

5<sup>th</sup> Sept. 2007

## **Treasury Operations Circular No: 5/2007**

Secretaries of all Ministries  
Heads of Departments and  
District Secretaries,

### **Implementation of New Bank Accounts Net Work for the Government Ministries and Departments to achieve economy and efficiency in Cash Management.**

It has been observed that a large number of bank accounts belonging to the Government Ministries and Departments run with unused bank balances aggregating to very large sums while some of the other Ministries and Departments suffer from want of cash. To avoid this situation and to improve the economy and efficiency in cash management of the Government, the Department of Treasury Operations (TOD) has planned a mechanism to maintain a centrally managed single bank account system, in collaboration with the Bank of Ceylon and the Peoples' Bank. This is to be done by using the technological improvements evolved in the two State Commercial Banks.

#### **Objectives of the New System**

- I. To increase the speed in collecting of all receipts to the Government by using on-line facilities.
- II. To minimize the daily unused cash balances in the Government bank accounts while providing facilities to withdraw cash by the user Departments, independent of daily cash swaps at the centre.
- III. To increase supervising capabilities at the Central Account on bank accounts, both at the Treasury Level and the Ministry/Department Level.

#### **Proposed Bank Accounts Network**

With the proposed system, there will be one Centrally Controlled (Main) Bank Account in respect of each bank at the Treasury and the accounts belonging to respective Ministries and Departments will operate as “Sub-Accounts” of the Treasury Main Account. Branch offices of the Ministries and Departments, if any, will run their bank accounts as secondary level accounts of the sub accounts assigned to respective institutions.

### **Procedures and Work Steps:**

The following procedures and work steps have to be followed to change the existing system to the new system.

1. Opening of new bank accounts to replace the existing bank accounts.
  - a. A sequential bank account number will be assigned by the TOD in consultation with the two state banks (Bank of Ceylon and Peoples’ bank) for all new bank accounts of Ministries and Departments (sub accounts of the Treasury Account). For this purpose, you are required to submit an application to the Director General of the TOD as per the Specimen attached hereto (Form 1) on or before 15<sup>th</sup> October 2007.
  - b. Follow the same procedure as above in opening new bank accounts for sub-offices of the Ministries and Departments, depending on your requirement. These accounts will be treated as subordinate accounts of the Departments/ Ministries.
  - c. Operation of the New Bank Account should be started from 1<sup>st</sup> November 2007.
2. Closing of all existing bank accounts in parallel to opening of new bank accounts.
  - i. Preliminary steps required for closing of Accounts.
    - a. Updating Bank Reconciliations –  
  
You are required to update Bank Reconciliations pertaining to your bank account to ensure that there will be no entry other than the amounts relating to unrealized cheques and cheques not yet presented to the bank for payment. This action has to be completed before the end of October 2007.
    - b. Unpresented cheques for more than six months-

Actions required under F.R. 396 should be completed before the end of September 2007.

c. Cash balance as at 31<sup>st</sup> October 2007

Cash Book balance (not the bank balance) as at 31<sup>st</sup> October 2007 should be transferred to the New Bank Account as the first entry of the New Cash Book.

As new bank accounts will be operated from 1<sup>st</sup> November 2007, you will not be allowed to make any transaction from your old bank account after 31<sup>st</sup> October 2007 other than canceling of issued cheques.

d. Accounting treatment under the CIGAS

Accounting treatment under the CIGAS System with regard to the outstanding sub imprest as at 31<sup>st</sup> October 2007 has to be done according to the instructions given in the annexure "A".

e. Treatment for unrepresented cheques under the old Bank Account

You are required to take action to cancel all remaining cheques unrepresented as at 31<sup>st</sup> December 2007 debiting the Cash book and crediting your Deposit account. Thereafter, a cheque in favour of DST shall be drawn by crediting the Cash book and debiting the same Deposit account and sent to the Director General, TOD by using Form 2 and 3.

If a payee claims any money pertaining to the above transfers you may send refund requests as per the Form 4 annexed herewith. Then TOD will take action to release such money depending on the merits of such requests.

3. Closing of Previous Bank Accounts

If all the actions prescribed under 2 above are completed there should not be any bank balance in the relevant account by 1<sup>st</sup> of January 2008. Thereafter, action should be taken to forward an application to close down the account as per the provisions under Circular No. 105/98 issued by the Department of State Accounts (Form 5). This task should be completed before the end of January 2008.

4. Closing of other inoperative bank accounts

- a. You are advised to close down all inoperative bank accounts immediately and send a completed report to the Director General of the TOD by 31<sup>st</sup> October 2007 as per the Specimen Form 5 enclosed herewith.

5. Further Instructions/ guidelines

Further instructions/guidelines, if required, could be obtained from the TOD. You may contact the following officials of the TOD for any clarification.

- a. Mrs. Padma Senadhipathy,  
Additional Director General - Contact No. 011-2484738
- b. Mr. M.S.D. Ranasiri,  
Director (Cash Management) - Contact No. 011-2484753

**P B Jayasundera**

Secretary

Ministry of Finance and Planning

- Copies to:
1. Auditor General
  2. General Manager- Bank of Ceylon / People's Bank
  3. Chief Accountant / Director (Finance) .....

Enclosures:

- |              |   |   |
|--------------|---|---|
| Form 1       | - | Form used for obtaining approval for the opening of an official Bank Account  |
| Form 2       | - | List of unrepresented cheques for more than six months  |
| Form 3       | - | List of unrepresented cheques for less than six months  |
| Form 4       | - | Request for cash for cheques cancelled due to the implementation of the TSA system  |
| Form 5       | - | Forms to be used to apply for the closure of the official Bank Accounts   |
| Annexure "A" | - | Changes necessary in the CIGAS Accounting Database of Ministry or Department of District Secretariat to record the new Bank Account |

( State Accounts Circular: 105/98, Form SA/BA/01)

**Form used for obtaining approval for the Opening of an Official Bank Account**

(1) Expenditure Head :- \_\_\_\_\_

(2) Ministry / Department :- \_\_\_\_\_

(a) Sub Office :- \_\_\_\_\_

(3) In the case of a Department, relevant Ministry :- \_\_\_\_\_

\_\_\_\_\_

(4) The necessity to open the Bank Account :- As per Treasury Operations Circular No. 5/2007, number 'I'

(5) Title of the Bank Account :- ( The title of the account should be self explanatory of the purpose of the account)

\_\_\_\_\_  
\_\_\_\_\_

(6) Why could not an existing bank account be utilized for this purpose?  
If so, please state the reasons:-

Because of implementation of new bank accounts network

(7) If you intend to open the bank account by closing an existing bank account, details of such bank account,

(i) Bank :- \_\_\_\_\_

(ii) Bank Branch :- \_\_\_\_\_

(iii) Bank Account No:- \_\_\_\_\_

(iv) Name of the Account :- \_\_\_\_\_

\_\_\_\_\_

(v) Balance as at :- \_\_\_\_\_

(vi) Month in which reconciliations were done for the last time:- \_\_\_\_\_

\_\_\_\_\_

(vii) Value of the unrealized cheques :- \_\_\_\_\_

(viii) What course of action have you taken to close the existing account :-

\_\_\_\_\_  
\_\_\_\_\_

(8). (i) Are the funds for the account received from the Consolidated Fund? or Foreign Aid? \_\_\_\_\_

(ii) If from Foreign Aid, details of the estimated provision:-

Vote particulars:- \_\_\_\_\_

Estimated Amount:- Rs. \_\_\_\_\_

(9) Bank and the Bank Branch in which you intend to open the account:- \_\_\_\_\_

\_\_\_\_\_

(10) Details of officials proposed to operate the bank account :-

|    | <u>Name of the Official</u> | <u>Post</u> | <u>Annual Salary</u> | <u>Whether security has been given under FR880</u> |
|----|-----------------------------|-------------|----------------------|--|
| 1. | _____                       | _____       | _____                | _____  |
| 2. | _____                       | _____       | _____                | _____  |
| 3. | _____                       | _____       | _____                | _____  |
| 4. | _____                       | _____       | _____                | _____  |

(11) Secretary, Ministry of \_\_\_\_\_

The above details are correct. Documents required for the opening of the new bank account are submitted herewith. Please submit them to the Director General of Treasury Operations with your recommendation.

\_\_\_\_\_  
Signature  
Head of the Department/ Chief Accountant  
(Place the Seal)

*Contd.*

(12) Director General of Treasury Operations,

I recommend the opening of the bank account bearing the above particulars.

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Signature  
Secretary to the Ministry  
(Chief Accounting Officer)  
(Place the Seal)

(13) The following documents are annexed hereto:-

- (i) Copies of the documents to confirm the necessity to open the account.
- (ii) Correctly perfected Mandate obtained from the relevant bank.  
(This should be certified by the Head of the Department)
- (iii) Signature cards with specimen signatures of the officials proposed to operate the account should be furnished at the rate of two signature cards per person. These specimen signatures should be certified in the following manner:-
  - (a) Specimen Signature of the Secretary to the Ministry concerned. - Chief Accountant of the Ministry concerned should personally certify and place the Seal.
  - (b) Specimen Signature of the Head of the Department. - The Secretary to the Ministry concerned should personally certify and place the official seal.
  - (c) Specimen Signature of the other officials. - The head of the Department concerned should personally certify and place the official seal.
- (iv) When the Secretary to the Ministry/Head of the Department is changed, a copy of the letter of appointment of his successor.







My No:- \_\_\_\_\_

Director General  
Department of Treasury Operations

Request for Cash for Cheques Cancelled due to the  
Implementation of the TSA system

01. Name of the Ministry/Department/District Secretariat:- \_\_\_\_\_  
\_\_\_\_\_

02. Total amount remitted to the Treasury :- \_\_\_\_\_

03. Cheque No: and Date:- \_\_\_\_\_

04. Detail of Cancelled Cheques:-

|    | <u>Name of the Payee</u> | <u>Cheque No:</u> | <u>Date</u> | <u>Amount</u> | <u>Cancelled Date</u> |
|----|--------------------------|-------------------|-------------|---------------|-----------------------|
| 1. | _____                    | _____             | _____       | _____         | _____                 |
| 2. | _____                    | _____             | _____       | _____         | _____                 |
| 3. | _____                    | _____             | _____       | _____         | _____                 |
| 4. | _____                    | _____             | _____       | _____         | _____                 |
| 5. | _____                    | _____             | _____       | _____         | _____                 |
|    |                          | Total             |             | _____         |                       |

05. This is to certify that the above mentioned particulars are correct. Photo Copies of their requests are attached herewith please.

\_\_\_\_\_  
Signature of certifying officer

Name:- \_\_\_\_\_

Designation :- \_\_\_\_\_

Date:- \_\_\_\_\_

**Form to be used to apply for the closure of the  
Official Bank Accounts**

(1) Expenditure Head :- \_\_\_\_\_

(2) Ministry / Department :- \_\_\_\_\_

Sub Office :- \_\_\_\_\_

(3) In the case of a Department, the relevant Ministry :- \_\_\_\_\_  
\_\_\_\_\_

(4) Name of the Bank Account :- \_\_\_\_\_  
\_\_\_\_\_

(5) Number of the Bank Account :- \_\_\_\_\_

(6) The Bank and the Branch:- \_\_\_\_\_

(7) Reasons for the closure of the Bank Account:- As per Treasury Operations Circular  
NO. 5/2007, number 3.

(8) Last year and month in which the Bank Account was in operation :- \_\_\_\_\_  
\_\_\_\_\_

(9) Course of action taken under F.R. 396 regarding the unrealized cheques of the  
account:-  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

(10) Director General of Treasury Operations,

The following documents are also forwarded. Request you to take steps to close  
the above mentioned Bank Account accordingly.

Date: \_\_\_\_\_

\_\_\_\_\_  
Signature  
Head of Department  
(Place the Seal)

(11) The following documents are annexed hereto.

- (i) A copy of the Bank Statement pertaining to the final month of the operation of  
the Bank Account.
- (ii) Balance certificate on the existing balance at the bank obtained from the bank.
- (iii) A copy of the Bank Reconciliation Statement prepared, up to the date of closure  
of the account.  
(After making all the adjustment in the Cash Book)

*(As Per Circular 2.i.d.)*

**Changes necessary in the CIGAS Accounting Database of Ministry or Department or District Secretariat to record the New Bank Account**

You will have to create a new Bank Code in your CIGAS Accounting Database Software System for the purpose of the new Bank Account, which will come into effect with this circular.

Use the following procedure for this task under the CIGAS Main Menu.

5. Utility
4. Opening Balances

Restart the CIGAS System and under the Opening Balance Menu.

1. Bank Account
2. Enter

Open the New Bank Code now using a Suitable three character Identification, such as “BC” or “BC2” which has not been already used. Then enter the necessary Bank Type, Bank Name, Bank Number, Branch Number, Bank Branch, Bank Account Number, etc.,

Note that this is a brand new account and any of the following data, which is relevant to the former Bank Code, will NOT be available under this new code.

- Unsettled Sub Imprest Balances
- Unpaid Individual Deposits
- Paid Individual Deposits
- Payments
- Receipts
- Unrealized Payments
- Unrealized Receipts
- Realized Payments
- Realized Receipts
- Removed Unrealized Payments
- Removed Unrealized Receipts
- Removed Unidentified Payments
- Removed Unidentified Receipts

If you want to operate any of the above balances, which were available under the Old Bank Code, with New Bank Account now they will have to be removed one by one from the old Bank Code and re-entered one by one under the New Bank Code. Usually only the Unsettled Sub Imprest Balances and Unpaid Individual Deposits will have to be entered accordingly as other details are Bank Code specific.

The Imprest Account Number will not have to be changed and stays as it is.

### **Sending the cheque to DST**

(Use the old Bank Code for this purpose)

As instructed in the para 2.1 e of the circular when unrealized cheques are taken to the receipt side of the CIGAS cash book 'C' type must be used to select the Deposit Account and suitable receipt number each has to be given.

As you have to send a single cheque to the DST, use the 'Add Together' facility (2.Ledger – 5. Deposit Details – 3. Add Together) to add all these deposits together to make the single amount. Print the history sheet (4. History) and file for future reference.

Then draw the cheque in favour of the DST using the 'D' type and against the receipt number of the amount added together.

After the month end process use 5. Utility, 5. Unrealized Cheques, Remove feature to delete these many new entries in the receipt side and the payment side from the unrealized cheque list as they will never be realized.