06th December 2011

Circular Instruction No.1/2011 PDFM

To: All Provincial Treasurers
All District Treasurers

RE: TREATMENT OF FUNDS TRANSFERRED TO PTOA & DTOA FROM THE 2011 NATIONAL AND SUPPLEMENTARY BUDGETS

It has been revealed that Provincial and District Treasurers are facing difficulties in processing payments for projects nominated by Members of Parliament as the funds for this purpose, appropriated through the normal budgetary process and the supplementary budget allocations, have been remitted or deposited into the respective PT & DT Operating Accounts. Given this dilemma, there are instances of set financial and procurement procedures being breached by Provincial and District Treasurers when facilitating payments.

This Circular Instruction aims to rectify these constraints by highlighting how these funds, as per below, should be treated for correct expenditure decisions and transactions to take place;

**Supplementary Budget Funds (PTOA)**

1. Rural Electrification Program
2. Provincial Roads & Bridges
3. Provincial Hospitals Equipment & Infrastructure Improvement

**Supplementary Budget Funds (DTOA)**

1. Rural District Roads and Bridges
2. District Rural Health Centers

Essentially, the PT & DT Operating Accounts are established to hold operational funding, particularly for Division 227. It is acknowledged that these accounts have also been used for other funds such as the project funds as highlighted earlier. Since funds held in the PT & DT Operating Accounts are or will be subject to the Appropriation Act, meaning that they must

be remitted back to the Consolidated Revenue Fund subsequent to the Close of Accounts 2011, you are all directed as follows;

1. **Project Funds in PT Operating Account**
   a. Draw a cheque payable to the PSIP Trust Account and deposit it into the Trust Account.
   b. The total amount of the cheque must equal the project funds held in the PT Operating Account.
   c. Create separate ledgers to capture the expenditures of the different programs highlighted.

2. **Project Funds in DT Operating Account**
   a. Draw a cheque payable the DSIP Trust Account and deposit it into the Trust Account.
   b. The total amount of the cheque must equal the project funds held in the DT Operating Account.
   c. Create separate ledgers to capture the expenditures of the different programs highlighted.

Please note that all PSIP & DSIP un-presented cheques floating around MUST NOT be entertained from the funds drawn out for fear of depleting the funds. Suppliers with such cheques prior to the new arrangement must be advised to consult the JPPBCP & JDPBPC Committees for their endorsement.

Given the above, once the accounting treatments are satisfied in the PGAS you can go ahead and process payments if all supporting documents are in place. The supporting documents are:
1. Three quotations for contracts from 100.00 to 50,000
2. Minor Contract Agreement if the contract is more than 50,000 but less than 300,000, PSTB deliberations for projects more than 300,000 and up to 3,000,000.00, Authority to Pre-Commit (APC) and JPPBPC & JDPBPC resolutions.

In order to assist our Members of Parliament including other stakeholders, all Provincial and District Treasurers are hereby advised to follow the above procedures prudently and swiftly.

For your information and compliance.

__STEVEN GIBSON__

Acting Secretary