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FRIDAY 31ST DECEMBER, 2004

THE OFFICIAL GAZETTE 31ST DECEMBER, 2004 LEGAL SUPPLEMENT – B

GUYANA

No. 11 of 2004

REGULATIONS

Made Under

THE FISCAL MANAGEMENT AND ACCOUNTABILITY ACT 2003

(No. 20 of 2003)

Arrangement of Regulations

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IN EXERCISE OF THE POWERS CONFERRED ON ME BY SECTION 4 OF THE FISCAL MANAGEMENT AND ACCOUNTABILITY ACT 2003, I HEREBY MAKE THE FOLLOWING REGULATIONS:-

PART I

General Provisions

- Citation and Commencement.* 1. These regulations may be cited as the Fiscal Management and Accountability Regulations 2004 and shall come into operation on 31st December 2004.
- Application.* 2. These regulations shall apply to all Budget Agencies listed in the Schedule to the Act.
- Interpretation.* 3. (1) Words and phrases defined in the Act which are used in these Regulations have the meanings given to them under the Act;
- (2) In these Regulations, unless the context otherwise requires:
- "Advance" means a sum of money advanced to a person from an appropriation for which the person is accountable, and includes imprest funds and working capital advances administered under an imprest system;
- "Accountant General" means the official in the Ministry assigned responsibility for the functions set out in Section 8(2) of the Act;
- "cash" means bank notes and coins;
- "cashier's float" means cash provided to a cashier or other individual for the purpose of making change;
- "chargeback" means to adjust the amount payable to or claimed by a financial institution as a result of the refusal by the Accountant General to redeem an electronic instruction for payment;
- "cheque" means a cheque, bill of exchange or other

negotiable instrument, other than an instrument in an electronic form, issued in Guyana or foreign currency by, or on behalf of, the Government of Guyana;

"debt" means a debt or an obligation due to the Government of Guyana or a claim by the Government of Guyana;

"deposit account" means an account with a supplier that is funded by an advance and from which the supplier deducts the value of material as it is shipped;

"deputy accountant general" means the Deputy Accountant General of the Ministry;

"digital signature" means the result of the transformation of a message by means of a cryptosystem using keys such that a person having the initial message can determine

(a) whether the transformation was created using the key that corresponds to the signer's key, and

(b) whether the message has been altered since the transformation was made.

"electronic instruction for payment" means an instruction for payment referred to in Section 5(1)(b) of the Act, issued electronically on media or by on-line transfer, to a financial institution to credit the account of a particular payee with a specific payment.

"financial institution" has the meaning assigned to it in Section 2 of the Financial Institutions Act 1995;

"holder or custodian" means the person to whom an accountable advance has been issued or who is responsible for an accountable advance;

"imprest expenditure" means a disbursement made from a imprest fund;

"imprest fund" means cash kept on hand under an imprest system for the purpose of making small payments in cash;

"in writing" includes any electronic form that is capable of being reproduced in intelligent, written form within a reasonable time.

"loan" means payment or a transfer of rights made by government agencies to a variety of recipients.

including public corporations, government employees, groups of citizens, and individuals for a variety of purposes and in accordance with a variety of different terms and conditions, whereby the recipient is expected to reimburse the payment or right received;

"Loan guarantee" means a guarantee to a lender, such as a bank or other financial institution providing credit or funding to another party, that the government will repay the amount guaranteed, subject to the terms and conditions of an agreement, if the borrower defaults;

"media" means magnetic tapes, disks, diskettes or any other electronic physical storage device;

"payee" means a person to whom a payment is to be made by means of an electronic instruction for payment;

"payment date" means the date on which payment is to be made to the payee;

"revoke" means to issue an instruction to a financial institution countermanding a particular electronic instruction for payment;

"settlement" does not include adjusting or correcting entries within a particular appropriation;

"signing officer" means a person authorised in writing by the Head of a Budget Agency or the Accountant General to sign or issue cheques on behalf of the Head of the Budget Agency or on behalf of the Accountant General, as the case may be;

"standing advance" means an advance issued in a specified amount for an indeterminate period and replenished to that specific amount each time an accounting for expenditure is made;

"write-off" (debt) means the writing off, by the Minister, from the account of the Government, debt or part of a debt that has been determined to be uncollectable.

PART II

Advances

- General.* 4. An individual to whom an advance is issued is personally responsible and accountable for that advance and any loss or shortage in respect of that advance may be recovered from that individual.
- Issuing of Advances.* 5. The Accountant General or Head of a Budget Agency, in the case of an advance issued from that Budget Agency's imprest account, may issue an advance -
- (1) to a person -
 - a) as a travel, relocation or posting advance where that person is entitled to such an advance pursuant to a contract, a collective agreement or an instruction from the Ministry,
 - b) for the purpose of establishing a deposit account where a contract or the customary terms of trade require prepayment for goods or services,
 - c) for the purpose of establishing a cashier's float,
 - d) for the purpose of establishing an imprest fund, or
 - e) for any other purpose where payment has to be made by that person on the receipt of goods or on the rendering of a service and the usual payment facilities are not immediately available or their use would be impractical; or
 - (2) to an employee where the issuing of such an advance is otherwise authorised or required by statute, by a collective agreement or by an instruction from the Ministry.
- Conditions Governing Advances.* 6. An advance issued under these Regulations
- 1) pursuant to paragraph 5(1)(a) or 5(1)(e), shall not be issued as a standing advance unless the person to whom the advance is issued is required to incur expenditures or make payments or disbursements in respect thereof on a continuing basis;

- 2) shall not be issued for any type of payment owing on the termination of employment;
- 3) for a specific purpose, shall not exceed the amount required to cover the expenditures that can reasonably be expected to be made for that purpose;
- 4) as a standing advance shall not exceed the amount required for expenditures expected to be made from the advance within a fixed period determined on the basis of operational requirements and the turnover of the advance; and
- 5) for the purpose of establishing an imprest fund shall not exceed such amount as may be prescribed by the Minister from time to time and no single expenditure from that fund shall exceed such amount as may be prescribed by the Minister from time to time.

Accounting for Advances.

7. (1) The Accountant General or Head of Budget Agency (if the advance is issued from the Budget Agency's imprest account) shall establish and maintain records of all advances issued by him and all expenditures made therefrom.

(2) The records referred to in subsection 7 (1) shall include a separate account receivable for every advance and those accounts receivable shall be controlled by a control account maintained within the principal accounting system of the Government or Budget Agency if issued from the concerned Budget Agency imprest account

(3) Every standing advance shall be accounted for by the holder or custodian thereof not later than 10 working days after the end of any month in which expenditures are incurred or, where a standing advance has been used to establish a deposit account required by contract, in accordance with the terms of that contract, and every other advance shall be accounted for not later than 10 working days after the purpose for which the advance was made is fulfilled.

- (a) in the case of an advance issued for the purpose of establishing a petty cash or other imprest fund, by showing that the cash on hand or bank balance plus receipts or paid vouchers equals the amount of the advance; and
 - (b) in all other cases, by submitting receipts or vouchers covering the expenditures made from the advance where proof of payment is required for those expenditures under an instruction from the Ministry.
- (4) The Head of Budget Agency shall at the end of every fiscal year-
- (a) be required to retire or account for an imprest; and
 - (b) provide to the Accountant General such reports and certificates in respect of all advances as may be required for the purpose of compiling the Public Accounts.

Repayment of Advances.

8.(1) The unexpended balance of any advance, other than a standing advance, shall be repaid to the Budget Agency (or the Accountant General's Department for those advances issued by him) by the holder or custodian thereof not later than 10 working days after the purpose for which the advance was made has been fulfilled, unless the Ministry has authorised recovery by deduction from salary or wages or by deduction from a subsequent advance.

(2) Notwithstanding subsection (1), where the Head of Budget Agency has issued an advance, he may at any time, by notice in writing to the holder or custodian of the advance, demand an accounting thereof and repayment of any unexpended balance and the holder or custodian shall, not later than 10 days after receiving such notice, provide an accounting and make the repayment.

Recovery of Advances.

9.(1) An advance or any part thereof that is required to be repaid shall be repaid in full by the holder or custodian thereof in a single payment or in installments if governed by an instruction from the Ministry.

(2) An advance or any part thereof that is to be recovered by a Budget Agency or the Accountant General's Department shall, wherever possible, be recovered in full in a single payment.

PART III

Issuing of Cheques

*Procuring,
Numbering and
Safekeeping of
Cheques.*

10. The Accountant General is responsible for the procuring, numbering and safekeeping of the forms for cheques issued on the Consolidated Fund, and the Head of a Budget Agency shall be responsible for procuring and safe keeping cheques related to the Budget Agency Imprest Account and any other account that may be authorised by the Ministry.

*Cheque
Information.*

11.(1) Every cheque drawn on the Consolidated Fund shall-

- a) bear the signature of the Accountant General and an authorised signing officer;
- (b) bear the name of the payee;
- (c) be for a specified amount;
- (d) bear no alteration in its amount or in the name of the payee; and
- (e) bear the date on which it is issued

(2) Where the Accountant General authorises the signing of cheques by the use of equipment capable of reproducing the signatures of the persons referred to in paragraph 11(1)(a), such cheques may be signed in that manner.

*Replacement
cheque*

12.(1) Subject to subsections (3) and (4), where the payee of a cheque reports that the cheque has not been received by the payee, or the payee or holder for value of a cheque reports that the cheque has been lost, destroyed or stolen, the Accountant General or a signing officer may issue a replacement cheque to the payee or holder for value, in the name of the payee or holder for value, for the same amount as the original cheque if the payee or holder for value provides a form of undertaking.

(2) The form of undertaking referred to in subsection 12 (1) must-

(a) comprise-

- (i) the name and address of the payee or holder for value;

- (ii) the amount, date of issue and purpose of the cheque that was not received or was lost, destroyed or stolen; and
 - (iii) an undertaking whereby the payee or holder for value agrees to return the original cheque to the Accountant General if it comes into the possession of the payee or holder for value and to indemnify and save harmless the Government from any loss or expense incurred in connection therewith;
- (b) Be signed by the payee or holder for value before a witness, and by that witness; and
- (c) be forwarded to the Accountant General.

(3) Where the payee or holder for value of a cheque referred to in subsection (1) is a supplier or the recipient of grants or contributions and the original cheque is for an amount greater than \$500,000, the Accountant General or a signing officer shall not issue a replacement cheque to the payee or holder for value unless the payee or holder for value provides, together with the form of undertaking referred to in subsection (1), an affidavit or statutory declaration sworn or declared before a commissioner for oaths, justice of the peace or other person before whom affidavits or declarations may be lawfully sworn or declared in Guyana or abroad, respecting the non-receipt, loss, destruction or theft of the original cheque.

(4) The Accountant General or a signing officer shall issue a replacement cheque to a payee referred to in subsection (1) without the payee having to provide an undertaking if the payee requests in writing the issue of a replacement cheque and the cheque represents

- (a) a recurring payment in a fixed amount authorised by an Act of Parliament; or
- (b) a payment made under a programme where the payee is required to provide an undertaking as part of the terms and conditions of the programme.

Non-delivery of Cheques.

13. Despite anything in this Part, the Accountant General or a signing officer shall issue a replacement cheque, without requiring the provision of any document that would otherwise be required under this Part, if the Accountant General is notified by an employee or public officer of a Budget Agency, the Guyana Post Office Corporation or another carrier or the Guyana Police Force that a cheque cannot be delivered to the payee of the cheque by reason of-

- (a) natural disaster;

- (b) fire;
- (c) theft;
- (d) loss or accidental destruction of the cheque in the course of delivery; or
- (e) inaccessibility of the cheque that will probably result in a delay in delivery beyond the date on which the payment in respect of which the cheque was issued is due.

*Stop Payment
Order.*

14. In addition to the above with respect to issuing replacement cheques, if the original cheque is not in possession of the Government of Guyana, a stop payment order must be issued to the Bank of Guyana and acknowledgement thereof received, before a replacement cheque can be issued by the Accountant General.

PART IV

Payments

- Application.* 15. These Regulations apply to every request to the Accountant General for payment to be made out of the Consolidated Fund.
- Requirements.* 16 (1) Every request for payment must be made-
- (a) in a pre-printed form designed specifically for that purpose;
 - (b) in a printed or written form resulting from an operating procedure of the Accountant General or the Budget Agency or other organisation submitting the request ; or
 - (c) in the form of an electronic instruction that is either issued by on-line transfer or on a magnetic tape, disk, diskette, or any other electronic physical storage device.
- (2) Every request must-
- (a) meet the design format and operational standards for requisitions to be prescribed by Finance Circulars;
 - (b) if made in the form of an electronic instruction issued by on-line transfer, be authorised by a digital signature; and
 - (c) contain, as a minimum, the information set out in Schedule 1.
- Certification.* 17. The certification of a payment request must-
- (a) comply with the requirements of the Accountant General instructions on expense verification for the control of financial transactions, as specified in Finance Circulars;
 - (b) be in such a form that it cannot easily be imitated or duplicated by a person other than the person authorised to certify the payment request; and
 - (c) be such that-
 - (i) it clearly identifies the person certifying the payment

request;

- (ii) it involves the use of information that is personally generated at the time of certification by the person authorised to certify it and does not originate from a stored location as part of an automated process, and
- (iii) it can be authenticated by the Accountant General before the payment is made and can be audited after the payment is made.

Integrity.

18 (1) The concerned Minister shall protect the integrity of every request for payment made by the concerned Ministry for audit purposes.

(2) The Accountant General shall protect the integrity of every request for payment from the time it is received or produced by the Accountant General until it is verified. It must also be maintained in accordance with Schedule 2 so that it can be available for audit purposes.

Verification.

19 (1) The Accountant General shall not honour a payment request unless the Accountant General has-

- (a) verified that the request is authentic and has been certified by a person duly authorised under Section 31(3) of the Act; and
- (b) if the request has been made in the form of an electronic instruction issued by on-line transfer, acknowledged receipt of the request.

(2) The concerned Minister shall, for the purpose of Section 19 (1), provide the Accountant General with the information required to identify the person who has certified the request for payment.

PART V

Debt Write-off

- Application.* 20. These Regulations do not apply to-
- (a) the determination of, or resolution of disputes over, what amount of a debt is owing;
 - (b) the process of negotiating and settling claims by the Government; and
 - (c) debts owing to or by public corporations.
- Authority to Write-off Debts.* 21. (1) Subject to Section 81 of the Act and Sections 5 and 6 of these Regulations, the Minister may write-off from the accounts of a Budget Agency or Statutory Body a debt, or a part of a debt, that has been determined to be uncollectable.
- (2) Subject to Section 81 of the Act and Section 5 of these Regulations, the Minister may write-off from the accounts of a Budget Agency or Statutory Body a debt for which further administrative expense or other costs of collecting the debt are not justifiable in relation to the amount of the debt or the probability of collection.
- Overpayment.* 22. (1) No advances or other debts arising from the overpayment by the Government of salaries, wages or employment-related allowances, or any part of any of them, shall be written off without the approval of National Assembly.
- (2) Paragraph (1) does not apply to debts owing by former employees that are discovered after their employment has terminated and all termination benefits have been paid.
- Criteria.* 23. No debt, or any part of a debt, shall be written off from the accounts of a Budget Agency or Statutory Body under Section 21(1) unless-
- (a) all reasonable collection action has been taken and all possible means of collection have been exhausted;
 - (b) there is no possibility now or in the foreseeable future of

collection through set-off; and

(c) The Minister is satisfied on reasonable grounds that-

- (i) the debtor is not resident in Guyana, there are no apparent means of collecting the debt and there is no evidence that the debtor has a family or business concerns in Guyana that could lead the debtor to return to Guyana;
- (ii) the debtor cannot be located;
- (iii) evidence of the debt has been lost or destroyed and the debtor denies that a debt exists;
- (iv) legal proceedings are statute-barred or the debt is otherwise legally unenforceable, the debtor has refused to pay and there are no apparent alternative means of enforcing payment or collecting the debt;
- (v) the debtor is a corporation and the corporation is inoperative and without assets;
- (vi) the debtor is an undischarged bankrupt corporation and -
 - (a) the corporation is without assets and the trustee has been discharged, or
 - (b) the trustee has confirmed in writing that the trustee does not foresee any further payments to the Government,
- (vii) the debtor is an undischarged bankrupt individual and -
 - (a) the trustee has been discharged, or
 - (b) the trustee has confirmed in writing that the trustee does not foresee any further payments to the Government,
- (viii) the debtor is deceased and there is no known estate, or
- (ix) the debtor -
 - a) is incapable of repaying the debt, in whole or in part;
 - b) is not reasonably expected to have the

capacity to repay the debt in the foreseeable future; and

- c) does not own or have an interest in mortgageable real or personal property and does not own financial assets that could be applied toward discharging the debt, in whole or in part.

*Retention of
Information
and Records.*

24. Any information or records concerning a debt that is written off pursuant to this Regulation shall be retained until -

(a) all audit procedures are completed and other legal and administrative requirements with respect to the debt and its write-off are satisfied; and

(b) in addition, in the case of a debt referred to in Section 21(1)

(i) there is no longer any probability of future set-off, and

(ii) the limitation period for initiating any legal action with respect to the determination of the amount or recovery of the debt has expired.

PART VI

Receipt and Deposit of Public Money

*Record of
Receipts and
Deposits.*

25. Every person who collects or receives public money shall-
- (a) record the following information in a register kept for that purpose
 - (i) the date of every receipt and deposit,
 - (ii) the amounts received, deposited or withheld, and
 - (iii) all other information required for identification or audit purposes;
 - (b) issue a receipt or acknowledgment for any public money collected or received in the format specified in Finance Circular.

*Crediting
Official Bank
Accounts*

26. (1) All public money collected or received must be deposited to the credit of an official bank account established in accordance with the Act -
- (a) forthwith, if the money is received electronically;
 - (b) once a day, if the money is received by other than electronic means, or, if it is not cost effective to do so,
 - (i) once a week, or
 - (ii) in exceptional circumstances and if authorised by the Accountant General, once a month.
- (2) Public money shall not be deposited to the credit of a private bank account at a financial institution;
- (3) An official bank account shall not be overdrawn, nor shall any temporary advance be obtained from any financial institution without the prior approval of the Minister.

*Chargeback
and
Withholding
of Public
Money.*

27.(1) Any person referred to in paragraphs 46 and 47 of the Act may, if an instruction for payment has been dishonoured after having been credited to the Accountant General, charge the amount of the instruction for payment back to the Accountant General -

- (a) by debiting the account into which the instruction for payment was originally credited to the Accountant General with that amount; and
- (b) providing the Accountant General with confirmation of the amount that is charged back.

(2) The Accountant General shall inform the concerned Minister of any amounts charged back under Paragraph (1).

PART VII

Electronic Payments

- Application* 28. Regulations 29 to 33 apply to every payment made out of the Consolidated Fund by means of an electronic instruction for payment.
- Issuing Electronic Instructions for Payment.* 29. Every electronic instruction for payment must
- (a) be issued by or under the direction and control of the Accountant General;
 - (b) include -
 - (i) the amount of the payment,
 - (ii) the payment reference number,
 - (iii) the name of the payee,
 - (iv) the payee's financial institution number, branch number and account number, and
 - (iv) the payment date; and
 - (c) when issued by on-line transfer, be authorised by a digital signature.
- Security of System.* 30. The Accountant General shall take all necessary measures to ensure-
- (a) the security of the system used for the transmission of electronic instructions for payment to financial institutions;
 - (b) the confidentiality, authenticity and integrity of the data while it is under the control of the Accountant General or being transmitted to a financial institution; and
 - (c) the security, integrity and safekeeping of the media used to issue an electronic instruction for payment while the media are under the control of the Accountant General or in-transit to a financial institution for processing.

Authentication.

31. (1) All media used to issue an electronic instruction for payment must-

- (a) contain internal labels that identify the media by setting out-
 - (i) the originating data centre,
 - (ii) the processing data centre,
 - (iii) the file creation date and file number,
 - (iv) the date and time of release of the media, and
 - (v) the system, file identification number, volume serial number and sequence of the originator's file; and
- (b) when delivered to a financial institution for processing, be accompanied by a transmittal document, signed by the Accountant General or by a person authorized by the Accountant General in writing, that contains the information described in subparagraphs (a)(i) to (v).

(2) The Accountant General shall provide to a financial institution the names and specimen signatures of all persons authorised to sign a transmittal document addressed to that financial institution.

(3) Every electronic instruction for payment issued by on-line transfer shall be acknowledged by the financial institution that receives it and every electronic authorisation shall be verified by the financial institution to ensure the integrity of the instruction.

Acceptance.

32. A financial institution that accepts an electronic instruction for payment shall make the funds available for withdrawal or other use by the payee-

- (a) not later than the opening of business on the payment date, if the electronic instruction for payment is received by the financial institution before the payment date; or
- (b) on receipt of the electronic instruction for payment, if it is received on or after the payment date.

*Replacement
Payment.*

33. Where it has been confirmed with the applicable financial institution that a payment to be made by means of an electronic instruction for payment has not been credited by the payment date to the account designated by the payee, in accordance with the procedures set out in the agreement with the financial institution for such designation, a replacement payment may be issued to the payee in the same amount as the original payment if -

- (a) the electronic instruction for payment is revoked; and
- (b) the amount already paid to the financial institution, if any, is recovered through charge back or by other means.

PART VIII

Government Financial Statements and Accounting

- Application.* 34. These Regulations apply to all Budget Agencies listed in Schedule 1 of the Act.
- Government Accounting Policies* 35. (1) The Consolidated Fund Statements shall be prepared in accordance with generally accepted accounting standards and principles, subject to the Act, these Regulations and Finance Circulars;
- (2) The Consolidated Fund Statements shall be prepared on a cash basis, that is, the recognition of transactions and other events only when cash is received or paid.
- Standards of Internal Control* 36. (1) Agencies must maintain systems of financial management and internal control, which will give due consideration to costs, benefits and risks to ensure that all transactions-
- (i) are classified, recorded and reported in accordance with approved accounting principles and as per instructions issued by the Minister;
 - (ii) are properly authorised by the National Assembly;
 - (iii) are carried out in accordance with prescribed Regulations and Finance Circulars; and
 - (iv) are properly recorded so as to maintain accountability of public money and safeguard the assets and properties that the Government administers.
- (2) Heads of a Budget Agencies, under the guidance of the Minister of Finance are responsible for the preparation of their financial statements and the integrity and objectivity of the data.
- (3) The Government's financial statements must reflect the financial position at the reporting date and the results of its operations, financial requirements and changes in financial position for the year (see Appendix B for details).
- (4) Financial Statements format and instructions are as detailed in Minister instructions and requirements as provided by the Integrated Financial Management and Accounting System.
- (5) Budget Agencies must provide the Accountant General with

the required financial information needed for accounting and reporting all transactions properly.

Responsibilities

37 (1) Responsibility for the integrity and objectivity of the financial statements rests with the government. The financial statements are prepared under the joint direction of the Minister and the Accountant General, in accordance with the governing legislation.

(2) Under the authority of the Act, the Minister and the Finance Secretary are responsible for the form and content of the accounts of Guyana and the Public Accounts. At their direction, the Accountant General maintains the accounts of Guyana and the central summary of the financial transactions of all Budget Agencies. Each Budget Agency is responsible for the accuracy of its input to the accounts and for maintaining detailed records of the transactions. Though Statutory Bodies maintain separate accounting and reporting systems, they are required to provide financial data to the government.

PART IX

Lending of Public Money and Guarantees

- Loans.* 38.(1) Loans may be made by Budget Agencies to a variety of recipients, including public corporations, government employees, groups of citizens, and individuals for a variety of purposes and in accordance with a variety of different terms and conditions.
- (2) Where there is no fixed repayment schedule or where repayment is conditional on some future event, a loan may not be issued. Instead some other form of financial assistance, such as a repayable contribution, or a grant or contribution may be used. Budget Agencies with guidance from the Minister must determine what mechanism is best suited to the particular circumstances at hand.
- (3) When a loan has been totally written-down, any subsequent forgiveness or write-off has no net effect on the deficit although it will increase gross expenditures for the year.
- Accounting for Loans.* 39. Whenever loans are made, the Government accounting records must display at all times the net balance owing to the government from each recipient, including a repayment schedule and any applicable interest provisions.
- Claims for Repayment in Writing.* 40. When conditions provide for repayment less frequently than quarterly, claims for installments or other repayments of loans are to be made in writing prior to the due date, so that repayments will be received on the due date.
- Claims for Interest.* 41. Claims for interest due on loans are likewise to be issued prior to the due date when payable less frequently than quarterly.
- Collectability of Loans.* 42. The collectability of loans must be reviewed as soon as the first payment is missed or the Budget Agency has other grounds to doubt the ability of the debtor to repay a loan, and thereafter periodically.
- Valuation Adjustmen.* 43. In addition, at year-end, all loans must be examined to determine if a valuation adjustment is required. Write-off action must be taken as a last resort after all attempts have been pursued.

*Loan
Guarantees*

44. (1) The approval of the Minister is required for all contingent liability commitments of the Government, such as loan guarantees. However, pursuant to section 64(2) of the *Act*, specific loan guarantees may be authorised through an *Appropriation Act* when such guarantees can be listed individually in the Estimates.

(2) Pursuant to section 64(1) of the *Act*, any payments made to honour loan guarantees, regardless of whether the guarantee was authorised through programme legislation or an *Appropriation Act*, are statutory budgetary expenditures. From a cash-management perspective, it is important to ensure that lenders advise the government in a timely manner of any potential default situations. The government shall then begin to take whatever action is necessary to ensure that the loan is recovered to the fullest extent practicable.

(3) Once a borrower has defaulted and the government has honoured the guarantee by paying the lender, all of the lender's rights and interests concerning the loan are subrogated to the State. Subject to any provisions to the contrary in the guarantee agreement or relevant statute, the balance of the loan and any interest payable thereon are now payable to the Budget Agency concerned and must be recorded in the Budget Agency accounts as such. Budget Agencies must then employ the appropriate collection measures. Should the balance of the loan subsequently prove uncollectible, it must be written off in accordance with the Debt Write-Off Regulations.

PART X

Repeal

- Repeal.* 45. The Financial Regulations, 1955, are hereby repealed.
- Application of* 46. *Any matters not specifically provided for in these Regulations shall be governed by the appropriate provisions of Finance*
Finance
Circulars. *Circulars issued from time to time.*

SCHEDULE 1

*(Paragraph 16(2)(c))***MINIMUM INFORMATION REQUIREMENTS**

1. The name or other identification of the Budget Agency or other organisation submitting the request and, where applicable, the particular organisational unit.
2. The date of the request and the date payment is required to be made.
3. The name of the payee.
4. The amount of the payment or, with the concurrence of the Accountant General, the information that forms the basis for calculating the amount.
5. The currency in which the payment is to be made, if other than Guyana dollars
6. The address to which the payment is to be sent or, in the case of electronic instructions, the payee's financial institution number, branch number and account number.
7. In the case of recurring payments -
 - (a) the effective date for the commencement of payment ;
 - (b) the frequency of payment ; and
 - (c) if applicable, the number of payments to be made or the date on which the last payment is to be made.
8. Certification in accordance with Regulation 4.
9. If applicable, the voucher serial number.

SCHEDULE 2

(Paragraph 18(2))

MAINTENANCE OF PUBLIC RECORDS

Class of Records	Minimum Period of Preservation
1. Principal Treasury ledger, cash books and principal journals	20 years
2. Abstracts and subsidiary journals and records	7 years
3. Vouchers	7 years
4. Special ledgers and records, e.g. loan registers	20 years
5. Establishment and salary records which may be required for superannuating purposes	60 years
6. Magnetic tapes, electronic media	60 years

APPENDIX A - Accounting and Reporting for Financial Transactions

1. Reporting entity for the Government of Guyana

- (a) All organisations and funds that the government owns or controls and that are accountable for administering their affairs and resources either to a Minister or directly to the National Assembly must report as part of the government entity.
- (b) As a reporting entity, the Government of Guyana reports the financial activities of all its organisations and funds. These include Statutory Bodies and their wholly-owned subsidiaries:

2. Accounting

- (a) The financial information that Budget Agencies submit to the Minister of Finance and which is included in the accounts of Guyana form the basis for preparing the government's financial statements. The Minister may make other adjustments to finalise the financial statements for the current year.

2.1. Revenue

- (a) Government revenue consists of both tax and non-tax revenue, with most of it being taxes collected.
- (b) The government generally reports tax revenue in the year in which it is received. Refunds of tax revenue are allocated to the year in which the assessment of the related tax return was started.
- (c) Non-tax revenue is reported in the year in which the transactions or events that give rise to the revenue occur.

2.2. Expenditure

- (a) Expenditure includes all charges that affect the annual deficit or surplus of the government. The bulk of government expenditure is made up of transfer payments to persons and other levels of government including grants and contributions, and public debt charges. It includes charges for work performed, goods received, services rendered and transfer payments made during the year.

2.3. Other Transactions

- a) These includes of all transactions in loans, investments and advances; in cash and accounts receivable; in public money received or collected for specified purposes; and in all other assets and liabilities, including those related to foreign exchange and unmatured debt.

2.4. Assets

- (a) Assets are the financial claims acquired by the government on outside parties. They include cash or items that will be converted to cash or generate a cash return. However, as a result of the government's accounting policies described above, certain financial claims are not reported on the Statement of Assets and Liabilities. The most important of these is tax revenue receivable.
- (b) There are five main categories of assets that meet the above definition:
 - (i) Loans, investments and advances are in a class of financial claims represented by debt instruments and ownership interest that the government holds.
 - (ii) Foreign exchange assets represent financial claims of the government resulting from Guyana's foreign exchange operations.
 - (iii) Accounts receivable reflect outstanding accrued financial claims arising from non-tax revenue transactions, net of allowance for doubtful accounts.
 - (iv) The government's cash account represents public moneys on deposit on December 31 with the Bank of Guyana, chartered banks and other financial institutions to the credit of the Accountant General of Guyana.
 - (v) Cash in transit include cash in the hands of collectors and in transit, moneys received after December 31 but applicable to the current year, and other cash from consolidated Statutory Bodies (for the exclusive use of these Statutory Bodies).

2.4.1 Valuation of assets

- (a) Assets are recorded at cost and are subject to annual valuation to reflect reductions from recorded value to the estimated realizable value. In the case of loans, the government views these loans as collectible unless the debtor has repudiated them formally.

2.4.2 Assets not recorded in the accounts of Guyana

- (a) Physical assets representing government-owned land, engineering structures and works (such as canals, harbours and roads) buildings and other facilities, machinery, equipment and inventories, are not capitalized as assets on the

government's Statement of Assets and Liabilities. The full amount spent on physical assets is charged to budgetary expenditure at the time of acquisition or construction. Physical assets are held by the government for its own use and are not held primarily for re-sale or to earn income.

2.5. Liabilities

- (a) Liabilities are defined as financial obligations of the government to outside organisations and individuals as a result of events and transactions that occurred on or before the accounting date.
- (b) There are three categories of liabilities which meet the above definition-
 - (i) Moneys on deposit with the Accountant General represent the recorded value of the financial obligations of the government in its role as administrator of certain public moneys received or collected for specified purposes under or pursuant to legislation, trusts, treaties, undertakings or contracts. These public moneys may be paid out only for the purposes specified. Because of the dedicated purposes of these moneys, specific accounts are required to be maintained to provide an accounting mechanism to ensure that the moneys are used only for the purposes for which they were received or collected. These include, donors grants and loans, deposit and trust and others.
 - (ii) Unmatured debt represents financial obligations resulting from certificates of indebtedness issued by the government that have not yet become due. The government's holdings of its own securities have been deducted from unmatured debt, to report the amount of the liabilities to outside parties. These would include marketable bonds, Treasury bills, savings bonds, and Guyana bills, notes and loans.

2.5.1 Valuation of liabilities

- (a) Liabilities are recorded at book value.

2.5.2. *Translation of foreign currency transactions*

Assets and liabilities resulting from foreign currency transactions are reported at the effective date of receipt or payment. Foreign currency transactions are translated and recorded in Guyana dollar equivalents at the exchange rates prevailing on the transaction dates.

3. Reporting

The financial transactions of the Government of Guyana are recorded in the financial statements and reported in the Public Accounts.

APPENDIX B – Consolidated Financial Statements

1. Pursuant to Section 73 of the Act, the Minister shall prepare consolidated financial statements for the fiscal year just completed in accordance with accounting standards and formats set out in these Regulations, and shall deliver the consolidated financial statements to the Auditor General within four months following the end of the fiscal year.

2. In order to facilitate the Minister's compliance with paragraph 1-

(1) the Head of each Budget Agency shall prepare and submit to the Accountant General within two months after the end of the fiscal year-

(i) a statement of revenue showing-

(a) estimated revenues, by type, for the fiscal year as indicated in the annual budget proposal;

(b) actual revenues collected, by type, for the fiscal year;

(c) variances between actual and estimated revenues, by type, for the fiscal year;

(d) actual revenues transferred to the Consolidated Fund, by type, for the fiscal year; and

(e) amount due to the Consolidated Fund, as at the end of the fiscal year.

(ii) a statement of expenditure showing –

(a) estimated expenditures, by type, for the fiscal year as indicated in the annual budget proposal;

(b) amendments to the expenditure estimates approved during the year, namely, supplementary appropriations granted, appropriations amendments, and virements;

(c) revised estimated expenditures, by type, for the fiscal year reflecting the summation of (a) and (b) above;

(d) actual expenditures made, by type, for the fiscal year;

(e) variances between actual and estimated expenditures, by type, for the fiscal year;

(f) allotments granted for expenditures, by type, for the fiscal year; and

(g) variances between actual expenditures and allotments, by type, for the fiscal year.

(2) The Accountant General shall verify the accuracy of the submissions received under paragraph 2(1), and prepare and submit to the Minister within three months after the end of the fiscal year-

(i) a consolidated statement of revenue showing a consolidation of the revenue statements of all Budget Agencies and presented at the same level of detail as specified in paragraph 2(1)(i);

(ii) a consolidated statement of expenditure showing a consolidation of the revenue statements of all Budget Agencies and presented at the same level of detail as specified in paragraph 2(1)(ii).

3. The revenue and expenditure types referred to in Paragraph 2 shall be those specified in the Government's approved chart of accounts, as detailed in Finance Circulars.

APPENDIX C - Other Accounting Policies

1. Contractual Commitments

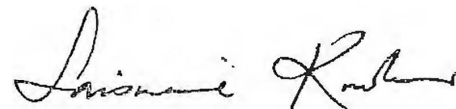
- (a) A contractual commitment represents a written obligation to outside organisations or individuals as a result of a contract. The nature of the Government's activities requires negotiation of contracts that are significant in relation to its current financial position or that will materially affect the level of future expenditure. In the case of contractual commitments to international organizations, some will result in future budgetary expenditure while others will result in non-budgetary payments.
- (b) Contractual commitments can be classified into seven categories: fixed assets, purchases, operating leases, capital leases, transfer payment agreements (grants and contributions), benefit plans for veterans and international organizations.
- (c) Major capital assets of the Government are either purchased outright or leased. Where a lease transfers substantially all of the benefits and risks incidental to ownership of the property to the lessee, it is considered a capital lease. All other leases are classified as operating leases.
- (d) Certain commitments relate to agreements with international organisations and other sovereign nations, which stipulate that the Government will disburse funds in future years for loans, advances and paid-in share capital.

2. Contingent Liabilities

- (a) A contingent liability is a potential liability which may become an actual liability when one or more future events occur or fail to occur.
- (b) For the purpose of reporting contingent liabilities, the Government of Guyana is defined as all organisations which are accountable for the administration of their affairs and resources either to a Minister of the Government or directly to the National Assembly, and which are owned or controlled by the Government. Except for Government enterprises, all Government organisations are accounted in the financial statements by consolidation.
- (c) Contingent liabilities of Statutory Bodies are not consolidated with those of the Government. However, the borrowings of agent enterprise are reported with the contingent liability of the Government.
- (d) The Government may guarantee loans made by public corporations and/or statutory bodies. Certain guarantees cover guarantee programmes of the Government, explicit guarantees by the Government for loans, financial arrangements and other potential liabilities. They also comprise potential losses arising from pending and threatened litigation relating to claims and assessments in respect of breach of contract, damages to persons and property, and like items.

- (e) Contingent liabilities other than loan guarantees and borrowings of public corporations are recorded in the accounts when they become actual liabilities. Borrowings of public corporations and statutory bodies are recorded as liabilities.

Made this 31st day of December, 2004.



Minister of Finance