

THE FINANCIAL ADMINISTRATION AND AUDIT ACT

The Financial Management Regulations, 2011

In exercise of the power conferred upon the Minister by sections 8, 14(3), 24A(3), 35, 39, 40 and 50(1) of the Financial Administration and Audit Act, and of every other power hereunto enabling, the following Regulations are made:-

PART I. *Preliminary*

Citation. 1. These Regulations may be cited as the Financial Management Regulations, 2011.

Interpretation. 2. In these Regulations, unless the context otherwise requires -

"appropriation-in-aid" means any revenue which a department collects in the ordinary course of business which have been approved by Parliament to be used by the department;

"automated communications device" means a computer programme or an electronic or other automated device used to initiate or respond to electronic communications in whole or in part, without review or action by an individual;

"budget call" means written instructions issued by the Financial Secretary to departments for the submission of proposals for their budgets, corporate plans and operational plans in respect of the ensuing financial year;

"certifying authority" means the public body that issues electronic certificates;

"data" includes -

(a) any material stored, in whatever form, in an

electronic communications system;

- (b) the whole or part of a computer program; and
- (c) a representation suitable for processing in an electronic communications system;

"electronic" means relating to technology having electrical, digital, magnetic, wireless, optical, electromagnetic or similar capabilities, and references to carrying out any act "electronically" shall be similarly construed;

"electronic certificate" means any record that -

- (a) identifies the person or body that issues it;
- (b) names or otherwise identifies the signatory or a device (including an automated communications device) under the control of the signatory;
- (c) specifies its operational period;
- (d) is digitally signed by the person or body that issues it;
- (e) contains a public key that corresponds to a private key under the control of the originator of the electronic document to which the certificate relates; and
- (f) specifies any other matter required to be specified under these Regulations;

"electronic document" means information that is created, generated, communicated, stored, displayed or processed by electronic means;

"electronic communications system" means a system for creating, generating, sending, receiving, storing, displaying or otherwise processing electronic documents or data;

"electronic information" includes data, text, images,

videos, sounds, codes, computer programmes,
software and databases;

"electronic record" means a record created, stored,
generated, received, or communicated by electronic
means;

"electronic signature" means information that -

- (a) is contained in, attached to or logically
associated with, an electronic document; and
- (b) is used by a signatory to indicate his
adoption of the content of that document, but
does not include any signature produced by a
facsimile machine or by an electronic scanning
device;

"Government property" means land, buildings, furniture,
equipment, fixtures, inventory, stores, supplies,
artifacts and other assets, both tangible and
intangible, owned by the Government;

"official receipt" means a receipt prescribed by the
Financial Secretary for the collection of public
funds;

"performance reports" means reports designed to provide
information on the achievement of performance
targets;

"Principal Receiver of Revenue" means any officer charged
with the duties and responsibilities for collecting
and accounting for revenue;

"private key" means an encryption or decryption value
known only to the party or parties that exchange
secret messages;

"public key" means a value provided by some authority to
enable encrypted messages to be electronically

transmitted and exchanged securely when combined with a private key;

"signatory (electronic)" means a person who by means of an encrypted signature creation device has (whether acting himself or through another person, or an automated communications device, acting on his behalf) affix his encrypted signature to an electronic document;

"supplementary estimates" means revision to the original approved budget passed by the Houses of Parliament;

"traffic data" means information about the communication of data using an electronic communications system, including the -

- (a) number and kind of communications;
- (b) origin of the communication;
- (c) destination of the communication;
- (d) time when the communication was sent; and
- (e) time when the communication was received;

"Treasury deposits" means funds held by the Accountant-General pending repayment or application to the purposes for which they were deposited as established by law or otherwise or any other deposits of which the Accountant-General is the custodian (other than Trust Funds or the balances of the Consolidated Fund and the Contingencies Fund).

Application. 3. - (1) These Regulations apply to all departments.

(2) Reference in these Regulations to a department includes a Ministry and, except where the context otherwise requires, a public body which is designated as an Executive Agency pursuant to the *Executive Agencies Act* and any other public body.

PART II. *Management of the Consolidated Fund*

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| Establishment and closure of Consolidated Fund Subsidiary Bank Accounts. | <p>4. The establishment or closure of a Consolidated Fund Subsidiary Bank Account shall be approved by the Financial Secretary.</p> |
| Consolidated Fund Books of Account. | <p>5. - (1) The books of accounts of the Consolidated Fund shall be maintained by the Accountant-General on a double entry basis and in accordance with the accounting policies and standards prescribed by the Financial Secretary.</p> <p style="padding-left: 40px;">(2) A cash book or ledger account shall be maintained for each Consolidated Fund Bank Account and shall be reconciled at least once per month.</p> <p style="padding-left: 40px;">(3) Cash books and ledger accounts for Consolidated Fund External Accounts and Consolidated Fund Foreign Currency Accounts shall be maintained in the relevant foreign currencies along with the Jamaican dollar equivalent based on the daily Bank of Jamaica's weighted average rate of exchange.</p> <p style="padding-left: 40px;">(4) Foreign exchange differences incurred between the standard rate of exchange and the actual rate of exchange shall be transferred to a Foreign Exchange Adjustment Account in the books of accounts of the Consolidated Fund.</p> <p style="padding-left: 40px;">(5) The Foreign Exchange Adjustment Account shall form a part of the assets and liabilities of the Consolidated Fund and shall be disposed of in a manner approved by the Minister.</p> |
| Bank and other charges on Consolidated Fund Operations. | <p>6. Bank and other charges on any Consolidated Fund Bank Account shall be paid from an appropriation under the control of the Accountant-General.</p> |
| Withdrawal from Consolidated Fund. | <p>7. Withdrawals from the Consolidated Fund shall not exceed the limit set by the warrant.</p> |

Treasury Deposits

Accountant-General to maintain a Treasury Deposit Account.

8. The Accountant-General shall maintain a deposit account referred to as "the Treasury Deposit Account" in which shall be deposited all funds which are held for payment to a third party or for purposes stipulated by the depositor or for any other purposes prescribed by law or by the Financial Secretary .

Unclaimed Treasury deposits.

9. Unclaimed funds held on Treasury deposits for a period of six years shall be paid to the Consolidated Fund.

Refund of Treasury deposits paid to Consolidated Fund.

10. Where any person entitled to a deposit which has been paid over to the Consolidated Fund, subsequently proves, to the satisfaction of the Financial Secretary, his claim to that deposit, the Financial Secretary shall thereupon approve a refund by the Accountant-General of the amount to that person.

PART IIA. *Preparation and Submission of Annual Estimates*

Responsibility for preparing annual estimates of expenditure.

11. - (1) The accounting officer shall ensure that the draft estimates relating to his department are prepared in conformity with these Regulations.

(2) The accounting officer is responsible, in particular, for ensuring that -

- (a) all services which can be reasonably foreseen are included in the estimates and that they are within the capacity of his department during the financial year;
- (b) the estimates have been prepared as completely and accurately as possible;
- (c) the estimates have been framed with due regard to economy and efficiency;
- (d) the requisite authority has been obtained, where necessary, before provision is made in the

estimates; and

- (e) estimates are submitted in due time and in proper form.

Budget Call. 12. - (1) The Financial Secretary shall issue a directive known as a "Budget Call" no later than November 30th of each year.

(2) The Budget Call shall require every department to submit in respect of the upcoming financial year, its -

- (a) corporate plan;
- (b) operation plan;
- (c) procurement plan;
- (d) expenditure and revenue budgets;
- (e) cash flow forecast;
- (f) Permanent Secretary's memorandum; and
- (g) any other document prescribed by the Financial Secretary.

Corporate Plan.

13. The corporate plan shall be -

- (a) realistic;
- (b) guided by the medium term socio-economic plan of the Government;
- (c) aligned within the priority policy objectives of Cabinet; and
- (d) developed within available resources.

Permanent Secretary's budget memorandum.

14. The Permanent Secretary's memorandum on the budget proposal shall include -

- (a) a policy and programme direction for the upcoming year;
- (b) a report on the current year's performance;
- (c) an indication of the priority programmes for the upcoming year;
- (d) an indication of the extent to which the ministry will be able to fulfill its mandate and objectives

- in the context of the expenditure parameters; and
- (e) priority programmes which might be affected by expenditure limits and the implications on the ministry's performance.

Matters to be taken into consideration when preparing estimates.

15. In preparing the estimates, special attention shall be given to -
- (a) the compensation of employees, which should accurately reflect the minimum staff required to effectively deliver the organization's programmes within the available resources;
 - (b) full details of the allocation requested for consultancy payments and contract officers, showing the purpose of these services, contract period and annual cost; and
 - (c) unpaid bills at the end of the current year which shall be carried forward to the upcoming year and be a first charge on the approved budget of that year.

Appropriation-in-aid.

16. The Minister may, in writing, direct that any revenues received by an accounting officer by way of fee, penalty, and proceeds of sale or by way of extra or unusual receipt shall be included as an appropriation-in-aid in the annual estimates of expenditure.

Draft budget to be signed.

17. Draft budgets and plans submitted to the Financial Secretary by a department shall be prepared and submitted under the signature of the accounting officer.

Vote-On-Account

Vote-on-Account.

18. - (1) Accounting officers shall upon the passing of the vote-on-account by resolution of the House of Representatives make the necessary entries in their books in respect of the amounts approved.

- (2) Upon passing of the Appropriation Bill, accounting officers shall reverse the Vote-On-Account

entries in their books and replace the entries with the approved vote.

Supplementary Estimates

Supplementary estimates.

19. - (1) In cases where services were not contemplated when the estimates were presented and approved, or where a temporary advance from the Contingencies Fund was sanctioned by the Minister of Finance, Parliamentary approval shall be sought at the earliest opportunity by way of a supplementary estimate.

(2) Notwithstanding the Parliamentary approval of the vote, expenditure shall be controlled by the warrant instrument which regulates such expenditure and by a proper system of commitment planning and control established and maintained by the accounting officer.

Proposals for adjustments.

20. Accounting officers shall, upon the request of the Financial Secretary, submit proposals for adjustments to the voted provision to be incorporated in supplementary estimates.

Virement

Virement.

21. - (1) Where circumstances arise in which the operating requirements of a department make it necessary to rearrange or reallocate the budget provision for programmes, activities, sub-activities, objects within the ambit of a single head, savings under one or more classifications may subject to the prior approval of the Financial Secretary be utilized to provide for additional expenditure under other classifications without affecting the total funds to be disbursed from the head.

(2) Re-arrangement or reallocation of budget provision under paragraph (1) (hereinafter referred to as virement) may be approved as follows -

(a) pursuant to section 19A(2) of the Act, the Minister

may authorize virements within a head of estimates;

(b) subject to the authority given by the Minister the Financial Secretary may issue instructions on particular provisions from which virements will be restricted;

(c) no expenditure shall -

(i) be reallocated to any new service not provided for by the *Appropriation Act*; or

(ii) exceed the aggregate sums provided for such services.

(3) All virements shall be incorporated in the supplementary estimates.

**Minister
may dele-
gate
authority
to vire.**

22. The Minister may delegate to accounting officers the authority to vire under specified terms and conditions.

PART III. Administration **Accounting Officers**

**Acceptance
of Appoint-
ment by
accounting
officers.**

23. Accounting officer upon receipt of a *Letter of Appointment as accounting officer* in the form set out in Schedule B shall signify acceptance of the appointment by signing and submitting a copy of the letter to the Minister.

**Temporary
appoint-
ment of
accounting
officers.**

24. Acting Permanent Secretaries and designated public officers may be appointed accounting officer by the Minister on a temporary basis.

Accountable Officers

**Appointment
of
accountable
officers.**

25. - (1) Accounting officers shall appoint public officers in their departments as accountable officers based on their functions in accordance with section 24F of the Act.

Schedule C.

(2) An appointment as an accountable officer shall be in writing in the form set out in Schedule C.

**Acceptance of
appointment
by
accountable
officers**

26. - (1) Accountable officer shall signify acceptance of the appointment by signing and submitting a copy of the appointment letter to the accounting officer.

(2) A copy of the letter shall be submitted to the Financial Secretary.

Register of accountable officers.

27. - (1) Accounting officers shall maintain a register of all accountable officers in their departments.

(2) A list of all appointed accountable officers and their positions shall be submitted to the Financial Secretary within thirty days following the end of each financial year.

Official Bank Accounts

Treasury Single Bank Account.

28. - (1) Under the Central Treasury Management System, Government shall operate a Treasury Single Bank Account for its operations.

(2) Notwithstanding paragraph (1), the Financial Secretary in special circumstances may approve bank accounts to be operated by departments.

Electronic bank statements.

29. Electronic bank statements may be used to reconcile monthly bank accounts.

Bank reconciliation.

30. - (1) Accounting and accountable officers shall ensure that official bank accounts are not overdrawn.

(2) Accounting and accountable officers may be surcharged for -

(a) any deficiency or loss resulting from failure to reconcile official bank accounts within the prescribed period;

(b) the interest charges on any overdrawn official bank account where no prior written approval was granted by the Financial Secretary in respect of such overdraft.

(3) The Financial Secretary shall prescribe the procedures for the opening and closing of official bank accounts.

Collection of Public Monies

**Assignment
of officers
to collect
money.**

31. An accountable officer shall not assign the duty of collecting public moneys to any person other than a permanently appointed officer, except in exceptional circumstances where written approval is given by the accounting officer.

**Issue of
official
receipts.**

32. Except where otherwise provided, officers collecting public funds shall issue official receipts on the form prescribed or approved by the Financial Secretary for all sums collected.

**Restriction
on issue or
printing of
receipt forms
or books.**

33. - (1) A public officer shall not issue or print any form of receipt to be used as an official receipt without the prior written approval of the Financial Secretary.

(2) A person who contravenes paragraph(1) commits an offence and is liable on summary conviction in a Resident Magistrate's Court to a fine not exceeding two hundred thousand dollars or to imprisonment for a term not exceeding twelve months or to both such fine and imprisonment.

**Issue of
receipts.**

34. Receipts shall be issued at the time of payment, and in no circumstances, shall the issue of receipts be delayed or unofficial receipts used.

**Computer-
generated
receipts.**

35. - (1) Receipts may be in the form of an electronic document produced by an electronic communications system.

(2) Departments shall seek the prior approval of the Financial Secretary for the use of computer-generated receipts.

(3) Principal Receivers of Revenue and other accountable officers shall be responsible for the adequacy of the internal control procedures established for the use of computer generated receipts.

**Receipt of
public
monies using
point of
sale
machines.**

36. - (1) Revenues and other receipt of public funds may be collected through debit and credit cards issued by locally licensed financial institutions provided that the sum to be

paid is the minimum amount prescribed by the Financial Secretary.

(2) Principal Receivers of Revenues and other accountable officers shall ensure that for all amounts credited directly to the revenue or to any other official bank accounts -

- (a) the source and purpose of the amount is identified;
- (b) an electronic document or other appropriate form of advice is submitted promptly to the payer notifying the amount received; and
- (c) the appropriate accounting entries are made in the department's records to reflect the amount received.

**Notices
regarding
monies
paid to
Government.**

37. Heads of departments shall cause to be exhibited in every office where public moneys are received, notices that an official receipt shall be obtained by the payer for any sum of money paid to the Government.

**Payment from
revenue.**

38. Accounting and accountable officers collecting money shall not make any payment from revenues collected without the prior approval of the Financial Secretary except for authorized refunds and drawbacks.

**Drawbacks
and
refunds.**

39. The Minister shall authorize the Financial Secretary to issue instructions to Principal Receivers of Revenue regarding refunds and drawbacks from revenues collected.

Appropriation-in-aid.

40. The Financial Secretary upon approval granted by the Minister in accordance with section 8 of the Act may allow departments to use revenues collected or portion thereof to defray expenditure (referred to as "appropriation-in-aid").

**Responsibility of
Principal
Receivers
of Revenue.**

41. Principal Receivers of Revenue and accounting officers shall -

- (a) collect and account for revenues and other public monies within their control in accordance with such instructions as may be issued by the Financial

Secretary; and

- (b) ensure that all revenue is collected without delay and shall inform the Financial Secretary of any significant shortfall in collections or difficulties in collections or, of any important trends in the receipt of revenue which may become apparent.

**Revenue
accounting
records.**

42. - (1) Principal Receivers of Revenue shall keep such registers and other records manual or electronic as prescribed by the Financial Secretary, which shall enable them to supervise efficiently the collection of revenue for which they are responsible and to provide the relevant financial statements.

(2) Accounting officers and Principal Receivers of Revenue shall ensure that, all revenues due in a financial year is collected within that year and all arrears is collected within the time specified by the Financial Secretary.

(3) Public moneys shall not be used in an unauthorized manner.

(4) A public officer shall not advance, lend, or otherwise use for his own purposes any sum collected for which he is accountable.

**Acceptance
of cheques.**

43. - (1) An accountable officer shall not accept a cheque as payment of public moneys unless the cheque is certified or drawn by a commercial bank licensed under the *Banking Act* or a financial institution licensed under the *Financial Institutions Act*.

(2) The Financial Secretary may issue instructions regarding the conditions for the acceptance of uncertified cheques and the treatment of dishonoured cheques.

**Lodgement of
revenue.**

44. - (1) Subject to regulation 43, an accountable officer

who receives public moneys shall lodge the amounts collected daily, or, at the earliest possible opportunity into the relevant official bank account.

(2) The amount lodged shall be in excess of the total costs associated with making the lodgement, except at the close of the month where all amounts received shall be lodged in the month of receipt.

Security and Custody of Public Monies

Responsibility of accounting officers.

45. It is the responsibility of every accounting officer to ensure that adequate arrangements are made for the safe custody and preservation of public monies, stamps, tickets, securities, stores, equipment or anything else of value which either belongs to Government or though not belonging to Government is kept in its permanent or temporary custody.

Instructions on the security and custody of public moneys.

46. - (1) The Financial Secretary shall issue instructions regarding the security and custody of public monies.

(2) An accountable officer who fails to perform his functions under regulation 45 is liable to surcharge in the amount of the loss incurred by the Government.

Payment of Public Monies

Authority for payment of public monies.

47. Unless authorized by law or by resolution of the House of Representatives, no payment of public monies shall be made as a charge against the Consolidated Fund.

Responsibility for payment.

48. - (1) Accounting and accountable officers shall ensure that there exists a proper system of internal control and adequate authority for disbursements of all public funds.

(2) Any officer directing, allowing or making any unauthorized disbursement shall be held personally responsible for the amount, and any officer whose duties require him to prepare, submit or check amounts, shall be similarly held responsible for any inaccuracies in those accounts.

**Settlement
of payments.**

49. - (1) Accounting officers shall settle payments by their departments for all goods and services received from other departments, public bodies, individuals and private institutions out of the monthly warrant issued for the purpose, within a period of thirty days of their receipt.

(2) Where the amount authorized by warrant is sufficient and a delay in payment is caused by the negligence of an officer resulting in loss, damage, or the payment of interest or a penalty, the Financial Secretary may impose surcharge in accordance with section 20 of the Act

**Commitment
of funds.**

50. A public officer shall not commit the Government to any expenditure, unless the officer -

(a) is authorized to do so in his letter of appointment as an accountable officer; and

(b) has been advised, in writing, by the relevant accountable officer that funds are available for the specific purpose.

**Surcharge
for
unauthorized
payments.**

51. A public officer who fails to comply with regulation 50 is liable to a surcharge of a sum equal to the amount of the unauthorized payment.

**Certifica-
tion and
authorization
of payments.**

52. Certification and authorization of payment vouchers shall be carried out by an officer other than the officer contracting for the goods or services to which the payment relates.

**Terms and
conditions
for provi-
sion of
service to
be agreed.**

53. Where a service is undertaken by a department, the price and other terms and conditions of the service shall be -

(a) clearly understood and agreed upon prior to implementation; and

(b) in writing.

**Payment of
statutory
deductions.**

54. Accountable officers shall remit all statutory and

other authorized deduction from employees' earnings and from contract or other payments to the recipient organization within five working days of the effective date of the deductions or in accordance with the time stipulated by the enactment or power under which the deductions are made whichever is earlier.

Penalty for failure to remit deductions.

55. An accountable officer who contravenes regulation 54 is liable to surcharge for any penalty or costs accruing to Government as a consequence of such failure or to disciplinary proceedings in accordance with the Public Service Regulations.

Payment of salaries and allowances on expiration of leave.

56. Salaries and allowances shall not be paid beyond the date of expiration of vacation leave. Written resumption letters shall be presented for the continued payment of salaries and allowances.

Electronic payments.

57. - (1) The Accountant-General shall be responsible for making payments electronically for all departments upon their request through the Treasury Single Account.

(2) In special circumstances approved by the Financial Secretary, electronic payments may be done by departments from designated bank accounts.

(3) Electronic transfers shall not be done unless the requisite funds are available in the relevant official bank account.

(4) Officers effecting electronic transfer payments shall be surcharged for any overdraft caused by these payments.

(5) The surcharge shall be for the amount of the interest, fees and any other charges incidental to or arising from the overdraft.

Electronic Payment by Official Credit Card

**Government -
funded
credit
cards.**

58. The acquisition of Government-funded credit cards (hereinafter called "official credit cards") for use both locally and overseas by Permanent Secretaries Heads of Department and Chief Executive Officers of public bodies, requires the prior written approval of the Financial Secretary.

**Procedure
for request-
ing use of
official
credit card.**

59. The request for the use of an official credit card by a public body shall be submitted to the Financial Secretary through the accounting officer of the public body's portfolio ministry.

**Use of
official
credit
cards.**

60. Official credit cards shall not be used for private and personal expenses but shall be used on official business -

- (a) to meet unforeseen and unavoidable expenses; and
- (b) in circumstances in which credit cards are the preferred method of payment by the vendor.

**Official
credit card
limit.**

61. - (1) The limit approved on official credit cards by the Financial Secretary shall not be exceeded unless prior and written approval is given by the Financial Secretary.

(2) The Financial Secretary shall give written instructions on the general use and operation of official credit cards.

(3) Expenses from official credit cards shall be kept at a minimum.

(4) Instances of extravagance or deviation from the approved guidelines for use of official credit cards, shall be brought to the attention of the relevant accounting officer and the Financial Secretary immediately.

(5) Where a public official is found to be extravagant or deviates from the approved guidelines for use of official credit cards, the authorization for the continued use of the card shall be reviewed.

**Suspension,
transfer
and termina-**

62. - (1) The use of an official credit card shall be

tion of
card.

suspended when -

- (a) the cardholder is on vacation leave for more than five days; or
- (b) so directed by the accounting officer.

(2) The credit card company shall be instructed promptly to execute this suspension.

(3) The Financial Secretary shall be informed promptly of all suspensions of the use of official credit cards and the reason for suspension.

(4) An official credit card shall not be transferable.

(5) All official credit cards shall be terminated immediately when the authorized cardholder -

- (a) dies;
- (b) is declared bankrupt or mentally unsound;
- (c) is interdicted by the Public Services Commission;
- (d) is convicted of a criminal offence; and
- (e) retires, resigns, dismissed, or separated from office in any other way.

Accounting for Public Monies

**Accounting
methods and
standards.**

63. The Financial Secretary shall prescribe the accounting policies, methods and standards to be used by departments.

**Accrual
accounting.**

64. Where the Financial Secretary directs that the accrual accounting system be adopted, this shall be done in accordance with the International Public Sector Accounting Standards (IPSAS) or the International Financial Reporting Standards (IFRS), whichever is relevant.

**Accounting
software
packages.**

65. - (1) The Financial Secretary shall authorize the use of a standard accounting software package to be used in the public sector and may, in exceptional cases, authorize specific public bodies to use other accounting software packages that are compatible with the standard requirement

for public sector accounting.

(2) The Financial Secretary shall prescribe instructions for the following -

- (a) the operation of the accounting software package or system;
- (b) the operation of the Central Treasury Management System;
- (c) the operation of the Treasury Single Account System; and
- (d) the operation of any other relevant accounting system.

(3) The accounts of Government shall be complete, relevant and current in accordance with the standard and guidelines prescribed by the Financial Secretary.

(4) The accounts shall be maintained to reflect expenditures in accordance with the amounts approved under the respective heads of estimates as embodied by the *Appropriation Act*.

(5) Accounting officers shall be directly and personally responsible for all expenditure charged under the votes, which he administers, and shall be accountable to Parliament.

(6) Accounting officers shall establish a system appropriate to the needs of his department and provide for the assignment of duties and responsibilities by instructions issued under section 24F of the Act.

(7) The Accounting Officer shall have such other functions in connection with the accounting for and control of public money as may be assigned to such accounting officer by, or under the Act or any other enactment.

(8) The Financial Secretary shall be responsible

for -

- (a) the continuous improvement of financial and accounting systems in departments; and
- (b) ensuring that the mechanism for the collection of and accounting for public moneys is satisfactory in principle and complied with in practice.

Retention monies.

66. - (1) Amounts deducted under a contract and withheld as retention monies shall be placed in a separate bank account authorized by the Financial Secretary.

(2) Funds held on retention shall not be utilized for any purpose other than refunding the contractor upon certification of satisfactory completion of the work.

Foreign currency transactions.

67. - (1) Subject to paragraph (2), a transaction in a foreign currency shall be reflected in Jamaican dollars based on the actual exchange rate at the time of the transaction.

(2) Where this is not applicable the exchange rate to be used shall be the weighted average rate of exchange reported by the Bank of Jamaica at the time of the transaction.

(3) The Financial Secretary shall prescribe the treatment of gains and losses arising from the changes in the rate of exchange.

PART IV. Financial Reports

Financial statements by accounting officers.

68. The Financial Secretary shall prescribe guidelines for preparation and presentation of monthly, quarterly, annual and other financial reports to be submitted by accounting officers to the Auditor-General and the Financial Secretary.

Financial statements by principal receivers of revenue.

69. The Financial Secretary shall prescribe guidelines for preparation and presentation of monthly, quarterly, annual and other financial reports to be submitted by Principal Receivers of Revenue to the Auditor-General and the

Financial Secretary.

Deadline for submission of financial statements.

70. The deadlines for the submission of financial statements shall be as follows -

- (a) annual financial statements, four months following the end of the financial year;
- (b) quarterly financial statements, within fourteen working days of the subsequent quarter; and
- (c) monthly financial statements, within fourteen working days of the subsequent month.

Penalties for late statements.

71. - (1) Accounting officers, Principal Receivers of Revenue and accountable officers shall take appropriate disciplinary proceedings in accordance with the Public Service Regulations against officers responsible for the delay in the timely submission of financial statements.

(2) Action shall be immediately reported to the Auditor-General and the Financial Secretary.

(3) The Financial Secretary shall report to the Minister any accounting officer or principal receiver of revenue whose financial statements are consistently late in submission and are in arrears.

(4) A report under paragraph (3) shall include recommendations for measures to be taken to ensure compliance.

Signing of financial statements.

72. - (1) Accounting officers and Principal Receivers of Revenue shall sign all annual and quarterly financial statements.

(2) Accounting officers and Principal Receivers of Revenue may designate accountable officers to sign monthly financial statements.

Certification of financial statements.

73. Annual financial statements shall be checked and verified by the relevant Chief Internal Auditor before submission to the Auditor-General.

**Adjustment
after
certifi-
cation.**

74. - (1) Accounting officers and Principal Receivers of Revenue shall not make any adjustment to the accounts and the financial statements after they have been certified by the Auditor-General.

(2) The Financial Secretary shall issue instructions regarding the procedures for the correction of errors discovered in respect of audited financial statements.

Performance Reports

**Quarterly
performance
reports.**

75. - (1) Accounting officers and Principal Receivers of Revenue shall submit to the Cabinet Secretary, the Auditor-General and the Financial Secretary, quarterly status reports on the performance of their department in relation to the approved targets stated in their corporate and operational plans.

(2) Performance reports shall be submitted no later than fourteen working days after the end of the appropriate quarter and shall be signed by the accounting officer or Principal Receivers of Revenue.

PART V. Use of *Electronic Devices*

**Automated
communica-
tions
devices.**

76. The prior approval of the Financial Secretary shall be obtained for the use of electrical, digital, magnetic, wireless, optical or automated communications devices and electronic technology or similar capabilities used to carry out financial transactions.

**Use of public
and private
keys.**

77. - (1) Public keys and private keys shall be used to verify and authenticate digital and electronic signatures between senders and receivers of electronic financial transactions.

(2) Encrypted signatures shall form part of the authentication and verification process thereby ensuring the integrity and security of financial transactions.

PART VI. *Loss of Public Property*

**Definition
responsi-
bility of
the
accounting
officer.**

78. A loss shall be considered to have occurred when the
79. When a loss is discovered, the accounting officer shall
cause an investigation into the circumstances of the loss in
order to -

- (a) ascertain the extent and amount of the loss;
- (b) determine whether control or operational
arrangements need to be improved in order to prevent
the occurrence of similar losses in the department
or in any other department; and
- (c) determine whether any offence or other fault of a
public officer has been revealed by the loss.

**Disclosure
of offences.**

80. The investigation of a loss does not constitute a
disciplinary enquiry and if the investigation reveals that
an offence has been committed, it shall be dealt with
separately by the -

- (a) Police, if a criminal offence is involved;
- (b) Public Service Commission or the Police Service
Commission, Judicial Service Commission, as is
appropriate if a breach of discipline is involved.

**Declaration
of losses.**

81. A loss may be revealed by -

- (a) the discovery of any deficiency within the accounts
by any public officer;
- (b) a declaration that a loss has occurred by any one of
the following -
 - (i) the Financial Secretary;
 - (ii) the Auditor-General; or
 - (iii) any other authorized public officers.

**Duty of the
accounting
officer.**

82. An accounting officer shall -

- (a) ensure that adequate investigation is made of a loss;
- (b) take prompt action to ensure
 - (i) rectification of weaknesses in the systems;
 - (ii) disciplinary proceedings in accordance with the Public Service Regulations against public officers; and
 - (iii) due process for the recovery of the loss;
- (c) authorize disposal of a case of loss after complying with paragraphs (a) and (b), as the case may be, through -
 - (i) recommendation for write-off to the Financial Secretary where necessary;
 - (ii) allowing the transactions to stand charged; or
 - (iii) verifying full recovery and advising the Financial Secretary and the Auditor-General accordingly.

**Categories
of losses.**

83. The categories of loss shall be as follows -

- (a) cash deficiency which is a deficiency of cash or other negotiable instrument, whether it arises from a simple cash shortage or from the use of fictitious entries or vouchers to conceal the existence of a deficiency;
- (b) revenue losses which may arise from -
 - (i) uncollectable revenue when debts due to Government cannot be collected by reason that the debtor cannot be traced or is insolvent; and

- (ii) loss of revenue, arising from failure to assess or collect in circumstances which preclude subsequent assessment or collection;
- (c) expenditure losses which may arise from -
 - (i) irrecoverable overpayments, when an excess payment has been made by error and recovery cannot be effected because the recipient cannot be traced or is otherwise incapable of making repayment;
 - (ii) the incurrence of a penalty in which Government has been legally obliged to make payment, but for which no corresponding receipt of goods or services has been derived;
 - (iii) improper payments arising from transactions that are contrary to law, but which do not involve any offence under the criminal code and include cases of gross waste or extravagance;
 - (iv) excess expenditure, which is a special case of improper payment which arises when payments have been made in excess of approved estimates without the prior authority of Parliament; and
 - (v) fraudulent payments which arise from transactions which involves the commission of an offence, by the use of falsified documents or certificates to steal money or other property belonging to the Government;
- (d) store and equipment losses which may arise from -

- (i) deficiencies, including fraudulent issues from stock and issues without proper evidence of use;
 - (ii) damage or deterioration of goods in stock; and
 - (iii) loss by accident in so far as they relate to equipment and stores in use;
- (e) financial losses which may arise from -
 - (i) irrecoverable advances and loans when moneys due to Government cannot be recovered by reason of a debtors default and include default on Government guarantees;
 - (ii) irregular advances and loans when money cannot be recovered because Government cannot establish a claim against any person or institution;
 - (iii) reduction of financial asset where the value of any financial asset has to be reduced by reason of failure or capital restructuring of an enterprise;
 - (iv) losses on sale of securities where the losses are aggregated with gains over the financial year, and any net loss is written off at the end of the year;
- (f) miscellaneous losses which may arise from -
 - (i) loss of Value Books;
 - (ii) the loss of keys of any Government safe or the compromise of any combination lock;
 - (iii) the cost of altering locks and providing new keys or combinations;

(iv) the value of any missing items from the safe;

(v) irrecoverable claims.

Exclusions. 84. The following are not losses, and the provisions of PART VI of these Regulations do not apply -

- (a) stores and equipment which have become unserviceable through fair wear and tear and disposed of as laid down in these Regulations;
- (b) arrears of revenue, outstanding claims, outstanding advance or loan recoveries, or over-payments until such time as they are declared to be irrecoverable or uncollectable in accordance with these Regulations;
- (c) *ex-gratia* payments approved by the appropriate authority;
- (d) remission of tax, fee or penalty in accordance with the Act; and
- (e) normal wastage of stores as result of evaporation or loss of weight during storage, or specified limits of normal wastage laid down in Financial Instructions.

Discovery of loss.

85. - (1) Any officer who discovers a loss, or suspects that a loss has occurred shall immediately report the matter to the accounting officer who shall report the matter forthwith to the Auditor-General and the Financial Secretary.

(2) The format of the report shall be prescribed by instructions issued by the Financial Secretary.

(3) Failure to make a report under paragraph (1) is a breach of financial discipline and may result in disciplinary proceedings in accordance with the Public Service Regulations as deemed appropriate by the Financial

Secretary.

**Initial
action by
accountable
officer.**

86. - (1) An accounting officer shall be responsible for investigating and taking action on any loss.

(2) If an accountable officer is satisfied that a loss has occurred, the head of the body shall -

(a) place any accounts, vouchers and other relevant records into safe custody and make any alternative arrangements necessary for the conduct of further business immediately; and

(b) if the circumstances of the loss indicate that a criminal offence has been committed, report the matter to the police.

(3) Investigation and subsequent actions under paragraph (1) shall be completed within forty-eight hours of the discovery and the loss shall be reported to -

(a) the Financial Secretary;

(b) the Auditor-General; and

(c) the Permanent Secretary in the portfolio Ministry.

**Investi-
gation of
every case
of loss.**

87. - (1) Subject to paragraph (2), an accounting officer shall cause an investigation to be conducted into every reported case of loss.

(2) Where an accounting officer is implicated in the loss, the Financial Secretary or the Auditor-General (hereinafter referred to as the "investigating authority") shall cause an investigation to be so conducted.

**Recommend-
ations.**

88. On the basis of the findings of the investigation, the investigating authority may make recommendations as to the disposal of the case, including -

(a) the initiation of disciplinary proceedings in accordance with the Public Service Regulations;

(b) the development of remedial administrative or accounting action; and

(c) such action as is appropriate in the circumstances of the case.

Conduct of investigation.

89. An investigating officer shall conduct the enquiry in manner that takes the principles of natural justice into account.

Procedure where criminal offence has been committed.

90. - (1) If the report of an investigating officer shows that a criminal offence, other than the offence already reported under these Regulations has been committed, the facts of the case shall be submitted to the police.

(2) Disciplinary proceedings in accordance with the Public Service Regulations or proceedings for the recovery of a loss shall not be taken against an officer facing criminal charges under paragraph (1) until the court has dealt with the case or the police have formally indicated that they do not intend to proceed against the officer concerned.

Disciplinary offence.

91. Where an officer has committed an offence which is not a criminal offence, disciplinary proceeding shall be instituted by the accounting officer.

Disciplinary proceedings to be completed.

92. Disciplinary proceedings arising from a case of loss shall be completed before the investigating authority approves the final disposal of the case.

Defective systems.

93. If the report of the investigating authority indicates that systems currently in operation, including those for the training of staff are defective, the accounting officer shall consult with the Financial Secretary to consider measures for rectification.

Financial liability of officers.

94. - (1) Recovery of the value of a loss, whether by recovery proceedings under these Regulations or by a surcharge pursuant to PART VII, constitutes a settlement of a civil claim against the officer arising from the loss.

(2) Recovery of a loss shall not be a substitute for criminal prosecution or disciplinary proceedings in accordance with the Public Service Regulations.

Offer to repay.

95. If an officer freely accepts financial responsibility for a loss, the officer may offer to pay the amount back into the Consolidated Fund or the relevant public fund, in which case the department responsible for disposal of the loss may -

- (a) accept the offer to repay, if the disciplinary offence is not serious enough to necessitate further proceedings against the officer; or
- (b) accept the offer in mitigation of the offence with the repayment being considered as a partial fulfillment of any penalty that may be imposed.

Liability to repay.

96. A public officer may become personally responsible for repaying the value of a loss if -

- (a) the loss is one falling within the ambit of regulation 83; or
- (b) the loss has been the subject of disallowance or surcharge.

Monetary liability.

97. If the report of an investigating officer shows that an officer may have received moneys that has not been paid over, accounted for nor applied for the purpose for which they were received, the accounting officer may on behalf of the Financial Secretary issue a notice to that officer on this matter.

Order for recovery.

98. Where a person to whom a notice has been issued under regulation 97, fails to respond to the notice within the time specified in the notice, the accounting officer shall inform the Financial Secretary and the Auditor-General of this failure in writing who shall take action as required under section 20 of the Act.

**Recovery of
amounts.**

99. - (1) Where an order for recovery has been made, the amount shall be recovered as a debt due to the Government.

(2) The Financial Secretary may, if the officer remains in public employment, arrange for payment by installments as laid down in these Regulations or else the documents shall be the basis of a civil claim against the officer or the officer's estate.

**Cash
liability
for loss.**

100. - (1) The procedure laid down in regulations 98 and 99 is applicable only to moneys received and held by a public officer.

(2) If losses arise by reason of failure to collect, or by a deficiency occurring after collection, recovery of the amount lost may be ordered if it is established that the loss was occasioned by an officer's misconduct, neglect of duty or negligence.

(3) If a loss occurs under paragraph (2) the accounting officer shall first initiate disciplinary proceedings in accordance with the Public Service Regulations against the officer concerned; and if the officer is found to have committed an offence, the accounting officer shall refer the matter to the Auditor -General for recommendation to the Financial Secretary for surcharge.

**Surcharge
proceedings.**

101. The imposition of a surcharge by the Financial Secretary constitutes a claim against the officer concerned, and the accounting officer shall immediately recover the full amount surcharged from that officer.

**Quarterly
reports of
losses
disposed of.**

102. Departments shall submit a report on losses incurred during each quarter in the format prescribed by instructions issued by the Financial Secretary. The report for each quarter must be submitted within fourteen working days following the end of each quarter.

Rulings by Financial Secretary.	103. Where any doubt arises on the correct classification of a loss or the accounting procedure required, the directions of the Financial Secretary shall be sought.
Remittances and transfer.	104. Where a loss occurs in any remittance of cash or transfer of stores, responsibility for dealing with the loss shall rest with the remitting or transferring officer, unless the recipient has formally accepted delivery at the office of remittance or store of issue.
Claims.	105. Goods that are received damaged or incomplete, and are subject to a claim on suppliers, insurers or carriers, shall not constitute a loss until the claim proves irrecoverable.
Investigation of bad debts.	106. - (1) The fact that losses arise from uncollectable revenue, irrecoverable overpayments, or irrecoverable claims at the time of disposal does not preclude the prior investigation of circumstances of the losses. (2) Applications for write-off shall be accompanied by an investigation report indicating the remedial action and the necessary accounting treatment to be taken.
Power of intervention.	107. The Financial Secretary and the Auditor-General may intervene in the disposal of any case of loss, and may - (a) call for further information to be supplied; or (b) put forward opinions as to the action to be taken.
Authority of the Auditor-General.	108. The authorization of disposal of a case of loss does not prejudice the right of the Auditor-General to carry out further investigation.
Publication of significant findings.	109. An accounting officer shall ensure that matters of significance arising from the investigation of losses are brought to the notice of the general public.

PART VII. Surcharge

Definition of surcharge.	110. Surcharge is the recovery of an amount overpaid or a recoupment of any loss sustained by the Government for which
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the public officer is responsible and was found liable.

**Financial
Secretary may
impose
surcharge.**

111. - (1) The Financial Secretary may surcharge an officer based on recommendation by the Auditor-General where, it is found that there is loss of public funds arising from negligence or recklessness.

(2) The amount surcharged may be for the full amount of the loss, or part thereof as, determine by the Financial Secretary.

(3) Where the Auditor-General recommends more than one officer to be surcharged in respect of a single loss, the Financial Secretary shall seek to recover the loss on an appropriate and equitable proportional basis as determined by the circumstances.

(4) Upon the retirement, resignation, dismissal or death of a public officer, the outstanding balance of any debt due including amounts surcharged, unless otherwise determined by the Financial Secretary, shall be recovered by the Government from the officer or from his estate.

(5) Where any amount required to be recovered is not so recovered, the relevant accountable officer may be held liable to a surcharge for that amount.

(6) The Financial Secretary may, at any time, withdraw any surcharge in respect of which a satisfactory explanation has been received.

(7) The Financial Secretary may, in exercising the functions of surcharge prescribed under sections 20 and 49 of the Act, appoint a committee of not less than three persons, one of whom shall be nominated by the Attorney-General to investigate the circumstances of the surcharge case and to submit recommendations to the Financial Secretary.

(8) The committee may adjourn the investigation, from time to time, as the Financial Secretary sees fit.

(9) Any person dissatisfied with any surcharge made against him shall have the right to appeal to the Privy Council within a period of one month immediately after he has been notified of the surcharge.

Money collected as surcharge to be paid to Accountant-General.

112. Monies collected as a surcharge shall be paid over to the Accountant-General for Miscellaneous Revenue.

PART VIII. Government Property

Management of other Government property.

113. The Financial Secretary shall issue instructions on the management and control of Government property.

Conditions to be satisfied on purchase of Government property.

114. Purchase of Government property shall satisfy the following conditions -

- (a) the process shall be fair and transparent;
- (b) the purchase shall be on the basis of need or to secure some benefit to the public;
- (c) the intended purpose is the best use of the property;
- (d) the process shall comply with the Government procurement guidelines, where appropriate; and
- (e) all relevant statutory requirements shall be observed.

At least two valuations required for purchase of property.

115. - (1) Where property is purchased, at least two valuations shall be secured, one of which shall be from -

- (a) the office of the Commissioner of Lands or the Commissioner of Lands approved list of valuers; or
- (b) a certified valuator selected by the purchaser.

(2) The valuation report shall not be more than one year old.

Circumstances in which

116. A third valuation is required where the price agreed

third valuation is required.

by the vendor is fifteen per cent and above the valuation of the Commissioner of Lands or that of a valuator on the certified list of valutors.

Accounting officer to keep inventory of Government property.

117. - (1) Every accounting officer shall keep a complete inventory of all Government property (including property acquired by way of gifts) under his custody or control.

(2) The inventory of Government property shall be kept in the form and manner approved by the Financial Secretary.

Inventory to be reconciled and circulated.

118. The inventory of Government property shall be reconciled with the records of the Commissioner of Lands at least once per year and a copy of the reconciliation report submitted to the Commissioner of Lands, Auditor-General and the Financial Secretary.

Rules for divestment or lease of Government property.

119. The divestment or lease of Government property shall be transparent and shall include the following information -

- (a) the intended use of the property by the purchaser;
- (b) valuation certificate from the Commissioner of Lands and another valuation from an approved chartered valuation surveyor;
- (c) where the two valuations differ by over fifteen per cent, a third valuation will be required;
- (d) the third valuation shall be selected jointly by the Commissioner of Lands and the private investor and the resulting cost shared; and
- (e) in the case of lease the valuation certificate shall include the lease price and the total value of the property.

Proceeds of sale.

120. The proceeds of sale made under regulation 120 shall be paid into the Consolidated Fund.

Inventory of stores and Supplies.

121. Every accounting and accountable officer shall, in the

form and manner approved by the Financial Secretary, keep a complete inventory of all Government assets (including assets acquired by way of a gift) under the control of that accounting and accountable officer.

Financial Secretary may issue instructions on keeping of inventory records.

122. The Financial Secretary may issue instructions on the form and manner in which inventory records are to be maintained. This shall include the use of appropriate assets management software.

Financial Secretary shall maintain master list of inventories.

123. The Financial Secretary shall ensure that a master list of all inventories for departments is maintained, in terms of location, description and value of each asset.

Financial Secretary may approve the redeployment of assets.

124. The Financial Secretary may upon request, approve the redeployment of assets in the following circumstances -

- (a) projects that have ended;
- (b) changes in subject portfolio;
- (c) conversion of department to an executive agency; and
- (d) conversion of department to a public body.

Amendment of master list of inventories.

125. The master list of inventories shall be amended based on approval granted pursuant to regulation 124.

Duties of accounting officers in relation to inventories.

126. Accounting officers shall -

- (a) ensure that all inventories are checked at least once annually by a person other than the accountable officer responsible for keeping the records; and
- (b) report forthwith any discrepancies found in the inventories to the Financial Secretary and the Auditor-General.

Duty of accountable officers to prevent waste, etc.

127. Accountable officers shall ensure that there is no waste, extravagance or abuse in the use of Government property under the custody or control of their department.

No transfer of Government

128. Except with the prior written approval of the

property
without
approval.

Financial Secretary, Government property shall not be transferred from one department to another.

Disposal of
unservice-
able
materials,
etc.

129. - (1) The Financial Secretary shall assign officers to conduct board of surveys to examine public assets to determine whether they are unserviceable and, if so, the manner in which they should be disposed of.

(2) The Financial Secretary may authorize the disposal of obsolete and unusable materials, tools and unserviceable equipment by sale, destruction, salvage, gift or by any other means, as he thinks fit.

Handing Over

Handing over
of public
property.

130. Where an officer whose duties involves financial and accounting responsibilities -

- (a) intends to resign;
- (b) is scheduled for transfer or reassignment to new duties,

the officer shall no later than three working days before the date of resignation or the date of transfer or reassignment, formally hand over to his successor or supervisor, all public property in his possession and all records relating thereto.

Handing over
to be in
writing.

131. The handing over of public property shall be evidenced in writing by the outgoing, the incoming and a certifying officer.

Certifying
officer in
handing over
to be a
designated
accountable
officer.

132. The certifying officer in the handing over of public property shall be an accountable officer designated by the accounting officer or head of department.

Sale of Government Property

Sale of
Government
property.

133. The Financial Secretary may authorize the sale of Government property by -

- (a) public tender or auction, subject, in the case of serviceable materials and equipment, to a minimum

price determined by a suitable qualified person independent of the department controlling the items to be sold; or

- (b) sale at fixed prices determined by the Financial Secretary.

Assets of public bodies in which Government is major funder to be paid into consolidated Fund.

134. Where the assets of a public body that receives fifty per cent or more of its funds from the Consolidated Fund are disposed of, the net proceeds of sale shall be paid into the Consolidated Fund unless approval is granted by the Financial Secretary for retention of the funds or any portions thereof.

Assets of public bodies in which Government is minor funder to be retained.

135. A public body that is self-financed or received less than fifty per cent or more of its funds from the Consolidated Fund whose assets are disposed of, may retain the net proceeds of the sale.

Change of title.

136. Where any change of title, whether by sale or otherwise, of Government property requires documentary evidence, authentication of the change of title shall be provided by the Accountant-General who shall endorse the appropriate document with his official seal authenticated by his signature, and deliver the document to the owner.

Conditions precedent to endorsement of change of title.

137. The Accountant-General shall not endorse a change of title, unless he first confirms that -

- (a) the necessary authority for the transaction as prescribed has been given; and
- (b) any consideration arising out of the change of title and payable into the Consolidated Fund has been received.

Receipt to be issued for private properties in Government custody.

138. A receipt shall be issued to owners of private properties lawfully placed in Government's custody.

Private property

139. Private property in the Government's lawful custody

to be safeguarded and kept on separate inventory.

shall be safeguarded and kept on a separate inventory which shall include the following details *inter alia* -

- (a) the date taken into custody;
- (b) the owner of the property; and
- (c) the description and condition of the property.

Financial Secretary to issue instructions re loss or damage of private property.

140. The Financial Secretary shall issue instructions in relation to the loss or damage of private property in Government's custody.

Recovery from insurance claim.

141. Where a public property that was lost, damaged or stolen, collect from insurance claims, a sum of money towards the loss, this amount shall be paid over to the Consolidated Fund unless approval is given by the Financial Secretary for the amount to be used to set-off replacement of the property.

PART IX. AUDIT

Internal Audit

Internal audit.

142. There shall be established in each department a system of internal audit for examining the accounting systems, internal controls, risk management and governance processes of the department.

Financial Secretary to improve and develop internal audit standards.

143. The Financial Secretary shall be responsible for the improvement and development of the standards, framework and guidelines of internal audit in the public sector.

Risk management and internal control.

144. Accounting officers shall ensure that there is an effective risk management process that determines the material risks to which his department may be exposed.

Accounting officers to establish risk management strategy.

145. Accounting officers shall formulate a strategy for risk management which shall include a fraud prevention plan to -

- (a) guide the internal audit effort and priority; and

- (b) determine the skills and resources required to manage these risks.

Accounting officers to ensure effective system of internal control.

146. Accounting officers shall ensure that there is an effective system of internal control over the financial and operational processes of the department, including -

- (a) management policies and requirements made by the provisions of the Act and any regulations made thereunder;
- (b) sound practices for the efficient, effective and economical management of each function within the department;
- (c) a system of authorization and recording adequate to provide accounting and related controls in relation to assets, liabilities, receipts and payments of the department;
- (d) proper segregation of functional responsibilities; and
- (e) procedures to review the adequacies of and compliance with the department's internal control system.

Management of the internal audit function.

147. The officer in charge of internal audit shall prepare, in consultation with and for approval by the accounting officer and the audit committee -

- (a) a rolling three-year strategic internal audit plan based on its assessment of key risk areas for the department (having regard to its current operations) including those identified in the department's strategic plan and risk management strategy;
- (b) an annual internal audit plan for the first year of the rolling three year strategic internal audit plan;

- (c) plans indicating the scope of each audit in the annual internal audit plan;
- (d) operating procedures to guide the audit and stakeholders' relationships;
- (e) a quality assurance and improvement programme which allows for evaluation of the unit's performance and implementation of strategies towards the progressive improvement in scope, quality and value of internal audit services provided; and
- (f) a financial budget which supports the programmes and activities of the internal audit function.

Internal auditor's right to information.

148. - (1) Accounting officers or heads of departments shall ensure that internal audit has access to all books, records, documents, files, working papers, reports, plans, whether held physically or electronically and any other relevant material for the purpose of carrying out an audit.

(2) The officer in charge of internal audit shall submit to the accounting officer, the audit committee and the Financial Secretary, the reports prescribed under section 33 and 34(3) of the Act.

Independence of internal audit.

149. Internal audit shall be independent and the officer in charge of the internal audit unit shall report administratively to the accounting officer and functionally to the audit committee.

Auditor-General

Duties of Auditor-General.

150. The Auditor-General shall perform the duties as prescribed by section 122(1) of the Constitution and section 25 of the Act.

Financial Secretary to review Auditor-General's report and take action.

151. Where the Auditor-General makes an annual report pursuant to section 29 of the Act, the Financial Secretary shall review the report and the responses thereto by the respective accounting officers and shall where necessary,

ensure that -

- (a) corrective actions are taken; and
- (b) appropriate sanctions are imposed on officers found in breach of the Act and any regulations made or any Instructions given thereunder.

X. Central Treasury Management

Minister may establish Treasury Single Account.

152. The Minister may approve the establishment of a Treasury Single Account at the Bank of Jamaica for the administration of public sector banking arrangements.

Treasury Single Account may be supported by transit bank accounts.

153. The Treasury Single Account may be supported by transit bank accounts at commercial banks subject to the approval of the Financial Secretary.

Custodian of Treasury Single Account.

154. The Accountant-General shall be the custodian of the Treasury Single Account and its supporting transit accounts.

Operation of Treasury Single Account.

155. - (1) The Treasury Single Account shall receive warrant funds in respect of departments, which shall be used to meet their budgetary expenditures.

(2) The Financial Secretary shall determine the public sector bodies that shall form a part of the Central Treasury Management System.

(3) The Accountant-General shall maintain proper books of accounts for the Treasury Single Account System, including the maintenance of subsidiary ledger accounts in respect of amounts held for each department.

(4) The accounts of the Treasury Single Account shall be maintained on a double entry basis.

(5) The Financial Secretary shall prescribe whether these accounts are kept on a cash or accrual basis.

Financial statements for Treasury Single

156. - (1) The Accountant-General shall submit to each department monthly, weekly or daily statements of the

Account. activity in respect of funds issued on a warrant on behalf of the department.

(2) Departments shall do monthly, weekly or daily reconciliation of the statements received from the Accountant-General and report any difference found for resolution.

(3) The Accountant-General shall submit monthly and annual financial reports on the Treasury Single Account to the Auditor-General and the Financial Secretary in the form and manner prescribed by the Financial Secretary.

**Central
Treasury
Management.**

157. - (1) Public funds not immediately required by public bodies shall, based on the Minister's order be placed with the Accountant-General in the pool of funds which may be used for -

- (a) loans to public bodies on terms and conditions approved by the Minister; and
- (b) public sector investment.

(2) The Accountant-General shall be responsible for submitting financial statements to public bodies for which funds are being held on investment or loaned to other public bodies.

(3) The Accountant-General shall be responsible for maintaining proper accounts in respect of all treasury management activities and shall submit to the Auditor-General and the Financial Secretary monthly financial reports in the format and manner prescribed by the Financial Secretary.

PART XI. General

Returns.

158. Tax returns, notices for tax assessment, applications for tax refund and other related transactions or information may be filed or transmitted electronically.

Preservation of Records

- Books and records to be preserved.** 159. All classes of books used for the accounting of public money and records thereof, shall be carefully preserved for the minimum period prescribed by the Financial Secretary in accordance with Schedule A of these Regulations after which, they may be destroyed in the manner prescribed by Instructions issued by the Financial Secretary.
- Schedule A.**
- Ownership of Electronic Records.** 160. All records (including electronic records) that are created, received or stored by a department are the property of the department.
- Storage of electronic records.** 161. Electronic records shall be stored under the storage conditions that are appropriate for the specific electronic medium, and these conditions shall be maintained throughout the retention period of the relevant record.
- Retention Period.** 162. Accounting and other accountable officers are responsible for ensuring that records are kept for the duration of the relevant retention period as set out in Schedule A.

Disasters

- Procedures in respect of disasters.** 163. - (1) Accounting and other accountable officers shall be responsible for ensuring that adequate procedures are implemented to safeguard departmental files, official documents, computer hardware and software, electronic data and other similar documents from destruction or damage arising from natural or other disasters.

Repeal

- Repeal.** 164. The Financial Administration and Audit (Ministries and Departments) Regulations, 1996, are repealed.

Distribution of Regulations

**Distribution
of
regulations.**

165. - (1) A copy of these Regulations shall be kept in every department.

(2) Accounting officers, receivers of revenue and heads of departments shall ensure that members of their staff are familiar with the provisions of these Regulations.

SCHEDULE A

(Regulation 55)

Documents Retention Schedule

DOCUMENT	RETENTION PERIOD	
	Manual Records	Electronic Records
Purchase orders	5 years after date of purchase order	10 years after purchase order date
Tenders, bids, proposals	5 years after completion of contract	10 years after completion of contract
Tax refund claims	2 years after refund	5 years after refund
Tax notices	2 years after notice	5 years after Notice
Custom entries	20 years	20 years
Invoices, statements, bills	7 years after payment	7 years after payment
Receipts	7 years	7 years
Journals	5 years	5 years
Vouchers	5 years	5 years
General Ledger	7 years	10 years
Subsidiary Expenditure Ledger	7 years	10 years
Subsidiary Revenue Ledger	7 years	10 years
Bank Statements and Cheques	5 years	5 years
Payroll Cards and Register	45 years	60 years

Payroll support documents (time sheets, deduction order, etc.)	5 years	5 years
Credit Card Statement	3 years	5 years
Registers	7 years	7 years

SCHEDULE B (Regulation 23)
Accounting Officers Appointment
Letter

REF. No. 107/053

Permanent Secretary or Chief Executive Officer
Name of public body
Address of public body

Letter of Appointment - Accounting Officer

In accordance with section 16 of the *Financial Administration and Audit Act (FAAA)*, I hereby appoint you as an accounting officer charged with responsibility for the votes and accounts of the services assigned to _____

with effect from _____ and until further orders.
(name of public body)

(insert date)

1. You are required to -

- (a) sign the appropriation, trading and other accounts for the services assigned to you, and in doing so accept personal responsibility for their proper presentation as prescribed in the *Financial Administration and Audit Act*, the *Public Bodies Management and Accountability Act (PBMA)*, another relevant enactment any regulations made under the Acts;
- (b) ensure that proper financial procedures are followed, including specifically those mentioned in paragraphs h(i) and h(ii) below, and that accounting records are maintained in a form suited to the requirements of management as well as in the form prescribed for Vote and accrual accounting purposes;
- (c) ensure that the public funds for which you are

responsible as accounting officer are properly and well managed (see paragraph (e) below) and safeguarded, with independent and effective checks of cash balances in the hands of any official; similar care, including checks as appropriate, shall be taken of stores, equipment or property of any kind held by your department;

- (d) ensure that, in consideration of policy proposals relating to the expenditure or income for which you are the accounting officer, all relevant financial considerations are taken into account, and where necessary brought to the attention of your Minister or Board, as the case may be, and the Financial Secretary;
- (e) ensure avoidance of waste and extravagance and seek economy, efficiency and effectiveness in the use of all the resources made available to the respective departments under your control; and
- (f) ensure that your department is organized with appropriate systems in such a way that managers at all levels -
 - (i) have a clear view of their objectives, and the means to assess and, wherever possible, measure outputs or performance in relation to those objectives;
 - (ii) are assigned well defined responsibilities for making the best use of resources (both those consumed by their own demands and any made available to organizations or individuals outside the department) including a critical scrutiny of output and value for money; and
 - (iii) have the information (particularly about costs), training and access to the expert advice which they need to exercise their responsibilities effectively.

2. You must take all necessary steps within your power to ensure that the arrangements for delegation in your Ministry support good management and that the Ministry is staffed on

sound lines with an appropriate balance of skills. The latter requires careful selection and development of staff and the sufficient provision of special skills and services. Your arrangements for internal audit should accord with objectives, standards and practices set out by the Ministry of Finance and other international standards and best practice.

3. It is the duty of every accounting officer and Board of a public body to establish audit committees, the composition of which shall be in accordance with the FAA Act and the PBMA Act. The operation of each audit committee shall be in conformity with established procedures.

4. You are to ensure that the guidelines and procedures issued, from time to time, by the Ministry of Finance and the Public Service in relation to human resource management - staffing, appointment, promotion, transfer, training, emoluments etc. are managed appropriately.

5. Adequate performance management tools shall be institutionalized to ensure continuous assessment and evaluation of staff performance and where necessary, immediate remedial action taken to correct deficiencies.

6. Accounting officers, who have responsibility for departments under their portfolio, in accordance with Section 24F of the FAA Act, are required to appoint Accountable Officers in respect of the departments under their designation and also to other public officers defined under the Act as an accountable officer.

7. You are responsible for ensuring that the person or body's budget is formulated in realistic manner and in conformity with the guidelines issued by the Ministry of Finance, from time to time.

Regularity and Propriety of Expenditure

8. You have a particular responsibility for -

- (a) compliance with Parliamentary requirements in the control of expenditure. A fundamental requirement is that the funds for which you are responsible should be applied only to the extent and for the purposes authorized by Parliament. In the case of voted

expenditure, you shall ensure that any payments made are within the ambit and amount of the vote and that parliamentary approval has been sought and given;

- (b) intended for departments, in cases not covered by the original Estimate, for example in connection with a service not contemplated when that Estimate was presented, or where a temporary advance from the Contingencies Fund has been sanctioned by the Ministry of Finance, you shall ensure that Parliamentary approval is sought and given at the earliest opportunity by way of a Supplementary Estimate. Notwithstanding the Parliamentary approval of the vote, you shall ensure that the rate of expenditure is controlled by the warrant instrument which regulates such expenditure and that a proper system of commitment planning and control is established and maintained;
- (c) ensuring that specific approval of the Ministry responsible for Finance for expenditure has been obtained in all cases where it is required, such as expenditure not covered by any standing authorities delegated by the Ministry of Finance to the department or, required before expenditure incurred on any activity of a vote in excess of the amount specified for that subhead in the estimates even though savings may be available elsewhere and the expenditure itself falls within the delegated authority of the department.

Revenue Collections and Cost Recovery

9. You have a particular responsibility for ensuring that adequate machinery exists for the assessment, collection and bringing to account of all revenues and all other receipts of any kind whatever collectible by your department and the departments under your control. The procedure laid down in paragraph h(i) and (ii) above regarding the making of payments which involve the personal liability of the accounting officer should be followed in all cases where a Minister intervenes so as to prevent the due and proper collection of revenues, unless such intervention is by the exercise of the powers of remission granted to the Minister of Finance by virtue of section 18 of the Financial

Administration and Audit Act.

10. You are responsible for reviewing, from time to time, the performance (physical and financial) of capital projects and for this purpose ensuring that there is an adequate system for project preparation, implementation, monitoring and evaluation. In particular you should ensure in respect of externally funded projects that all the conditions precedent to the signing of the loan agreements are fully met so as to ensure smooth progress of projects and avoid payment of commitment charges for non-utilization of loans.

Advice to your Minister or Board

11. You have a particular responsibility in seeing that appropriate advice is tendered to your Minister or Board on all matters of financial propriety and regularity and more broadly, as to all considerations of prudent and economical administration. You will need to determine how and in what form such advice terms should be tendered and whether in a particular case to make specific reference to your own duty as accounting officer to justify to the Public Administration and Appropriations Committee and the Public Accounts Committee your Ministry's expenditure;

12. If the Minister in charge of the Ministry is contemplating a course of action involving a payment which you consider would infringe the requirements of propriety or regularity (including where applicable the need for Ministry of Finance (FAA Act) authority you should set out in writing your objection.

13. If the Minister decides nonetheless to proceed, you should seek a written instruction to make the payment. Having received such an instruction, you must comply with it, and then inform the Financial Secretary and Board of public bodies of what has occurred, and should also communicate the papers to the Public Expenditure Policy Coordination Division or the Public Enterprises Division of the Ministry responsible for finance, whichever is relevant and the Auditor-General. Provided that this procedure has been followed, the Public Accounts Committee can be expected to recognize that you bear no personal responsibility for the expenditure. If a course of action is in contemplation which raises an issue not of formal propriety or regularity but

more widely of prudent and economical administration, it is your duty as accounting officer to draw the relevant factors to the attention of the Minister and to advise the Minister in whatever way you think appropriate.

Appearance before the PAAC and PAC

14. Under the Financial Administration and Audit Act, the Auditor-General may carry out examinations into the economy, efficiency and effectiveness with which any department, or other authority, or body of a kind specified in the Act, has used its resources in discharging its functions. You will be called upon to appear before the Public Accounts Committee, from time to time, to give evidence on the reports arising from these examinations, and to answer the questions of the Committee concerning expenditure and receipts on the Votes and other accounts and related activities for which you are the accounting officer. You may be supported by other officials who may, and commonly do, join in giving evidence.

15. Accounting officers are also required to appear before the Public Administration and Appropriations Committee (PAAC) to answer to or clarify queries that may arise in expenditures pertaining to your approved budget. It is important to have proper documentation and record keeping of all transactions so that these may be presented as evidence where requested.

16. As the accounting officer, you will be expected to furnish the PAC and the PAAC with explanations of any indication of weakness in the matters covered by paragraph (k) above, to which their attention has been drawn by the Auditor-General or the Parliament, about which they may wish to question;

17. In practice, you will have delegated authority, but you cannot on that account disclaim your responsibility. By convention, the incumbent accounting officer does not decline to answer questions where the events took place before assuming appointment; the Committee may be expected not to press personal responsibility in such circumstances.

18. The Committees have emphasized the importance it attaches to accuracy of evidence, and the responsibility of witnesses to ensure this. You should ensure that you are

adequately and accurately briefed on matters on which you give evidence. You may ask the respective Committee for leave to supply information not within your immediate knowledge by means of a note at a later date. Should it be discovered subsequently that the evidence provided to the Committee contained errors; these should be made known to the Committee at the earliest possible moment.

19. In general, the rules and conventions governing appearances of officials before Parliamentary Committees apply to the PAC, including the convention that civil servants do not disclose the advice given to Ministers. Nevertheless, in a case where the procedure described in paragraph (1) was used concerning a matter of propriety or regularity of expenditure, the accounting officer's advice, and its overruling by the Minister, would be disclosed to the PAC. In a case where advice of an accounting officer has been overruled in a matter not of propriety or regularity but of prudent and economical administration, it will be appropriate for an accounting officer questioned about the matter at the PAC, to lay stress on the fact that it was a decision by his Minister. However, you should generally seek to avoid disclosing advice given to the Minister or disassociating yourself from the minister's decision;

20. You should be ready to explain the reasons for the Minister's decision and may be called upon to satisfy the respective Committee that all relevant financial considerations were brought to the Minister's attention before the decision was taken. It will then be for the PAC to pursue the matter further with the Minister, if they so wish.

Absence of Accounting Officer

21. The PAC may be expected to postpone a hearing if the relevant accounting officer is temporarily indisposed. Where the accounting officer is unable by reason of incapacity or absence to sign the Appropriation Account in time to render it to the Ministry of Finance and the Auditor-General the department may render unsigned copies pending his return. If the accounting officer is unable to

sign the account in time for printing, the department should ask the Minister of Finance to appoint an interim accounting officer to do so. The public officer, who so acts, should satisfy himself as to the accuracy of those statements before signing.

Accountability in Parastatal Public Bodies

22. In all cases where a department gives a grant or subvention to a non-departmental public body, this should be done on terms which clarify the respective responsibilities of the accounting officer of the department and the senior full-time official (the Chief Executive officer or equivalent) of the recipient body. In particular, your responsibility is to ensure that -

- (a) the grant or subvention is spent only for the specific purposes for which it was approved and for this purpose arrange to get from the parastatal bodies, monthly and annual statements of expenditure in conformity with the Government's budget structure; and
- (b) the conditions attached to it conform with the terms of the vote; to monitor compliance with those conditions by the body; and to satisfy yourself that the financial and other management controls applied by the department are appropriate and sufficient to safeguard public funds and, more generally, that those being applied by the body conform with requirements both of propriety and good financial management.

23. It should be made clear in writing to the senior full-time official of the recipient body that he carries a similar responsibility to that of a Departmental accounting officer so far as expenditure out of the grant or subvention is concerned. This includes responsibility for ensuring that the accounts of the body are properly presented, and for good financial management within the recipient body.

24. The senior full-time official of the recipient body will normally be expected to be a signatory of its accounts. The PAC attaches great importance to the responsibilities of the signatories of public accounts prepared by non-

departmental public bodies and any of them are liable to be summoned to appear before the Committee, alongside the departmental accounting officer concerned. They should, therefore, be notified by the sponsor department of that liability. The degree of formality attached to such notification is a matter for you as the accounting officer of the department providing the grant or subvention. He may in the case of a large grantor subvention formally designate the senior full-time official as "accountable officer."

Minister of Finance and the Public
Service

Please sign and return duplicate copy

Terms and conditions accepted by:

.....
C: Name of Portfolio Minister to which
the accounting officer is assigned

SCHEDULE C

(Regulation 166)

*Accountable Officers Appointment
Letter*

Ref. No 107/053A

Name
«Job Title»
Ministry/Department
«Address 1»

Dear «Title» «LastName»:

The Financial Administration and Audit Act defines an
"accountable officer" as:

*"any public officer, including an accounting
officer, concerned in or responsible for the
collection, receipt, custody, issue or payment
of public monies or other public property;"*.

In accordance with section 24F of the Financial Administration and Audit (FAA) Act, I hereby appoint you to be an accountable officer charged with the responsibility for the management of the funds of the _____.

(Insert name of the public body)

Accordingly, you are hereby authorized to incur expenditure not exceeding the level of allocations issued to you or for which you are responsible. You are also required to manage the resources in accordance with the following conditions governing the regularity and propriety of expenditure -

- (a) responsibility to plan and control the expenditure within the funds allocated through establishing and maintaining the prescribed system of commitment planning and control, ensuring that each item of expenditure is supported by the availability of funds for the specific purpose as required by financial instructions;
- (b) compliance with the Public Bodies Management Accountability (PBMA) Act; the FAA Act and any Regulations made thereunder, any Financial Instructions issued by the Financial Secretary under section 51 of the Act, and the prescribed public

sector procurement procedures regarding tenders, contracts and payments;

- (c) avoidance of waste and extravagance and seeking of economy, efficiency and effectiveness in the use of resources made available;
- (d) proper management and accounting of assets, including stores, equipment, and transport vehicles;
- (e) maintenance of records to generate timely financial reports and other management information.

Failure to comply will render you liable to disciplinary proceedings under the *Public Bodies Management and Accountability Act* and the *Financial Administration and Audit Act* and in accordance with the *Public Service Regulations*.

Yours faithfully,

Financial Secretary

Please sign and return the duplicate copy:

Terms and conditions accepted in the above letter.

.....
«Title» «First Name» «Last Name»
accountable officer

Dated this

17th day of February, 2011.



Minister of Finance and the Public
Service