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**FINANCIAL ORDERS**

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## **FINANCIAL ORDERS**



### **CONTENTS**

- CHAPTER 1. Financial Duties and Responsibilities of Public Officers**
- 2. Receipts
- 3. Safeguarding of Funds—Cash
- 4. Safeguarding of Funds—Bank Accounts
- 5. Payments
- 6. Below-the-line Accounts
- 7. Internal Control
- 8. Losses, Shortages and Write Offs
- 9. Miscellaneous
- 10. Contracts (Works & Services) and Tenders Committee.

## CHAPTER I

### FINANCIAL DUTIES AND RESPONSIBILITIES OF PUBLIC OFFICERS

1. Officers responsible for controlling the various votes of the estimates, as listed in the estimates, are Accounting Officers (in most cases they are heads of departments). The concept of the Accounting Officer is important. Technical knowledge of accounts is not necessary to enable the Accounting Officer to discharge himself of the responsibility which his signature implies. An Accounting Officer cannot delegate responsibility. All he can delegate is work. He assumes full responsibility for both the work which he personally performs and the work which he delegates to his subordinates. In other words, although the Accounting Officer has—and must have—accounts staff to exercise in detail functions of financial control, this in no way relieves him of any of his responsibilities. He is, in fact, held personally and pecuniarily liable to the Legislature through the Public Accounts Committee for the administration of the vote for the services under his control. If the affairs of his department or office are under discussion by the Public Accounts Committee, he appears in person to answer their questions. It is his duty to see that the votes are not overspent, any records which may be maintained by the Accountant General being, for this purpose, no more than a secondary check.

Accounting  
Officers.

2. The Accounting Officer is personally responsible for the regularity of all payments authorized by his department or office; that is to say he is responsible for seeing that all payments made have behind them authority which can, if required, be referred to in their justification. Although this responsibility is an important one, in any well-organized department or office unauthorized and irregular payments should be rare. A more important responsibility of the Accounting Officer is to ensure that the functions of the department or office under his control are exercised on the most economical lines. This means that it is his duty to ensure that the activities of his department or office within the ambit of approved policy are carried out without waste, the monies voted to it being utilized in the best possible way. It is part of the functions of the Public Accounts Committee to draw attention to the existence of wasteful expenditure where it finds it, and the Accounting Officer must be prepared to defend himself on such charges when he appears before the Committee.

**3.** To sum up, therefore, the Accounting Officer is responsible:—

- (a) for the authorising of all payments from the votes or funds under his control;
- (b) for furnishing his ministry, the Accountant General, the Ministry of Finance and the Principal Auditor with any information called for concerning finance, accounts and stores;
- (c) for ensuring that the work of his department or office is carried on within the framework of approved policy, without waste;
- (d) for maintaining his departmental accounts and financial records in accordance with the detailed instructions issued by the Ministry of Finance;
- (e) for producing his financial, accounting and stores records for audit;
- (f) for arranging a system of internal checks and internal control covering all aspects of revenue and expenditure (including below-the-line transactions), cash, stores and government property within his department or office and for ensuring that it is adhered to rigidly.

**4.** As regards revenue and other receipts for which his department or office is responsible, the Accounting Officer is held answerable to the Legislature through the Public Accounts Committee for ensuring that the approved system of assessment and collection is carried out, that the approved revenue registers are kept and promptly posted, that appropriate action is taken in cases of arrears, and that gross revenue receipts are duly paid in to the Treasury.

**5.** Whilst all vouchers covering payments receive an additional examination by the Accountant General's staff, and payment is effected by, or via, the latter, this in no way relieves the Accounting Officer of responsibility for his votes and it is his duty to ensure that his records of expenditure coincide with those of the Accountant General, and to report any difference.

**6.** Whilst the responsibilities of an Accounting Officer are set out briefly above, some supplementation is required and this is given in a formal letter from the Minister of Finance (vide

pro-forma in The Control of Expenditure handbook).

**7.** The Accountant General is the responsible officer of the Ministry of Finance for the accounting arrangements in all ministries and departments. His general duties are, *inter alia*:—

The Accountant  
General.

- (a) to see that a proper system of account is established in every ministry and department of the government;
- (b) to see that proper arrangements are made for the safe keeping of all public monies, stamps, securities and valuable documents;
- (c) in case of any apparent extravagance or of any apparent defect in the provision for a charge owing to the exhaustion or absence of a vote, to call the attention of the Ministry of Finance in writing to the matter;
- (d) to exercise general supervision over the receipt of public revenue and as far as possible to ensure its punctual collection; and to exercise general supervision over the expenditure and other disbursements of government.

His particular duties are, *inter alia*:—

- (i) to bring promptly to account, under the proper heads and subheads of accounts, all money, whether revenue or other receipts, paid into the Treasury or accounted for to him;
- (ii) to exercise supervision over all the officers of his department entrusted with the receipt or expenditure of public money, and over the sub-accountants, and to take precautions, by the maintenance of efficient checks, including surprise inspections, against the occurrence of fraud, embezzlement, or carelessness;
- (iii) in regard to payments made by him, to take care that no payment is made which is not covered by proper authority expressed or referred to on the voucher relating to it;
- (iv) promptly to charge in his accounts under the proper heads and subheads and accounts all disbursements of the government, whether expenditure or other payments;

**(Ch. 1) Financial Duties and Responsibilities of Public Officers**

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- (v) to render the accounts for audit and to prepare the financial statements and returns.

**8.** Certain of the Accountant General's officers are entrusted with the day to day receipt, custody and disbursement of monies on his behalf. In the Accountant General's office itself this is done by the cashier and in the districts by sub-accountants.

**9.** A sub-accountant is an officer who is entrusted with the receipt, custody and disbursement of public money and who is required to keep a cash book in the form directed by the Accountant General. A sub-accountant shall furnish a copy of this cash book, as required by the Accountant General, fully supported by vouchers to be embodied in the government's final accounts.

Sub-accountants.

**10.** Finance Officers are appointed to each of the main departments to serve their Accounting Officers, relieving them of much of the routine work, whilst at the same time keeping in close liaison with the Ministry of Finance.

Finance Officers.

Their duties when so appointed are:—

- (a) to be financial advisers to their Accounting Officers;
- (b) to take charge of and organise the finance divisions of their departments;
- (c) to ensure the correct financing (provision of funds) of departmental policy with all safeguards against waste and loss. Should it appear that there is insufficient provision in any subhead to meet current or future needs he shall immediately draw the attention of the Accounting Officer to this matter so that the necessary application for additional provision is submitted to the Ministry of Finance;
- (d) to ensure that public revenue is collected promptly and properly accounted for;
- (e) to ensure that all financial regulations are observed and that directives from the Ministry of Finance are implemented;
- (f) to be responsible for the maintenance of proper systems of accounts not only in headquarters but in every branch office and to make supplementary regulations for control purposes.

- (g) to exercise supervision over all officers of their departments entrusted with the receipt or expenditure of public money;
- (h) to ensure that the accounts are properly kept by making personal checks and arranging other checks, including surprise inspections, to guard against irregularity and fraud. Some notes for the guidance of Finance Officers form Orders 15 to 21 and a résumé of a circular dealing with the creation of finance divisions in government departments forms Orders 22 to 28;
- (i) to report verified cases of carelessness or extravagance in writing to his Accounting Officer;
- (j) to ensure the prompt submission of all financial returns on their due dates i.e. estimates, revised estimates, arrears of revenue or any other returns which may be required.

**11.** A revenue collector is an officer, other than a sub-accountant, who is entrusted with an official receipt or licence book for the collection of some particular form of revenue and who is required to keep a cash book recording all monies received and their lodgement in full.

Revenue collectors.

**12.** An imprest is a sum of money advanced to an officer to enable him to effect payments on behalf of government which cannot be conveniently effected through the Accountant General or his sub-accountants. The officer is required to keep a cash book recording full details of all payments made and to redeem all payments at regular intervals as required by regulations.

Imprest holders.

**13.** Other officers (e.g. pay clerks) may be required to effect final disbursements to salary and wage earners of sums which have been drawn from the Treasury on salaries or wages paysheets.

Other officers with accounting responsibilities General.

**14.** Any of the officers mentioned and all those having monetary, financial or accounting responsibilities are classified as officers with accounting responsibilities in these Orders. The term thus includes any Principal Secretary, head of department, cashier, imprest holder, collector of revenue, sub-accountant, district court clerk and district postal clerk. It is employed here to distinguish it from the term Accounting Officer which means the officer responsible for controlling a vote of the

*(Ch. I) Financial Duties and Responsibilities of Public Officers*

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estimates, as specified in the estimates (in most cases he is a head of department).

15. The Finance Officer is the right hand man of the Accounting Officer on financial matters and the Accounting Officer should accept his advice on matters of finance, accounting and stores. If for any reason the Accounting Officer rejects the advice of the Finance Officer, or fails to observe it, he must signify this decision in writing to the Finance Officer, sending copies to the Principal Secretary of his ministry, the Permanent Secretary Finance, the Accountant General and the Principal Auditor.

Notes for  
the guidance  
of Finance  
Officers.

16. The Finance Officer shall be required to establish and maintain direct demi-official contacts with the officers in the Ministry of Finance (particularly the Accountant General's department) who are directly concerned with the financial and accounting matters of all departments.

17. As stated above the Finance Officer is the financial adviser to the Accounting Officer and in this capacity it is his duty to advise on the financial aspect of every activity of the department and to ensure that government regulations, etc. are implemented correctly, within the framework laid down in The Control of Public Expenditure handbook.

18. He is the officer in charge of the accounts of the department and, as such, it is his responsibility to see (subject to the overall direction of the Accountant General) that a proper system of accounting is established in every branch and district office. He shall also ensure that public revenue is collected promptly and properly accounted for, and that expenditure and other disbursements are properly made under the correct heads and subheads of the estimates.

19. As officer in charge of the accounts of the department he is, of course, required to exercise supervision over all officers of his department entrusted with the receipt or expenditure of public money. He shall also ensure that the accounts of the department are properly and promptly kept and that the funds are properly authorised and sufficient for the works or services concerned. Should it appear that there is insufficient provision in any item of a vote to meet current or future needs he shall immediately draw the attention of the Accounting Officer to this matter and see that the necessary application for additional provision is submitted to the Ministry of Finance in ac-

cordance with the procedure outlined in Chapters III and IV of The Control of Public Expenditure handbook.

20. He shall issue all necessary instructions to supplement existing regulations for the proper control and care of funds, stores, etc., and by personal inspections (or through his inspecting officers) ensure that such instructions are carried out. He shall also arrange for efficient checks including surprise inspections, to guard against the occurrence of fraud or embezzlement. Verified cases of carelessness or extravagance shall be reported in writing at once to the Accounting Officer. The Accounting Officer shall then decide what action shall be taken including whether (a) the report should be forwarded to the Principal Secretary of his ministry, the Permanent Secretary Finance, the Accountant General and the Principal Auditor with his comments or recommendations thereon or (b) action is required under Order 603.

21. He is also responsible for the submission of all financial returns on their due dates, i.e. estimates, revised estimates, arrears of revenue, or any other returns which his own ministry, the Ministry of Finance or the Accountant General may require.

### RESUMÉ OF THE CREATION OF FINANCE DIVISIONS IN GOVERNMENT DEPARTMENTS

(The creation of finance divisions was approved by Executive Council in December 1963. In doing so it recognised that, while the aim is to establish finance divisions in major departments, this cannot be achieved overnight due to a shortage of trained personnel.)

22. The purpose of this circular note is to describe the place which finance divisions shall play in the machinery of government. By way of introduction, however, the main object of this change is to promote greater efficiency in the working of the Administration, and that in two ways—

(a) by relieving heads of departments of a very large amount of routine work. They will have by their sides trained Finance Officers specialising exclusively in financial and stores matters, who will be subject to independent supervision by the Ministry of Finance. This situation, while not relieving heads of departments of the ultimate responsibility for these matters (that responsibility will continue unimpaired), will enable them to delegate a very signifi-

*(Ch. I) Financial Duties and Responsibilities of Public Officers*

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cant amount of routine work, thus leaving them freer to concentrate on their technical tasks;

- (b) by improving the system of control of public expenditure and stores. In future these matters will be administered by specially trained individuals having direct links with the Ministry of Finance, operating a clearly defined set of instructions, and using methods which will be uniform for all departments.

23. The finance divisions shall in practice be the means whereby the system of control of public expenditure described in *The Control of Public Expenditure* handbook shall be implemented. This would have happened even if the finance divisions had not been instituted; with their introduction the saving of time and energy for the senior technical officers of departments should be very significant, and it is to be hoped that this saving will lead directly to a considerable stepping up of the tempo of execution of the substantive work of departments, both recurrent and capital.

24. The first task of a newly appointed Finance Officer will be to organise the finance division. In doing so he will be working with the guidance of the Ministry of Finance, the Accountant General's Department and the Audit Department. In carrying the reorganisation through he will inevitably come into conflict with previous methods, and perhaps with personalities. His task will not be an easy one, and he will need all the support which can be given to him—he will certainly have the full support of the Ministry of Finance and the Cabinet.

Organisation of finance division.

Broadly speaking, the finance division will be divided into two branches: one dealing with financial matters and the other dealing with stores.

25. The career prospects of all the Finance Officers (i.e. all officers designated as such) will normally lie in the financial field. While serving in a department they shall be responsible for watching the financial and stores interests of that department and will be responsible to its head for the efficient discharge of their duties. That is to say, their primary loyalty will be to its head—their task shall be to serve the interests and to administer to the needs of the department within the restrictions imposed upon them by the financial system of the government.

Status of Finance Officers.

26. But for the purposes of promotion and discipline they will form part of the public service. Confidential reports on

Finance Officers will be therefore submitted by the head of department to the Public Service Commission through the Ministry of Finance which will comment on their suitability for promotion. Their technical work will be supervised by the Accountant General. They will have close and direct links with the Ministry of Finance, which will be responsible for ensuring that the advice they give to the Accounting Officer is sound. It follows that an Accounting Officer should accept the advice of his Finance Officer on any matter within the latter's province; in particular an Accounting Officer should accept the advice of his Finance Officer on any matter touching on the expenditure of public funds which have been appropriated to his department by vote or by law. If for any reason the Accounting Officer rejects the advice of the Finance Officer, or fails to observe it, he shall signify this decision in writing to the Finance Officer, sending copies to the Principal Secretary of his ministry, the Permanent Secretary Finance, the Accountant General and the Principal Auditor. Since the Accounting Officer is responsible ultimately for all the administration of his department, the Finance Officer, in such a situation, shall be obliged to follow his instructions. This procedure will operate in the interest of an Accounting Officer, since it will be he who will account to the Public Accounts Committee for all expenditures made by his department, and it will be he who will be open to surcharge if the Committee is not satisfied that the expenditure was properly made. It follows that it is desirable for an Accounting Officer to have the backing of the Finance Officer and the Ministry of Finance.

27. It is clear from the foregoing that the Finance Officer will not be in a position to exercise a veto on operations in a department, or to interfere in any way in matters related to the general technical function of the department. Indeed, once the departmental policy intention has been laid down by the proper authority (i.e. the Minister in consultation with the head of a department) the Finance Officer's job will be to see, to the best of his ability and within the structure of the government's system of finance control, that it can be and is financed. His task is solely to ensure that whatever a head of department wants to do, if it involves the spending of public funds, is done according to the financial regulations and with the maximum of economy. In other words, he performs the same function within a department as the Ministry of Finance does within the government as a whole. And just as no proposal involving the expenditure of public funds can be put to the Cabinet except with the concurrence of the Ministry of Finance, so no depart-

mental proposals involving expenditure should be formulated except in consultation with the Finance Officer. But he, like the Ministry of Finance, is not so much concerned with the substantive nature of the proposals as with the questions: Have we the money available? If not, can it be obtained? Are the estimates accurate? Will we obtain maximum value for our money? What safeguards have we against fraud, waste and loss? Is there authority for the expenditure?

28. In order to preserve the efficiency of the Finance Officers, they will as far as possible be transferred to other departments at regular intervals. This will involve no dislocation, since all Finance Officers, in whatever department, will be operating what is basically a uniform system.