



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

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

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Circular No. 17

Division: Public Expenditure Policy Co-ordination
FILE NO. 107/125

Permanent Secretaries
Heads of Departments
Chief Executive Officers of Executive Agencies

Guidelines for the Acceptance of and Accounting for Gifts to the Government

The attention of Accounting Officers, Chief Executive Officers and Heads of Departments is invited to the following guidelines on the acceptance and accounting for gifts received from local and international individual(s) and organization(s).

1. Conditions for the Acceptance of Gifts

- 1.1. Gifts accepted may be in the form of money, services, physical assets and consumable items.
- 1.2. Gifts must only be accepted from reputable individuals and organizations. Ministries, Departments and Agencies (MDAs) must use due diligence to ensure that gifts are not from tainted sources.
- 1.3. Gifts accepted must be owned by the donor(s).
- 1.4. Gifts must provide social, economic and/or financial net benefit to the Government.
- 1.5. Donated assets must not result in major recurring expenditure that will place a high cost on the budget in relation to the services it will provide. Therefore, the necessary cost benefit analysis must be done to determine the cost-effectiveness.
- 1.6. Gifts must not be accepted as an incentive for hidden benefits, rights or privileges to the donor.

1.7. MDAs must not accept gifts that are:

- Obsolete in technology;
- Hazardous to the environment;
- Energy inefficient; and
- Inconsistent with Government policies.

1.8. Where appropriate, MDAs must consult with the Jamaica Customs Agency for the clearance of gifts donated by an overseas source.

1.9. Gifts from overseas sources will not necessarily receive exemption from applicable duties, quarantines or licensing requirements.

2. Approval for Acceptance of Gifts

2.1. Gifts that are likely to have a significant impact on the country's national programmes and policies and which satisfy all the conditions at one (1) above, require the prior approval of Cabinet before acceptance.

2.2. Gifts that will not have a significant impact on the country's national programmes and policies and which satisfy all the conditions at one (1) above, require the prior approval of the Permanent Secretary, Head of Department or Chief Executive Officer.

2.3. Gifts that are likely to incur continuous expenditure on an annual basis must be approved by the Ministry of Finance and Planning before submission to Cabinet or the Permanent Secretary for approval where appropriate.

2.4. The terms and conditions of gifts to be accepted must be agreed in writing and signed by both the donor and the recipient of the gifts. This may be in the form of a Memorandum of Understanding (MOU).

2.5. When gifts are received, the Acceptance of Gift Form at **Appendix A** must be completed. The form must be signed by the following:

- i. The responsible officer of the MDA receiving the gift (s); and
- ii. The Accounting Officer, Head of Department, Chief Executive Officer or his/her designate.

3. Accounting for Gifts

3.1. Gifts of Money

3.1.1. Where approved donation of cash is received for purposes specified by the donor, MDAs shall:

- a) lodge the funds to its Deposit Bank Account; and
 - b) advise the Ministry of Finance and Planning of (a) above requesting its incorporation in the Estimates of Expenditure or Supplementary Estimates as Appropriation-In-Aid.
- 3.1.2. Where approved donation of cash is received with no instruction for it to be used for a specific purpose, the funds received must be lodged promptly to the Consolidated Fund.
- 3.1.3. The accounting entries for gifts received by Ministries and Departments are shown at **Appendix 2**.
- 3.1.4. In all cases where approved donation of cash is received, the donor must be issued an official receipt.
- 3.1.5. Expenditure made from the donated funds, pending inclusion in the Supplementary Estimates or Estimates of Expenditure may be spent from the Deposit Account.
- 3.1.6. Upon incorporation of the donated funds in the Supplementary Estimates as AIA the journal entries at **Appendix 2** shall be made.
- 3.1.7. The balance of AIA funds held on deposits must be transferred to the recurrent, capital head or the Treasury Single Account (TSA) where appropriate. The following journal entries should be made.
- 3.1.8. Accounting entries relevant to gifts of money received by Executive Agencies are included in the Financial Instructions to Executive Agencies and shown at **Appendix 3**.

3.2. Gift of Services

- 3.2.1. Gift of Services may be classified as skilled labour, special skills, consultant services, medical services and any other services.
- 3.2.2. Upon the acceptance of a gift of service, its value should be estimated based on the prevailing market rate and a submission made to the Ministry of Finance and Planning for the amount to be included in the Estimates of Revenue and the Estimates of Expenditure if it exceeds Two Million Jamaican Dollars (J\$2,000,000).
- 3.2.3. Upon receipt of the service, where the gifts of services have been included in the Estimates of Expenditure, the MDA must submit a request to the Public Expenditure Division of the Ministry of Finance and Planning for the amount to be included in the warrant issued.
- 3.2.4. The Accountant General, upon issue of the Warrant at (3.2.3) must effect journal entries to reflect the inflow of revenue from the donated services to the

Consolidated Fund and outflow of expenditure to the Ministries, Department and Agencies in respect of the Warrant.

- 3.2.5. The MDA, upon the inclusion of the amount in the Warrant shall make the accounting entries shown in the **Appendix 2**.
- 3.2.6. Accounting entries relevant to gifts of services received by Executive Agencies are included in the Financial Instructions to Executive Agencies and shown at **Appendix 3**.

3.3. Gift of Assets

- 3.3.1. Gift of physical assets such as property, motor vehicles and equipment must be valued at the prevailing market price. All costs incurred in bringing the asset into use such as transportation, installation costs, customs duties and licensing fees shall be included in value of the assets.
- 3.3.2. The value of donated assets must be submitted the Ministry of Finance and Planning for the amount to be included in the Estimates of Revenue and the Estimates of Expenditure for all donations which exceed Five Hundred Thousand Dollars (J\$500,000) in value.
- 3.3.3. Where the donated assets have been included in the Estimates of Expenditure, the MDA, on receipt of the asset must submit a request to the Public Expenditure Division of the Ministry of Finance and Planning for the amount to be included in the Warrant.
- 3.3.4. The Accountant General upon issue of the Warrant at (3.3.3) must effect journal entries to reflect the inflow of revenue from the donated assets to the Consolidated Fund and outflow of expenditure to the Ministries and Agencies in respect of the Warrant.
- 3.3.5. The MDA upon advice by the Accountant General of the transaction at 3.3.4 shall make the accounting entries stated at **Appendix 2**.
- 3.3.6. Accounting entries relevant to gift of assets received by Executive Agencies are included in the Financial Instructions to Executive Agencies and shown at **Appendix 3**.
- 3.3.7. The donated assets must be inventoried and added to the Fixed Assets register.

3.4. Gift of Consumables

- 3.4.1. Gift of consumables items such as food items, medications, clothing, toiletries and other consumable items must be valued based on market price.
- 3.4.2. The value of gift of consumables must be estimated based on the prevailing market rate and a submission made to the Ministry of Finance and Planning

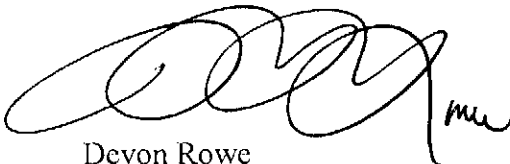
for the amount to be included in the Estimates of Revenue and the Estimates of Expenditure if the value exceeds Two Million Dollars Jamaican (J\$2,000,000).

- 3.4.3. Where the gift of consumables has been included in the Estimates of Expenditure, MDAs upon receipt of the consumable items, must submit a request to the Public Expenditure Division of the Ministry of Finance and Planning for the amount to be included in the Warrant.
- 3.4.4. The Accountant General upon issue of the Warrant at (3.4.3), must effect journal entries to reflect the inflow of revenue from the gift of consumables to the Consolidated Fund and outflow of funds to Ministries and Agencies in respect of the Warrant.
- 3.4.5. Accounting entries relevant to gifts of consumables received by Executive Agencies are included in the Financial Instructions to Executive Agencies and shown at **Appendix 3**.

Conclusion

Permanent Secretaries, Heads of Departments and Chief Executive Officers are asked to ensure that this Circular is brought to the attention of all relevant officers in your Ministry, Department and Agency

These guidelines take effect from the date of this Circular.

A handwritten signature in black ink, appearing to be 'Devon Rowe', with a stylized flourish at the end.

Devon Rowe

Financial Secretary

ACCEPTANCE OF GIFT FORM*(To record items received as gifts.)*

Donor(s):	Donor Address:
Donor(s) Phone: Donor(s) E-mail:	Date of Receipt of Gift:

PART I Money

Amount \$	Purpose of the Gift

PART II Service

Type of Service	Value\$	Location

PART III Fixed Assets

Description & Model #	Serial#	Value\$	Location

PART IV Consumables

Description	Quantity	Value\$	Purpose of the Gift

Comment

Recipient Signature	Authorizing Signature
Date	Date

Ministries and Departments Accounting Entries for Gifts

A - Gifts of Money

Circular Ref.#	Event		
3.1	Receipt of Cash		
3.1.1	Cash Account (GL# 3030)	Debit	
	Deposit Control Account (GL# 4021)		Credit
3.1.1	Lodgement of Cash		
	Bank Account (GL# 3010)	Debit	
	Cash Account (GL#3030)		Credit
3.1.6	Accounting for AIA expenditure made from Deposits		
	Expenditure Control Account (GL#8001)	Debit	
	AIA Control Account (GL#7002)		Credit
3.1.7	Transfer from Deposits Account to Recurrent or Capital Head		
	Deposit Control Account (GL#4021)	Debit	
	Deposit Bank Account (GL#3010)		Credit
	Receipt of AIA funds from Deposits Account		
	Recurrent, Capital A Bank Account/ Virtual TSA (GL# 3015)	Debit	
	AIA Control Account (GL#7002)		Credit

B - Gift of Services, Assets and Consumables

3.2.5, 3.35 & 3.4.5	Accounting for gift of services, assets and consumables as expenditure		
	Warrant Receivable Control Account (GL#3002)	Debit	
	Warrant Issue (GL#7001)		Credit
	Expenditure Control Account (GL#8001)	Debit	
	Warrant Receivable (GL#3002)		Credit

Executive Agencies Accounting Entries for Gifts

A - Gifts of Money

Receipt of Cash

3.1.8	Gift(s) received to be used over period of time		
	Bank Account	Debit	
	Deferred Income (Donation)		Credit
	Write off liability (Deferred Income) equivalent to funds expended		
	Deferred Income	Debit	
	Income & Expenditure		Credit
	When funds are expended to acquire items		
	Income & Expenditure	Debit	
	Bank		Credit
	If received from Government to acquire specific Property Plant and Equipment		
	Bank Account	Debit	
	Government Grant Reserves Account		Credit
	The amount is amortized over the useful life of the assets as follows:		
	Government Grant Reserves Account	Debit	
	Income & Expenditure Account		Credit
	When the donation is to be used to acquire General Property, Plant and Equipment		
	Bank Account	Debit	
	Income and Expenditure Reserves Account		Credit

B Gifts of Service

	Accounting for gift of services for Executive Agencies		
3.2.6	Item of Expenditure	Debit	
	Income & Expenditure (Donation)		Credit

C- Gift of Assets

Accounting for gift of assets for Executive Agencies

3.3.6	Donated Assets	Debit	
	Donated Asset Reserves		Credit
	The amount is amortised as follows over its useful life		
	Donated Asset Reserves	Debit	
	Income & Expenditure Account		Credit

D- Gift of Consumables

Accounting for gift of consumables for Executive Agencies

3.4.5	Expenditure	Debit	
	Income and Expenditure (Donation)		Credit