



**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

February 12, 2007

CIRCULAR NO.8 FILE
NO. 1071045 III
DIVISION: PUBLIC EXPENDITURE POLICY COORDINATION

Permanent Secretaries
Heads of Departments

Re: Accounting Procedures for Closure of Financial Year

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 the last working day of March each year. Hence notification must be given to creditors that all claims for supplies delivered and services rendered should be submitted by end of the **second week of March each year**.

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 end of March 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 their expenditure programmes.

FAA Act Section 24L - Period 13 Payments

Where it is not possible to effect payment before the end of March, 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 the last working day of April 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

Monthly and weekly salaries for the month of March must be paid on the dates specified by this ministry.

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 (PA YE) Deductions;
- (v) Education Tax;
- (vi) Motor Vehicle Loan Repayments;
- (vii) Salary Advance Repayments;

should be made no later than two working days before the end of the financial year.

Expenditure Credits and Advance Recoveries

All credits intended for the current financial year should be lodged to the appropriate accounts in the commercial banks before closing time on the last working day of the financial year.

Tax Revenue

Principal Receivers of Revenue must ensure that all revenues collected during the month of March, are paid into the Consolidated Fund before the close of business on the last working day of the financial year.

Statement of Revenue Collections for the month of March must be submitted to the Accountant General no later than the end of the first week of April of the new financial year.

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, Cm. Duke & Port Royal Streets, for credit to *ale* #631-18.
- US Dollar miscellaneous revenue collections must be lodged at the National Commercial Bank, 54 King Street for credit to *ale* # 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 the last working day of March 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 2005/2006

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 the previous year will be reactivated for the next financial year;
- (b) ministries and departments should already have remitted all balances in the bank accounts of the previous financial year 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 the end of the third week in **March**, 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 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 previous financial year's Expenditure Clearing Accounts are cleared by the last working day in March.

Pilot Accrual Accounting Ministries and Departments - Special Provisions

The existing Expenditure Clearing Accounts of pilot accrual accounting ministries and departments must be continued. However, the following action must be taken:

- (i) all unpaid bills, claims and accrued expenses relating to the current financial year 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 of each year and the final March statements must be submitted no later than the end of July 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 the last working day of March and before the commencement of business on the first working day of April.

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

Principal Receivers of Revenue are reminded of FAA Act Instruction 7.72, which requires the submission of revenue accounts for each financial year to the Auditor General and to the Financial Secretary. These statements must be submitted within four months following the end of the financial year.

Accounting Officers are reminded of Section 241 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 within four months following the end of the financial year.

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.

A handwritten signature in blue ink, consisting of a stylized 'C' followed by a horizontal line and a 'B' followed by another horizontal line.

Colin Bullock
Financial Secretary