



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 25, 2006

**CIRCULAR NO. 8**  
**FILE NO. 107/045 III**  
**DIVISION: PUBLIC EXPENDITURE POLICY COORDINATION**

Permanent Secretaries  
Heads of Departments

**Re: Accounting Procedures for Closure of F/Y 2005/2006**

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, 2006. Hence notification must be given to creditors that all claims for supplies delivered and services rendered should be submitted by March 10, 2006.

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, 2006 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, 2006 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 28, 2006 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 2006**

Monthly salaries shall be paid on Wednesday, March 22, 2006 and weekly salaries for weeks ending March 19 and March 26 shall be paid on Friday, March 24, 2006. This will be the final payment of salary during F/Y 2005/2006.

Remittances in respect of deductions from salaries, for example:

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

should be made by Thursday, March 30, 2006, 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 2005/2006 accounts should be lodged to the appropriate account in the commercial banks before closing time on March 31, 2006.

### **Tax Revenue**

Principal Receivers of Revenue must ensure that all revenues collected during the month of March 2006 are paid into the Consolidated Fund before the close of business on Friday, March 31, 2006.

Statement of Revenue Collections for the month of March 2006 must be forwarded to the Accountant General no later than Friday, April 7, 2006.

### **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 at Bank of Nova Scotia, Cnr. Duke & Port Royal Streets, for credit to a/c #631-18.
- US Dollar miscellaneous revenue collections must be lodged at the National Commercial Bank, 54 King Street for credit to a/c # 066002047.

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

In all circumstances, lodgments must be made at the bank before the close of business on March 31, 2006 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 2004/2005**

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 2004/2005 will be reactivated for 2006/2007;
- (b) ministries and departments should already have remitted all balances in the accounts for 2004/2005 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, 2006** 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 2004/2005 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 2004/2005 Expenditure Clearing Accounts are cleared by Friday, March 31, 2006.

#### **Pilot Accrual Accounting Ministries and Departments - Special Provisions**

The existing Expenditure Clearing Accounts of pilot accrual accounting ministries and departments must continue to be used for F/Y 2006/2007 and for all years thereafter. However, the following action must be taken:

- (i) all unpaid bills, claims and accrued expenses relating to F/Y 2005/2006 must be booked in that year (i.e. the period to which they relate) for the purposes of accrual accounting;
- (ii) there will be no period 13 operations under the accrual accounting system;
- (iii) preliminary statements must be submitted in the normal manner for March 2006 and the final March statements must be submitted no later than June 30, 2006 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, 2006 and before the commencement of business on April 3, 2006.

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, 2006**


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, 2006 to the Auditor General and to the Financial Secretary. These statements must be submitted by Friday, July 28, 2006.

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 28, 2006.

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.



Colin Bullock  
Financial Secretary