



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

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**MINISTRY OF FINANCE AND PUBLIC SERVICE**  
**30 NATIONAL HEROES CIRCLE**  
**P.O. BOX 512**  
**KINGSTON**  
**JAMAICA**

October 16, 2007

**Circular No. 21**

**File No. 107/166**

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

Permanent Secretaries  
Heads of Department  
Chief Executive Officers

**Re: Contracting Between Government Entities and the Use of Force Account**

Permanent Secretaries, Heads of Department and Chief Executive Officers are hereby advised of the following policy and guidelines for contracting between government entities and the use of Force Account. This circular supersedes *Ministry of Finance & Planning Circular No. 29 Procurement of Goods, Services, and Works between Government Entities* dated November 22, 2005.

**1. DEFINITION OF TERMS**

**1.1 Contracting Between Government Entities**

Contracting between government entities occurs when one entity provides goods, services and/or works at an agreed fee/rate as a one-time engagement or over an extended period.

**1.2 Force Account**

A Force Account is a procurement method where a government entity implements rehabilitative or developmental work by utilising its internal resources rather than contracting the work to an external entity. In such instances, the government entity may be required to procure raw materials and/ or engage temporary labour to carry out the work.

## **2. PLANNING AND BUDGETING**

### **2.1 Planning**

For each financial year, government entities engaging the services of another government entity or using Force Account should include these activities in their functional/operational and procurement plans.

#### **2.1.1 The functional plan should: -**

- Be aligned with the procuring entity's objectives, strategies and reflect agreed deliverables as stated in the contract or service level agreements.
- For Force Account, demonstrate the entity's capacity to successfully carry out such an undertaking.

#### **2.1.2 The procurement plan should:**

- Outline clearly defined strategic advantages to contracting a government entity or using Force Account.
- Include a schedule of procurement activities relating to Force Account and proposed/existing contracts with other government entities.
- Include the estimated value of the procurements.

### **2.2 Budgeting**

2.2.1 Every government entity which contracts another government entity or use Force Account must ensure that it has the necessary budgetary provision to undertake the services/work or purchase of goods.

2.2.2 Where contracts or Force Account activities span more than one (1) financial year, the estimated contract sum payable in each financial year must be provided for in the respective years.

## **3. PROCUREMENT PROCEDURES**

### **3.1 General Procedures**

Entities contracting another government entity or using Force Account must adhere to the principles of the government procurement policy.

3.1.1 The procuring entity must demonstrate the basis for using Force Account or contracting another government entity. The decision must be the best option available to the entity to ensure efficiency, effectiveness, economy, fairness and transparency.

3.1.2 The procuring entity is responsible for ensuring that the prices quoted by the contracted entity are competitive with current market prices for the goods, services and/or works.



- 3.1.3 Contracted entities are not required to provide a Tax Compliance Certificate (TCC) or to be registered with the National Contracts Commission (NCC).

**3.2 Contract and Force Account Value Threshold**

All procurement authorisation thresholds shall be the same as stipulated by the *Government of Jamaica Handbook of Public Sector Procurement Procedures*. In applying the General Procedures (3.1 of this Circular), the following guidelines should be applied:

Value Less than \$4 Million

All contracts and Force Account less than \$4 Million must be reviewed by the Procurement Committee and approved by the Accounting Officer.

Contract Value above \$4 Million but Less than \$15 Million

The procuring entity, with the approval of the Accounting Officer, must submit contracts and Force Account of these values to the National Contracts Committee for endorsement.

Contract Value above \$15 Million

All contracts and Force Account with value over \$15 million must be submitted to Cabinet for approval.

**3.3 Contract Variations**

Where there is a change in scope of goods, services or works, procuring entities are required to adhere to *Ministry of Finance and Planning Circular No. 6 Policy on Contract Variations* dated February 7, 2006.

**3.4 Emergency Circumstances**

In emergency circumstances, procuring entities are required to comply with the procurement procedures outlined in *Ministry of Finance & Planning Circular No. 3 Procedures for Emergency Contracting* dated January 10, 2006.

**4. FORMAL CONTRACTUAL ARRANGEMENT**

- 4.1. The procuring entity should assess the ability of the contracted entity to successfully provide the goods, services/works.
- 4.2. Due diligence and management oversight of the contracted entity should be employed and adequate documentation maintained.
- 4.3. Prior to any engagements, there should be a formal arrangement between the two entities, which explicitly outlines their intentions in a formal written contract.

4.4 The contract between procuring and contracted entities must include the following provisions:

- General provisions including conditions, definitions, effective and termination dates;
- Rights and obligations of interested parties;
- Agreed rates or fees for service;
- Monitoring and Evaluations with Performance Indicators (both qualitative and quantitative) which reflect the efficiency in administration and delivery of service;
- Reporting requirements of the contracted entity;
- Conditions under which the terms of the contract may be amended;
- Right for internal and external audit of the procuring entity to audit the contracted entity;
- Where applicable, provision for Service Level Agreements on delivery of goods, services or works;
- Force Majeur;
- Dispute Resolution Mechanism

## **5. PAYMENT PROCEDURES**

### **5.1 Commitment of Expenditure**

5.1.1 Accounting Officers are reminded to comply with *Section 19 of the Financial Administration and Audit Act* concerning the commitment of public funds.

5.1.2 In instances where there is an ongoing contractual arrangement, the contracted entity should not undertake any work or services without the expressed approval of the procuring entity.



## **5.2 Verification of Claims**

The Procuring entity should perform the following minimum verification of claims prior to disbursement.

### **5.2.1 Validity and Accuracy Check**

- The accuracy of the rates/fees and the amount payable; whether the full amount or portions thereof have been previously claimed.
- The validity and accuracy of the claim, bill, invoice. A thorough check must be done on the date of the claim or bill, the accuracy of the calculations against terms of contract or approved Force Account.  
(N.B. Where appropriate, claims and invoices from contracted entities should be supported by a signed architect or engineer's report certifying work done.)

### **5.2.2 Budgetary and Funds Check**

- Whether budgetary provision exists for the transaction in the Estimates of Expenditure and if not whether there is appropriate approval from the Financial Secretary.
- Whether funds are available for the transactions based on warrant allocation.

## **5.3 Disbursement of Funds**

Accounting Officers should develop procedures to ensure that disbursements are in compliance with the established laws, regulations and or procedures prescribed from time to time by the Ministry of Finance & Public Service.

## **6. PROJECT MANAGEMENT FRAMEWORK**

Where applicable, both procuring and contracted entities are encouraged to adopt proper project management standards and practices to ensure efficiencies in the management of their projects.

## **7. MONITORING AND REPORTING**

### **7.1 Monitoring**

- 7.1.1 The procuring entity should actively and continuously monitor the contract and Force Account activities so that timely budgetary and operational actions may be taken.
- 7.1.2 Subject to the nature of the arrangement, the Portfolio Ministry should review the contract or Force Account, associated activities and where applicable, statements of works/services annually.

## **7.2 Reporting**

7.2.1 Both parties should agree on the level, frequency and content of reporting for operational purposes. Applicable management information systems should be implemented so as to allow the procuring entity to actively monitor the contracted entity's performance.

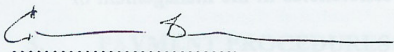
7.2.2 The procuring entity should disclose contracts with other government entities and Force Account procurement to:

- *The Ministry of Finance and Public Service* using the Procurement Reporting System. The procuring entity should report ALL transactions on a monthly basis.
- *Office of the Contractor General* in their Quarterly Contract Awards (QCA) Report. The procuring entity is ONLY required to disclose transactions which fall within the reporting range (currently \$250,000 to \$3,999,999.99).

## **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 the event that there is a need for further clarification on the contents of this circular, please contact the Public Expenditure Policy Coordination Division of this ministry.

  
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Colin Bullock  
Financial Secretary

