



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 FINANCIAL SECRETARY AND THE
FOLLOWING REFERENCE NUMBER QUOTED:

Telephone No. 92-28600-15

November 13, 2003

Circular No. 22

Ref. No. 107/110

Division: Public Expenditure Policy Coordination

Permanent Secretaries
Heads of Departments
Principal Finance Officers

Re: Reconciliation of Official Bank Accounts

The attention of Permanent Secretaries and Heads of Departments is invited to Financial Administration and Audit Act Instruction No. 6.8 which requires that bank accounts be reconciled monthly and at the end of the financial year.

The timely reconciliation of official bank accounts has been severely affected by the following:

- (a) Late submission of bank statements to ministries and departments by the banks;
- (b) Cashed cheques not returned by the banks.

The late preparation of bank reconciliation statements undermines the effective management of the bank account while the absence of the reconciliation impinges on the integrity and accuracy of the accounts of the ministry/department as a whole. In order to ensure that bank reconciliations are prepared on a timely basis, the following measures must immediately be put in place:

1. Cashed Cheques not returned by bank

- (1.1) All cheques that appear on the bank statement as cashed/presented should be treated as such and not included in the schedule of outstanding cheques.
- (1.2) A schedule of "*Cashed Cheques Not Returned By Bank*" should be prepared in addition to the schedule of outstanding cheques. The schedule of cashed cheques not returned by bank must be attached to the reconciliation statement and must be submitted to the bank requesting them to produce the physical cheques.
- (1.3) If despite all reasonable efforts the bank does not produce the physical cheques within two (2) months of request, a microfilm of the cheques should be obtained from the bank and accepted as a substitute. These substitute cheques should be filed separately.
- (1.4) When the physical cheques or copies thereof are provided by the bank the schedule of cashed cheques not returned by bank should be updated.

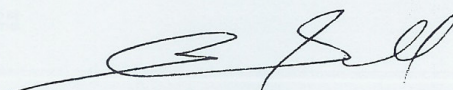
2. Late Bank Statements

- (2.1) Where bank statements are not received within five (5) days of the end of a month, Ministries and Departments are permitted to use preliminary printouts from the bank to effect reconciliation. This will assist in ensuring that the bank reconciliation statements are prepared on time and that the monthly financial statements are submitted to the Auditor General and the Financial Secretary by the 14th day of the following month.
- (2.2) Where preliminary bank statements are used to effect bank reconciliation the following action should be taken:
 - (a) a note should be made on the reconciliation statement indicating that a preliminary bank statement was used;
 - (b) when the final bank statement is received all relevant adjustments should be made in a subsequent reconciliation for any differences between items on the preliminary bank statement and final bank statement;
 - (c) a register of all such differences should be maintained as follows.

<i>Date</i>	<i>Preliminary Bank Statement (month)</i>	<i>Final Bank Statement (month)</i>	<i>Nature of Discrepancies/Differences</i>

- (2.3) Preliminary bank statements should not be used to effect bank reconciliation at the end of the financial year.

Permanent Secretaries and Heads of Departments must ensure that this circular is brought to the attention of all relevant officers.



Shirley Tyndall (Miss)
Financial Secretary

Circular No. 24
Ref. No. 187/15

Revised Public Expenditure Table

Permanent Secretaries
Heads of Departments
Principal Officers

Reconciliation of Official Bank Accounts

An instruction of Permanent Secretaries and Heads of Departments is invited to Financial Management and Audit Act Instruction No. 4.3 which requires that bank accounts be reconciled quarterly and at the end of the financial year.

The timely reconciliation of official bank accounts has been severely affected by the following:

- (a) Late submission of bank statements to ministries and departments by the banks
- (b) Cashed cheques not returned by the banks

The late preparation of bank reconciliation statements undermines the effective management of the bank accounts while the absence of the reconciliation impinges on the integrity and accuracy of the accounts of the whole government as a whole. In order to ensure that bank reconciliations are prepared on a timely basis, the following measures must immediately be put in place: