



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

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P.O. BOX 512
KINGSTON
JAMAICA

2 May 2024

CIRCULAR NO: 6

Permanent Secretaries
Heads of Departments
Chief Executive Officers
Chairmen of Boards

Re: Revised Procedure for Government-Funded Projects, Executive Agencies Receiving Subventions and Treatment of Object 27 in Preparation of Draft Budgets

The attention of Permanent Secretaries, Chief Executive Officers, Heads of Departments, and Chairmen of Boards is invited to the following revised procedures regarding the treatment of subventions, the use of Object 27 when preparing a draft budget and the processing of bills for projects funded from the Consolidated Fund.

1. Budgetary Provisions for Grants and Contributions (Object 27)

- 1.1 Effective **July 1, 2024**, all Ministries, Department, Agencies (MDAs) including Executive Agencies (EAs) and Public Bodies (PBs) funded from the Consolidated Fund shall submit their draft budgets or requirements for supplementary estimates representing the actual nature of the proposed expenditures (example object 21-salary, object 24- utility, etc.) for the relevant Financial Year.
- 1.2 The use of object 27 (grants and contributions) shall be included in the draft budget or draft supplementary estimates only if the programme(s) of the MDAs, EAs or PBs have activities aimed at giving grants/contributions to third parties.
- 1.3 In keeping with section 116 of the *Jamaica (Constitution) Order in Council 1962*, the Appropriation Act is approved by the Parliament each year. Expenditures for which there was no provision is a breach of the Act; and the culpable officer may be subject to surcharge proceedings under section 20 of the *Financial Administration and Audit (FAA) Act*.

- 1.4 The draft budget of each Head will be broken down by objects and shall reflect actual proposed expenditure for which Parliamentary approval is being sought.

2. Treatment of Subventions to Executive Agencies and Public Bodies Funded from the Consolidated Fund.

- 2.1 Effective **April 1, 2024**, all subventions issued to Executive Agencies (EAs) and Public Bodies funded from the Consolidated Fund by way of warrants shall be treated as expenditure in the books of the Accountant General's Department (Treasury).
- 2.2 EAs and PBs shall book expenditure when the actual expense is incurred and in keeping with the accounting standard adopted by the entity.
- 2.3 Each month EAs shall reconcile with the Accountant General's Department at the object level the actual expenditure against the warrant issued and recorded as expenditure in the books of the Treasury.
- 2.4 Each month PBs funded from the Consolidated Fund shall reconcile with its parent ministry at the object level, the actual expenditure against the warrant issued and recorded as expenditure in the books of the Treasury and the parent ministry.
- 2.5 EAs shall submit to the ministry with responsibility for finance, monthly reports outlining the actual amounts spent from the warrants (accumulatively) and the unspent balance.
- 2.6 PBs funded from the Consolidated Fund shall submit to the ministry with responsibility for finance and its parent ministry, monthly reports outlining the actual amounts spent from the warrants (accumulatively) and the unspent balance.
- 2.7 The report at 2.6 above shall include a breakdown of expenditure by object in keeping with Appendix 1 of this Circular.
- 2.8 In accordance with Section 19A(4) of the *FAA Act*, , EAs and PBs funded from the Consolidated Fund shall surrender all unspent warrants to the Consolidated Fund by the 31st day of March in each fiscal year.
- 2.9 The amounts surrendered shall be reported to the Ministry with responsibility for finance.
- 2.10 The Treasury shall treat the inflow as a reduction in expenditure (expenditure credits) in the year the expenditure was incurred.
- 2.11 Each parent ministry for Public Bodies funded from the Consolidated fund shall ensure that the relevant amounts are surrendered and treated as expenditure credits in the books of the respective parent ministry within the current fiscal year.

3. Treatment for Projects Funded from the Consolidated Fund

- 3.1 Effective **September 1, 2024**, the payment of bills for all projects funded directly from the Consolidated Fund shall be done by the Finance and Accounts Branch of the respective Ministries using the Government Financial Management System (GFMS).
- 3.2 Heads of Entities (or appropriate delegate), programme managers and project units are required to develop standard operating procedures (SOPs) and/or service level agreements (SLA) to guide the processing of such bills.
- 3.3 Where projects operate bank accounts used only for the purpose of implementing Government-funded projects and those accounts are to be closed, such closure of bank accounts shall be done in keeping with section 5.5.8 of the *FAA Act Financial Instructions*.
- 3.4 Project units shall at minimum have access to the GFMS to print and download expenditure data relating to the respective project(s).
- 3.5 Accounting officers are hereby reminded that in keeping with Regulation 49(1) of the *Financial Management Regulations, 2015 (FMR)*, payments for all goods and services received shall be made within thirty days of receipt.
- 3.6 Where the amount authorized by warrant is sufficient and a delay caused by the negligence of an officer results in loss or payment of interest, the Financial Secretary may impose surcharge in accordance with Section 20 of the *FAA Act*.

Conclusion

Permanent Secretaries, Heads of Departments, Chief Executive Officers and Chairmen of Boards must ensure that this Circular is brought to the attention of all relevant officers in their MDAs and Public Bodies.



Darlene Morrison, CD
Financial Secretary

Appendix 1

RECEIPTS AND PAYMENTS*For the Financial Year 2024/25***000 \$**

	Cumulative prior to Current Period		Current Period		Cumulative at Current Period		
	Apr-24		May-24		May-24		
	Consolidat ed Fund	Appropriati on In Aid	Consolidat ed Fund	Appropriati on In Aid	Consolida ted Fund	Appropria tion In Aid	Total
Receipts							
Subvention							
Treasury Advance							
Revenue							
Grants							
Interest Income							
Other							
Total Receipts (A)	-	-	-	-	-	-	-
Less : Expenditures by Object							
Object 21							
Object 22							
Object 23							
Object 24							
Object 25							
Object 26							
Object 27							
Object 28							
Object 29							
Object 30							
Object 31							
Object 32							

Other							
Total Expenditure (B)	-	-	-	-	-	-	-
Net Change (A-B)	-	-	-	-	-	-	-
Opening Cash Balance ¹							
Bank Adjustments ²							
Closing Cash Balance	-	-	-	-	-	-	-
Closing Balance (Bank Statement)							

Notes:

¹ Represents cash balance as per General Ledger

² Represents adjustment on bank statement not in general ledger