbudgeted (ad-hoc) cash grants must be submitted via an official Memorandum from the line Ministry outlining details of the release;
 - ii. Prior to execution and signing of any grant agreement, agencies must ensure that the agreements are vetted by the Office of the Solicitor General and approval/endorsement has been attained from Cabinet;
 - iii. Extensions to the grant agreement must also be vetted by the Office of the Solicitor General, and Cabinet endorsement to be attained if required, prior to signing. All extensions to the grant agreement must be communicated to MoE;
 - iv. Cash grants must only be utilised as per the agreed terms with development partners and within the scope of grant agreements;
 - v. Agreements with suppliers must also be executed should the cash grant be provided for procurement of goods and services or for engaging technical expertise. These agreements must also be vetted by the Office of the Solicitor General prior to signing;
 - vi. Procurement regulations must be well adhered to at all times. Any procurement below FJ\$50,000.00 must ensure that at least three (3) competitive quotations are sought and

sufficient reasoning is provided for engaging a selected supplier with relevant approvals. Similarly, any procurement above FJ\$50,000.00 must ensure that Government Tender Board (GTB) approval has been attained. Pro-forma invoices must also be submitted as required;

- vii. Agencies must ensure that procurement is not artificially split to circumvent the need to obtain approvals of the GTB. Surcharges will apply if this is identified;
 - viii. Realistic work plans, detailed budget estimates and timelines for deliverables must be in place and documented as per discussions with development partners. Workplans must be aligned with the overall requirements of the grant agreements;
 - ix. Recipient agencies must ensure that official records such as payment vouchers, correspondences, emails and other documentation for utilisation of grant funds are well maintained for verification and audit purposes;
 - x. Progressive financial reports, reconciliations, budgets as well as comparative statements on budget and actuals must be provided for all funded projects;
 - xi. Agencies must ensure that expenses are not duplicated in different acquittal reports and proper reconciliation of all acquittal reports must be maintained;
 - xii. Should development partners provide cash grants in tranches, acquittal reports and supporting documentation must be provided to MoE prior to the release of new tranches;
 - xiii. Expenditure incurred must be correctly recorded to reflect project expenses as either VAT exclusive or VAT inclusive. Inconsistent recording of expenditure has been commonly noted. Therefore, the recipient Ministry must identify the correct method of recording expenses in accordance with the underlying grant agreement. The method of recording expenditure must be also be kept consistent throughout the project;
 - xiv. SLG840102 accounts to which cash grants are to be released must be active with correct account descriptions. Separate and distinct SLG accounts must be kept for each individual project for proper tracking of cash grants released for a particular project. General rule of thumb dictates that existing SLG840102 accounts can be used if no funding was released in the said allocation for at least two prior financial periods;
 - xv. Upon release of cash grants, should the Ministry fail to utilise these balances within two months from the date of release, the SLG840102 accounts will be deactivated unless sufficient reasoning is provided for funds not being utilised; and
 - xvi. Refunds to donor partners for unutilised amounts are to be facilitated by the respective recipient Ministry in consultation with MoE.
13. Recipient agencies must ensure that release requests for unbudgeted (ad-hoc) cash grants must be submitted to MoE at the earliest or as soon as funds are received and well before due dates of any specified deliverables. This will allow sufficient time for assessments and processing of submissions.
14. Attached is the revised checklist for release of unbudgeted (ad-hoc) cash grants which stipulates mandatory information that must be incorporated in the submission to MoE. It is mandatory that Government agencies use the updated checklist going forward. Should the agencies fail to meet the requirements of the updated checklist, the requests will be returned for further consideration.

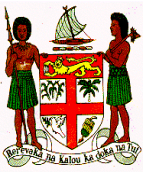
15. Carryover of cash grants will only be applicable for projects that have implementation periods of more than one financial year, or where the agreement commencement and conclusion dates fall within two different financial periods. It is the responsibility of the recipient Ministry to ensure that cash grants are utilised within the financial year it is released and to avoid unnecessary carry over due to inadequate planning.
16. Transparency and accountability are paramount in ensuring that cash grants are accurately recorded. It is the responsibility of the recipient Ministry to ensure that documentation and records are maintained for at least six (6) years and should be accessed as required for audits or related queries.
17. With the approaching closure of the financial period, all submissions for release of unbudgeted (ad-hoc) cash grants are to be submitted by no later than **5 June 2021**.
18. Moreover, submission of acquittal reports, reconciliations and supporting payment documents for all unbudgeted (ad-hoc) cash grants that has been released in the current financial year must be provided by no later than **10 June 2021**.
19. For any further clarification in relation to the above, please do not hesitate to contact, Mr. Kris Singh on kris.singh@economy.gov.fj or Mr. Penioni Kuinikoro on penioni.kuinikoro@economy.gov.fj or telephone 322 1285.

Thank you.



Shiri Gounder
Acting Permanent Secretary for Economy

Enclosure: i) Checklist for release of unbudgeted (ad-hoc) cash grants.



MINISTRY OF ECONOMY

CHECKLIST FOR RELEASE OF AD-HOC (UNBUDGETED) DONOR FUNDS

MINISTRY:

PROGRAMME/PROJECT:

DEVELOPMENT PARTNER:

SECTION 1 – DONOR PROJECT/PROGRAMME REQUEST DETAILS

Particulars	Mandatory Additional Documents	Attachments
Covering Memorandum from Ministry/Departments	<input type="checkbox"/> Purpose and details of release request <input type="checkbox"/> Project Details <input type="checkbox"/> Donor Agency and amount received <input type="checkbox"/> Grant Agreement execution date and expiry date <input type="checkbox"/> Outputs/Deliverables of the Programme/Project <input type="checkbox"/> Alignment to Strategic and Corporate Plans <input type="checkbox"/> Memorandum endorsed by Permanent Secretary	
Grant Agreements	<input type="checkbox"/> Grant Agreements and Subsequent Extensions <input type="checkbox"/> Memorandum of Agreement/Understanding <input type="checkbox"/> Technical Service Agreement (TSA) <input type="checkbox"/> Agreement of Performance of Work (APW) <input type="checkbox"/> Other <i>(please specify)</i>	
Procurement <i>(Relevant tender board approval and justification for selecting the supplier)</i>	<input type="checkbox"/> Government Tender Board Approval <input type="checkbox"/> Competitive Cost Analysis - Three (3) quotes <input type="checkbox"/> Supplier Contract for Procurement <input type="checkbox"/> ITC Recommendation <input type="checkbox"/> Other documentation <i>(please specify)</i>	
Vetting by the Office of the Solicitor General	<input type="checkbox"/> Vetted Grant Agreement/Extensions <input type="checkbox"/> Vetted Supplier Contract <input type="checkbox"/> Solicitor-General's comments on the vetting of Grant Agreement or Supplier Contract	
Cabinet Decision	<input type="checkbox"/> Details of Cabinet Decision: Summary of Cabinet decision and decision number provided via a memorandum to Permanent Secretary for Economy	
Work Plan <i>(must be certified true and endorsed)</i>	<input type="checkbox"/> Workplan for the activities <input type="checkbox"/> Implementation Timeframe <input type="checkbox"/> Outputs and deliverables to be achieved <i>(must be aligned to the Grant Agreement)</i>	
Budget Breakdown <i>(must be certified true and endorsed)</i>	<input type="checkbox"/> Cost of Programme/project by activities <input type="checkbox"/> Budget vs. Actual details <i>(for carryover and acquittals report purpose)</i> <input type="checkbox"/> Tax implications (VEP or VIP) reflected in the breakdown, in accordance to the Grant Agreement <input type="checkbox"/> Government Commitment or item in line Ministry's Budget	

Project Reports <i>(must be certified true and endorsed)</i>	<input type="checkbox"/> Acquittal report <input type="checkbox"/> Interim Financial Reports <input type="checkbox"/> Project Progressive Reports <input type="checkbox"/> Summary of Expenditure incurred and supporting documentations <input type="checkbox"/> Copies of receipts and Payment Vouchers <input type="checkbox"/> Reconciliation of fund utilisation (<i>for carry over funds</i>) <input type="checkbox"/> Other relevant supporting documents (<i>please specify</i>)	
SLG Account (SLG840102)	<input type="checkbox"/> SLG84 Account Number <input type="checkbox"/> Account to be Active and Correct Description	
Other Relevant Information	<input type="checkbox"/> Any resource/s outside the line Ministry required <input type="checkbox"/> Any other information	
Payment Details <ul style="list-style-type: none"> • Details of funds received. <i>(Append Remittance advise)</i> • Funds received by T/T, Bank Transfer <i>(Provide bank details if other than GCA at RBF)</i> • Provide copy of journal voucher for release of carry over funds. 	Bank Name: _____ Account Name: _____ Account Number: _____ Total Funds Received (FJ\$): _____ Total Released till date (FJ\$): _____ Total Fund to be released (FJ\$): _____ Date of Funds Received: _____	
SECTION 2 – REFUND OF UNUTILISED FUNDS		
Covering Memorandum from Ministry/Departments	<input type="checkbox"/> Reason for refund or unutilisation of funds <input type="checkbox"/> Donor Agency and amount received <input type="checkbox"/> Grant Agreement execution date and expiry date <input type="checkbox"/> Memorandum endorsed by Permanent Secretary	
Grant Agreements	<input type="checkbox"/> Grant Agreement and Subsequent Extensions <input type="checkbox"/> Memorandum of Agreement/Understanding <input type="checkbox"/> Confirmation of Agreement being vetted by Office of the Solicitor General <input type="checkbox"/> Confirmation of Cabinet Endorsement and details of Cabinet decision	
Funds Utilised till date (if applicable and utilised)	<input type="checkbox"/> Acquittal's report <input type="checkbox"/> Interim Financial Reports <input type="checkbox"/> Project Progressive Reports <input type="checkbox"/> Summary of Expenditure incurred and supporting details <input type="checkbox"/> Copies of receipts <input type="checkbox"/> Reconciliation of fund utilisation (FMIS and acquittals report)	

Payment Details <ul style="list-style-type: none"> • Details of funds received. <i>(Append Remittance advise)</i> 	Bank Name: _____ Account Name: _____ Account Number: _____ Total Funds Received (FJ\$): _____ Total Fund to be Refunded (FJ\$): _____ Total Fund Utilised till Date: _____ Total Fund Unutilised till Date: _____	
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Bank Account Details of Development Partner	<input type="checkbox"/> Official letter/correspondence confirming bank details	
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SECTION 3 - RECOMMENDATION

This request is to be submitted through the Director, Deputy Secretary (DS), or Programme Manager (PM) for recommendation. The checklist must be endorsed by two Senior Management officials.

Name: _____ Signature: _____	Position/Title: _____ Date: _____
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Endorsement (Director / Head of Section/ Deputy Secretary / Permanent Secretary)

The request is in order and I fully endorse for the release of funds from the Ministry of Economy.

Name: _____ Signature: _____	Position / Title: _____ Date: _____
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Fiji Government Central Account Bank Details:
Beneficiary Bank Account Name: Fiji Government Central Account
Beneficiary Bank Name: Reserve Bank of Fiji
Beneficiary Bank Address: Private Mail Bag, Suva, Fiji (Pratt Street, Suva)
Beneficiary Bank Account Number: 31501
Beneficiary Name: Government of Fiji (Ministry of Economy)
Beneficiary Address: c/- Ministry of Economy, Ro Lalabalavu House, Victoria Parade, Suva.
Swift ID: RBFJFJFJ
Routing ID: None

Important information that must be included:

- a. The ad-hoc request must be submitted via an **Official Memorandum** from the line Ministry outlining the details of the release.
- b. **Grant Agreements** must be authorised by the recipient Ministry and donor partner and should be valid upon submission. Any amendment, extension or termination of the grant agreement must be communicated to Ministry of Economy.
- c. **Supplier Contracts** must be endorsed by the recipient Ministry. Approved Government suppliers should be valid upon submission. Any amendment, extension or termination of the supplier contract must be communicated to Ministry of Economy.
- d. **Procurement procedures and policies** to be comprehensively followed should the funding entail procuring of goods and services. Any procurement below FJ\$50,000.00 must indicate that at least three (3) competitive quotations were sought and sufficient reasoning to be provided for engaging a selected supplier with relevant approvals. Similarly, any procurement, above \$50,000.00 must ensure that Government Tender Board approval has been attained. Pro-forma invoices must also be submitted as required.
- e. **Office of the Solicitor-General** must be consulted for the vetting of the Grant Agreements and Supplier Contract. Solicitor General comments to be included in submission.
- f. **Cabinet endorsement/approval** or summary of cabinet decision for the execution of the Grant Agreement to be shared. Under any circumstances, if the decision paper cannot be shared, details pertaining to the Agreements to be provided via official memorandum, marked to the Permanent Secretary for Economy.
- g. **Work plans and budget estimates** must provide realistic overview of the activities and outputs to be achieved for current and subsequent periods. Budget estimates and actual utilisation of funds should be in accordance with the grant agreement.
- h. **Remittance advice** to be provided to confirm receipt of ad-hoc donor funds.
- i. **Per-diem and other allowance calculations** need to be facilitated in accordance with relevant circulars and must be verified by the Ministry of Economy Training Division.
- j. **SLG840102 account** allocations must be active with correct account descriptions. It is important that only one specific account number is assigned to an individual project. SLG accounts previously used for a project must not be reused for a different project by amending of account descriptions. This will ensure accurate recording of account details and funds directed to one particular project is only reflected in the respective allocation.
- k. **Acquittals** must be submitted for ad-hoc funds utilised. Acquittal submissions need to be done at the following intervals:
 - i. End of every financial year and this must also include a copy of the journal vouchers as evidence for return of funds to Head 50.
 - ii. Any submissions for release of new tranche of ad-hoc funds for on-going projects, made within the financial year, must also include the acquittals for funds utilised.
 - iii. Should the project be completed within the financial period, a copy of the acquittal must also be provided.
 - iv. Acquittal reports must be in congruence with the postings in FMIS as per SLG account.
- l. **Budget vs. Actual** report details must be provided, to clearly identify the extent of funding used and balances currently remaining for each activity.
- m. **Release of Carryover funds** between financial periods must provide a reconciliation of tranches of funds received and utilised since inception of the project.
- n. **Project and Financial Progress reports** must also be submitted for our recording and information.