



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

January 28, 2005

CIRCULAR NO. 2
FILE NO. 107/045 III
DIVISION: PUBLIC EXPENDITURE POLICY COORDINATION DIVISION

Permanent Secretaries
Heads of Departments

Re: Closure of F/Y 2004/2005

Permanent Secretaries and Heads of Departments are invited to consider the following sections of the Financial Administration and Audit (FAA) Act:

Section 19A (4), which provides that:

“Subject to section 24L, every appropriation by Parliament of public moneys in relation to any financial year shall cease to have effect at the close of that financial year and, except as otherwise provided in this Act, any unexpended balances in any accounts referred to in section 13 shall be paid into the Consolidated Fund Principal Bank Account.”

Section 24L, which provides that:

an unspent balance which exists in the relevant appropriation for that financial year may within a period of three (3) months after the close of the financial year be used for making payments due and owing for goods delivered, services rendered or work completed **before** the close of that financial year.

Accounts Payable

Ministries and departments are reminded of Section 19 of the FAA Act, which stipulates that no payments must be made in excess of the amount specified by the Minister in the Warrant and no commitment must be entered into in excess of the amount specified in the estimates of expenditure or such lesser amount as directed by this ministry.

Ministries and departments must ensure that all accounts payable are settled by March 31, 2005. Hence notification must be given to creditors that all claims for supplies delivered and services rendered should be submitted by March 11, 2005.

In the case of special expenditure, subventions, or other items for which provision has been made only for the year, care must be taken to ensure that final payments are made by March 31, 2005 so that no charge is carried over to the new financial year. Recurrent charges such as telephone bills, electricity, rentals, etc., for the current financial year must be paid in full.

Reimbursement should be obtained for all advances made on account of expenditure chargeable to another Head of Estimates before the end of the financial year.

The instructions given above relate to commitments, which have already been incurred or are otherwise absolutely unavoidable. Due to scarcity of resources, Permanent Secretaries and Heads of Departments must ensure that the greatest economy is exercised in the expenditure programmes for the remainder of the financial year.

FAA Act Section 24L - Period 13 Payments

Where it is not possible to effect payment before March 31, 2005 ministries and departments are reminded of MoF&P Circular #13 dated September 24, 2003 concerning Period 13 payments. A schedule of proposed Period 13 payments must be submitted to this ministry for approval by Friday, April 29, 2005 using the prescribed form.

Despite the provision made in FAA Act Section 24L, ministries and departments must ensure that all charges incurred are disbursed as far as possible on or before the end of the financial year and only in unavoidable circumstances should payments be made under this provision.

Any unexpended provision in the estimates of expenditure after effecting approved Period 13 payments must be surrendered to the Consolidated Fund.

Salaries – March 2005

Monthly salaries shall be paid on Tuesday, March 22, 2005 and weekly salaries for weeks ending March 20, March 27 and April 3, 2005 shall be paid on Wednesday March 23, 2005.

Remittances in respect of deductions from salaries, for example:

- (i) Civil Service Family Benefit Pension Contributions;
- (ii) Provident Fund Contributions;
- (iii) National Insurance Contributions;
- (iv) National Housing Trust Contributions;
- (v) Income Tax (PAYE) Deductions;
- (vi) Education Tax;
- (vii) Motor Vehicle Loan Repayments;
- (viii) Salary Advance Repayments;

should be made by Wednesday, March 30, 2005, so that they can be brought to account before the close of the financial year.

Expenditure Credits and Advance Recoveries

All credits intended for the 2004/2005 accounts should be lodged to the appropriate account in the commercial banks before closing time on March 31, 2005. Lodgements of over \$20,000.00 for the credit of Expenditure Clearing Accounts after March 30, 2005 should, if intended to cover cheques drawn after that date, be advised by telephone to the Accountant General.

Tax Revenue

Principal Receivers of Revenue must ensure that all revenues collected during the month of March 2005 are paid into the Consolidated Fund before the close of business on Thursday, March 31, 2005.

Statement of Revenue Collections for the month of March 2005 must be forwarded to the Accountant General no later than Friday, April 8, 2005.

Non-Tax Revenue

Ministries, Departments and Agencies are reminded that non-tax revenue collections must be paid over promptly. This is especially critical towards the end of the financial year. Jamaican Dollar miscellaneous revenue collections must be lodged to:

Bank of Nova Scotia, Scotiabank Centre, for credit to a/c #631-18. US Dollar miscellaneous revenue collections must be lodged to the National Commercial Bank, at 54 King Street for credit to a/c # 066002047.

Where it is difficult to lodge directly to the above-mentioned branches of Bank of Nova Scotia or National Commercial Bank, lodgments may be made to the branch nearest your office.

In all circumstances, lodgments must be made at the bank before the close of business on March 31, 2005 to allow time for clearing the funds to the main branches by year-end.

Copies of all lodgment slips and relevant lodgment summary forms must be forwarded simultaneously as soon as possible to the Accountant General so that the revenue can be brought to account promptly and accurately.

Expenditure Clearing Accounts

With regard to the Expenditure Clearing Accounts held in commercial banks and the surrender of the balances to the Consolidated Fund, Permanent Secretaries and Heads of Departments are hereby reminded that:

- (a) the accounts operated for 2003/2004 will be reactivated for 2005/2006;
- (b) ministries and departments should already have remitted all balances in the accounts for 2003/2004 to the Accountant General;
- (c) in an effort to ensure a smooth change-over and prompt funding of the accounts, reconciliation of these balances must be effected and a copy of the reconciliation statement submitted to the Ministry of Finance and Planning, Public Expenditure Division no later than **March 24, 2005** following which a cheque should then be issued or the bank requested to issue a cheque for the full balance in each account made payable to the Accountant General for credit to the Consolidated Fund. A note indicating that the amount is in respect of Surrenderable Balances for 2003/2004 or any prior financial year, as applicable, should accompany the cheque. The accounting entries for this transaction are as follows:

Consolidated Fund Provision Account Dr

Bank Account Cr

FMIS Event #0954 or 0957

Permanent Secretaries and Heads of Departments **must** ensure that all balances in the 2003/2004 Expenditure Clearing Accounts are cleared by Wednesday, March 31, 2005.

Special Provisions for Pilot Accrual Accounting Ministries and Departments

All Expenditure Clearing Accounts for F/Y 2003/2004 must be reconciled with the relevant Bank Accounts in General Ledger. Balances in these accounts must be surrendered to the Consolidated Fund and thereafter instructions must be given to the bank for them to be closed. All blank and unused cheque stationery in respect of these bank accounts must be disposed of in the proper manner as stated in Circular #6, File 107/110 dated July 12, 2002.

The Expenditure Clearing Accounts for the current financial year must continue to be used for F/Y 2005/2006 and for all years hereafter. However, the following action must be taken:

- (i) all unpaid bills, claims and accrued expenses relating to F/Y 2004/2005 must be booked in that year (i.e. the period to which they relate) for the purposes of accrual accounting;
- (ii) the portion of (i) above, for which approval has been granted by MoF&P for what is referred to as Period 13 payments must be paid by June 30, 2005 and charged as expenditure to F/Y 2004/2005 in **Period 12**. The unspent bank balance as at March 31, 2005 and after payment of all approved Period 13 payments must be surrendered to the Consolidated Fund;
- (iii) the portion of (i) above that is not on the schedule of approved Period 13 payments must be paid from the 2005/2006 warrant funds. For the purposes of cash accounting, these payments shall be reflected as expenditure for F/Y 2005/2006 but for the purposes of accrual accounting they shall be reflected as expenditure for F/Y 2004/2005;
- (iv) there shall be no period 13 operated under the accrual accounting system;
- (v) preliminary statements must be submitted in the normal manner for March 2005 and the final March statements must be submitted no later than June 29, 2005 following the completion of all the necessary accounting transactions for the financial year;

Board of Survey

Permanent Secretaries and Heads of Departments are reminded of FAA Act Instruction No. 6.30 which requires the appointment of a Board of Survey of not fewer than two (2) officers for the purpose of inspecting and reporting on the cash, stamps, securities and other valuables held by their ministry/department at the close of the financial year.

These surveys must be conducted after the close of business on March 31, 2005 and before the commencement of business on April 1, 2005.

A copy of the Board of Survey report must be submitted to the Auditor General and to the Deputy Financial Secretary, Public Expenditure Division no later than seven (7) days after completion of the survey.

Financial Statements for F/Y ending March 31, 2005

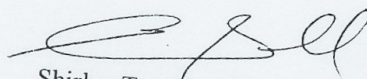
Principal Receivers of Revenue are reminded of FAA Act Instruction 7.72, which requires the submission of revenue accounts for financial year ended March 31, 2005 to the Auditor General and to the Financial Secretary. These statements must be submitted by Friday, July 29, 2005.

Accounting Officers are reminded of Section 24I of the FAA Act which requires the submission of Appropriation and other accounts to the Auditor General and to the Financial Secretary. These statements must be submitted by Friday, July 29, 2005.

Pilot accrual accounting ministries and departments are required to prepare and submit Appropriation Accounts on both the cash and accrual accounting bases.

Circular Distribution

Permanent Secretaries and Heads of Departments must bring this circular to the attention of all relevant officers within their ministries and departments.



Shirley Tyndall (Miss)
Financial Secretary