

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 THE PUBLIC SERVICE
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KINGSTON
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October 16, 2007

Circular No. 22

File No. 107/022

Division : Public Expenditure Policy Coordination Division

Permanent Secretaries
Heads of Departments

**Re: Guidelines for Budgetary, Financial and Accounting Arrangements Consequent
on the changes in Portfolio Responsibilities of some Ministries**

Permanent Secretaries and Heads of Departments are hereby advised of the following budgetary, financial management and accounting arrangements consequent on the recent changes in portfolio responsibilities of ministries.

1. Budgets & Warrants 2007-2008

- (1.1) The budgets of ministries, departments and agencies (MDAs) for F/Y 2007/2008, will be adjusted through the First Supplementary Estimates 2007/2008 to reflect changes in portfolio responsibilities.
- (1.2) For the months of October and November 2007 warrants will be issued to MDAs as reflected in the existing Estimates of Expenditure. The Accountant General will continue to transfer funds to the existing bank accounts of MDAs during these months.
- (1.3) Warrants reflecting the changes in portfolio responsibilities will be issued as soon as the First Supplementary Estimates are approved by Parliament.

2 Bank Accounts 2007-2008

- (2.1) The following Heads of Estimates will be outgoing in the 2007-2008 First Supplementary Estimates and their bank accounts will not be funded after November 30, 2007:

Heads 5200, 5200A, 5200B	Ministry of Industry, Technology, Energy and Commerce
Heads 6600, 6600A, 6600B	Ministry of Housing, Transport, Water and Works
Heads 7200, 7200A, 7200B	Ministry of Local Government and Environment

- (2.2) The following new Heads of Estimates will be established in the First Supplementary Estimates 2007/2008 and their bank accounts will be funded with effect from December 1, 2007

Heads 4300, 4300A	Ministry of Information, Culture, Youth & Sport
Heads 5900, 5900A, 5900B	Ministry of Energy, Mining & Telecommunications
Heads 5300, 5300A, 5300B	Ministry of Industry, Commerce and Investment
Heads 6300, 6300A, 6300B	Ministry of Water and Housing
Heads 6500, 6500A, 6500B	Ministry of Transport & Works

- (2.3) Outgoing ministries must prepare a schedule of the expenditure incurred under the various subject areas of responsibility during the period October 1, 2007 to November 30, 2007 and submit same to the relevant new ministries for incorporation in their accounts.
- (2.4) The 2006-2007 bank accounts of the outgoing ministries must be reconciled and their balances surrendered to the Consolidated Fund no later than December 31, 2007.
- (2.5) Balances held on deposit bank accounts of the outgoing ministries must be transferred to the relevant new ministries' deposit accounts by January 2, 2008. This must be done by drawing cheque(s) on the existing deposit bank account and lodging to the new deposit account of the relevant ministries for the portion of the deposit taken over. However, deposits held that can be transferred to revenue should be paid to the Accountant General accompanied by the relevant advice.
- (2.6) The salaries bank accounts of the outgoing ministries should be operated for at least the months of October 2007 and November 2007 but their operation must be discontinued as soon as the new ministries establish their salaries bank accounts.
- (2.7) All new ministries must obtain prior and written approval from the Ministry of Finance and the Public Service for the establishment of Expenditure Clearing, Salaries and Deposit bank accounts.

(2.8) The salaries bank accounts of outgoing ministries must be reconciled and closed no later than June 2008 and the bank balance transferred to the Consolidated Fund.

(2.9) Imprest and Advances in respect of the outgoing ministries must be surrendered and/ or cleared as soon as the new ministries have received their warrants following the passing of the First Supplementary Estimates.

3 Advances - Payments on behalf of other ministries

(3.1) Ministries who have since October 2007, made payments in respect of subjects that have been transferred to other ministries must:

(a) Treat these payments as advances, and

(b) Submit a schedule to the relevant ministry for reimbursement as soon as the First Supplementary Estimates is passed.

(3.2) All ministries who are affected by the transfer of subjects to other ministries must by November 5, 2007 submit to the Public Expenditure Division of this Ministry a schedule showing an estimate of the advances made and to be made on behalf of other ministries for the period October – November 2007.

4 Inventory of Assets

(4.1) Outgoing ministries must submit to the Public Expenditure Policy Coordination Division of this ministry by November 5, 2007 the following :

(a) An inventory of all the ministry's assets such as motor vehicles, office equipment, furniture etc., and

(b) Proposal for transfer/reassignment of these assets.

(4.2) Items of equipment such as cheque signing machines should be properly secured and kept in a safe facility for inspection of the auditors.

(4.3) All ministries and departments are reminded of Financial Administration and Audit Act Regulation 63 which states:

" Except with the prior written approval of the Financial Secretary, Government property shall not be transferred from or to any department..."

5 Cheques and Other Records

(5.1) Physical stock of unused cheques of outgoing ministries must be packaged, sealed and retained for inspection by the auditors thereafter, they must be

destroyed in accordance with the provision of MOF Circular # 6, Ref. 107/110, dated July 12, 2002.

- (5.2) Stock of invoice order books and receipt receipts books must be checked and may be reassigned to new ministries through the use of a proper handing over certificate.

6 Appropriation Accounts

- (6.1) The monthly and Appropriation Accounts of the outgoing ministries shall be the responsibility of the Accounting Officers of the ministries listed below: -

Outgoing Ministries		Responsible Accounting Officer
Heads 5200, 5200A, 5200B	Ministry of Industry, Technology, Energy and Commerce	Ministry of Industry, Commerce and Investment
Heads 6600, 6600A, 6600B	Ministry of Housing, Transport, Water and Works	Ministry of Transport & Works
Heads 7200, 7200A, 7200B	Ministry of Local Government and Environment	Office of the Prime Minister

- (6.2) The above Accounting Officers shall also be responsible in respect of the outgoing ministries for the following:-
- (a) The proper closure of the books of accounts,
 - (b) Transfer of bank balances, and
 - (c) Transfer of assets.

(7) Contracts

- (7.1) Ongoing contracts or contracts in progress signed by outgoing ministries must remain in effect under the ministries to which the contracts' subject area(s) have been reassigned.

(8) Audit and Procurement Committees

- (8.1) The Audit and Procurement Committees of outgoing ministries shall be automatically dissolved upon the passing of the First Supplementary Estimates by the House.

- (8.2) Accounting Officers of new ministries must ensure that Audit and Procurement Committees are established as soon as the First Supplementary Estimates is passed by the House.

(9) Accountable Officers

- (9.1) Accounting Officers of new ministries must ensure that letters of appointment are issued to Accountable Officers for all critical areas of the ministry.


10. Organisational Restructuring

- (10.1) Where, on account of changes in subject areas of responsibility, greater synergy and economy can be obtained through organizational restructuring, this should be referred to the Office of the Cabinet subject to (10.2) and (10.3) below
- (10.2) New accounting units must not be established for any of the new ministries. The accounting functions of new ministries must be carried out, on a corporate basis, by existing accounting departments currently performing such functions. This is to ensure the following:
- (a) Optimisation of the accounting software and hardware currently in the system.
 - (b) Optimisation of the deployment of accounting staff and minimization of cost.
- (10.3) As far as possible common services such as Human Resource and Office Management should be shared among ministries on a corporate basis in order to optimize resources and minimize cost.

Conclusion

Each Permanent Secretary and Head of Department is asked to ensure that this circular is brought to the attention of all relevant officers in his/her ministry or department.

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