



MINISTRY OF FINANCE AND PLANNING
30 NATIONAL HEROES CIRCLE
P.O. BOX 512
KINGSTON
JAMAICA

ANY REPLY OR SUBSEQUENT REFERENCE SHOULD BE
ADDRESSED TO THE ~~JAMAICAN GOVERNMENT~~ AND THE
FOLLOWING REFERENCE NUMBER QUOTED:

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CIRCULAR NO. 9
FILE NO.1 07/11 VOL. XVII
DIVISION: PUBLIC EXPENDITURE POLICY CO-ORDINATION

Permanent Secretaries
Heads of Departments
Principal Finance Officers

Re: Opening and Closing of Bank Accounts

Permanent Secretaries, Heads of Departments and Principal Finance Officers are advised that with immediate *effect* the following must be observed when the opening and closing of bank accounts is contemplated.

Accounting Officers, Principal Receivers of Revenue, Principal Finance Officers and other Accountable Officers may, with the approval of the Financial Secretary, open and operate bank accounts for any official purpose. Such bank accounts shall be referred to as "**official bank accounts**".

Section 17. - (1) of the Financial Administration and Audit Act states that:

An accounting officer shall not open any bank account (hereinafter referred to as an "official bank account") for the lodgment of public moneys without the prior written approval of the Financial Secretary, and any such approval shall stipulate the terms and conditions under which the account shall be operated.

Therefore, Public bodies must **not** open any official bank account and then seek approval after the fact, as this is a breach of the Financial Administration and Audit Act (FAA Act).

Application for permission to operate a Bank Account

When accounting officers are applying to the Financial Secretary for permission to open and operate official bank accounts the following information must be supplied.

- Justification/need for the account.
- The proposed maximum to be held in the account.
- The name and address of the bank in which the proposed account is to be opened and operated.
- The names and posts of the permanently appointed officers recommended as signatories to the proposed account. The signatories **must not** include temporary officers or any officer who by virtue of the nature of his/her function(s) compromises the system of internal control.

The signatories must be divided into two groups, Group (A) representing the Accounting Officer or Chief Executive Officer and Group (8) representing the Principal Finance Officer, Director of Finance or Financial Controller.

- The method of signing cheques - *cheque signing machine, computer, manual or other method approved by the Financial Secretary ..*
- The type of account required - *current, term deposit, interest bearing current account or other account approved by the Financial Secretary.*
- Purpose of the account - *Recurrent, Capital, Salary, Deposit, Revenue, Project, Imprest or other purpose approved by the Financial Secretary.*
- Source of funds - *Budget, Grants from external sources, Loans or other source approved by the Financial Secretary.*

- Copy of contractual arrangements with the funding agency/partner.
- Currency of proposed account (J\$, US\$, British Pound, Euro or other currency approved by the Financial Secretary.).

Please refer to the Financial Administration and Audit Act, Instructions 6.1 & 6.2 and Regulations 21 & 22.

Project Bank Accounts

In circumstances where the proposed account relates to a project the following additional information is required.

- Period for which the account is required.
- Any other special conditions relating to the project that will impact the operation of the Bank Account.

Replacement Bank Accounts

In circumstances where the proposed account relates to the closure of an existing account the following additional information is required.

- Reasons for replacing the account
- Arrangements for the termination/closure of an existing account where it is to be replaced by a new account.

The 'Procedures for closing of a Bank Account' as stated in this circular must also be adhered to.

Transfer of an account between Branches

Transferring of an account from one branch of a bank to another branch of the same bank is to be treated in a similar manner to the establishment of a new account.

Approval to open and operate a Bank Account

Correspondence from the Financial Secretary conveying approval for the opening and operation of a bank account will contain instructions that may not be varied without the written permission of the Ministry of Finance and Planning.

Immediately the account is opened, the Ministry of Finance and Planning along with the Accountant General must be advised of the account number and the date on which it was established/opened.

Change in Signatories

Where an account is being operated and the need arises for a change to be made to the signatories the Financial Secretary must be immediately advised.

Procedure for closing of a Bank Account

It is very important that accounting officers employ the following procedures when closing an official bank account and provide the relevant information to the Ministry of Finance and Planning.

The accounting officer must, whenever he/she contemplates closing an official bank account: -

- Ensure that the bank reconciliation is brought up to date. If the reconciliation is not up to date a detailed plan for dealing with the outstanding reconciliation must be submitted to the Ministry of Finance and Planning.
- Ensure that all outstanding cheques are stale dated or that other acceptable arrangements have been made to honour them.
- Submit to the Financial Secretary information on the proposed disposal of money held in the account.
- Advise the bank in writing to close the account and of the method of disposing of the funds as approved by the Financial Secretary. *(All relevant instructions are to be included)*

- Submit to the Financial Secretary a copy of the final bank reconciliation statement and a copy of the letter containing the instructions sent to the bank .
- Request permission of the Ministry of Finance and Planning for the destruction of unused cheque leaves. A statement showing the number and series of the unused cheques for the account must accompany this request.

Please ensure that this circular is brought to the attention of all officers concerned.



Shirley Tyndal (Miss)
Financial Secretary