



ANY REPLY OR SUBSEQUENT REFERENCE  
SHOULD BE ADDRESSED TO THE FINANCIAL  
SECRETARY AND THE FOLLOWING REFERENCE  
NUMBER QUOTED:-

Telephone No. 92-28600-16  
Website: <http://www.mof.gov.jm>  
Email: [info@mof.gov.jm](mailto:info@mof.gov.jm)

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

April 20, 2005

**Circular No. 7**

**File No. 107/110**

**Division: Public Expenditure Policy Co-ordination**

Permanent Secretaries  
Heads of Departments  
Chief Executive Officers

**Re: Acceptance of Cheques in Payment of Public Moneys**

Permanent Secretaries, Heads of Departments and Chief Executive Officers are hereby informed that Financial Administration and Audit Act Instructions 4.13 - 4.18 have been amended as follows:

**4.13 Cheques to be Accepted**

*4.13.1. The following cheques may be accepted in the payment of public moneys:*

- (1) valid cheques issued by another ministry, department, agency or public body;*
- (2) valid manager's cheques issued by a local licensed commercial bank that is regulated by Bank of Jamaica (See list attached);*
- (3) valid cheques issued by a licensed financial institution that is regulated by Bank of Jamaica or by the Financial Services Commission (see list attached);*
- (4) valid cheques issued by any other person or organization where such cheques have been certified as defined at Section 4.14.*

*4.13.2 A collecting officer/cashier who accepts a cheque other than those described in 4.13.1 shall be held **personally responsible** for any loss or deficiency arising therefrom, even in circumstances which from his/her personal knowledge he/she is satisfied that the cheque accepted would be honoured by the drawer's bank.*

*4.13.3 Cheques to be accepted for the payment of public moneys must:*

- (1) be drawn in favour of the ministry, department, agency or public body to which the payment is being made;
- (2) not be drawn for an amount in excess of the amount due (no cash refund/change must be made out of any cheque payment).

#### **4.14 Certification of Cheques**

4.14.1 A cheque is deemed to be certified if the bank on which the cheque is drawn:

- (1) verifies that the cheque is valid; and
- (2) undertakes to honour the cheque for its face value.

4.14.2 Permanent Secretaries, Heads of Departments and Chief Executive Officers must designate in writing the appropriate senior accountable officer(s) in their ministry, department or agency who shall have discretionary powers in accepting or not accepting cheques after certification.

4.14.3 The officer who receives the certification from the bank must on the reverse side of the cheque place his/her signature, and state:

- (1) the name of the bank official from which verification was sought; and
- (2) the drawer's name, business/work and home addresses, business/work and home telephone numbers, and cellular number(s) on the reverse side of the cheque.

4.14.4 The identity of the drawer should be verified by a valid form of identification (i.e. Driver's Licence, Passport or Voter Identification Card).

4.14.5 The particulars of the identification provided must be noted on the reverse side of the cheque.

#### **4.15 Receipt of Cheque**

4.15.1 Every receipt (duplicate included) issued in respect of a payment made by cheque, whether certified or uncertified should bear a stamp inscribed as follows:

***"Cheque accepted as conditional payment only"***

#### **4.16 Dishonoured Cheques**

4.16.1 Where a cheque is dishonoured by the bank, the drawer should be regarded as having made no payment and the accounting officer must take the following action:


- (1) stop any service, supply or payment contemplated in connection with the cheque received;



- (2) ascertain the reason that the cheque is dishonoured and call upon the drawer to make full recovery of the original amount due plus any bank charges, interest or penalty accrued. **No further uncertified cheque should be accepted from the drawer where the original cheque was dishonoured due to lack of funds.** However, if a cheque is dishonoured because of an incorrect date, absence of a signature, difference between amount in figures and words, or an unsigned error, this should not prejudice the acceptance of future cheques from this drawer;
- (3) ascertain whether the collecting officer breached these instructions by improperly accepting the cheque and in case the amount is not recovered within five (5) working days, report the matter to the Auditor General and to the Financial Secretary for surcharge proceedings;
- (4) report the matter to the Police at once where fraud or any other criminal offence is suspected in relation to the dishonoured cheque;
- (5) make the appropriate accounting entries to reflect the dishonoured cheque in the accounting records. This should include opening an advance account in the name of the collecting officer/cashier where the cheque was improperly accepted. The advance account should be for the amount of the cheque plus all charges incurred; and
- (6) the advance account at (5) above must be cleared promptly by full recovery of all outstanding amounts including all charges incurred.

#### **Conclusion**

Permanent Secretaries, Heads of Departments and Chief Executive Officers must ensure that this circular is brought to the attention of all relevant officers in their ministry, department, agency or public body.

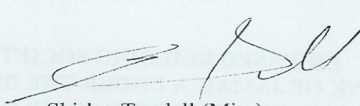


Shirley Tyndall (Miss)  
Financial Secretary

- (2) ascertain the reason that the cheque is dishonoured and call upon the drawer to make full recovery of the original amount due plus any bank charges, interest or penalty accrued. **No further uncertified cheque should be accepted from the drawer where the original cheque was dishonoured due to lack of funds.** However, if a cheque is dishonoured because of an incorrect date, absence of a signature, difference between amount in figures and words, or an unsigned error, this should not prejudice the acceptance of future cheques from this drawer;
- (3) ascertain whether the collecting officer breached these instructions by improperly accepting the cheque and in case the amount is not recovered within five (5) working days, report the matter to the Auditor General and to the Financial Secretary for surcharge proceedings;
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- (5) make the appropriate accounting entries to reflect the dishonoured cheque in the accounting records. This should include opening an advance account in the name of the collecting officer/cashier where the cheque was improperly accepted. The advance account should be for the amount of the cheque plus all charges incurred; and
- (6) the advance account at (5) above must be cleared promptly by full recovery of all outstanding amounts including all charges incurred.

#### **Conclusion**

Permanent Secretaries, Heads of Departments and Chief Executive Officers must ensure that this circular is brought to the attention of all relevant officers in their ministry, department, agency or public body.



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**LICENSED COMMERCIAL BANKS  
REGULATED BY BANK OF JAMAICA UNDER THE BANKING ACT**

- *The Bank of Nova Scotia Jamaica Limited*
- *FirstCaribbean International Bank (Jamaica) Limited*
- *National Commercial Bank Jamaica Ltd.*
- *First Global Bank Limited*
- *RBTT Bank Jamaica Limited*
- *Citibank NA*

**LICENSED MERCHANT BANKS & FINANCE HOUSES (NEAR BANKS)  
REGULATED BY BANK OF JAMAICA UNDER THE FINANCIAL INSTITUTIONS  
ACT**

- *Capital & Credit Merchant Bank Ltd.*
- *Citimerchant Bank Ltd.*
- *DB& G Merchant Bank Ltd.*
- *MF&G Trust & Finance Ltd.*
- *Pan Caribbean Merchant Bank Ltd.*

**LICENSED BUILDING SOCIETIES  
REGULATED BY BANK OF JAMAICA UNDER THE BUILDING SOCIETIES ACT  
AND THE BANK OF JAMAICA (BUILDING SOCIETIES) REGULATIONS, 1995**

- *FirstCaribbean International Building Society*
- *Jamaica National Building Society*
- *The Scotia Jamaica Building Society*
- *Victoria Mutual Building Society*