

Compendium of Circulars falling within the Treasury Department

Topic	Circular Name	Circular Number
Banking services related circulars	Foreign cheques drawn on Italian banks and for amounts exceeding EUR12,500 payable to the Government of Malta – Italian Money Laundering Norms for Cheques Processing	TR 4/2006
	Change in Public Account Number at the Central Bank of Malta with Effect from 1 st January 2008	TR 10/2007
	EUR Inward/Outward Payments	TR 4/2008
	Quoting of Correct Public Account Number	TR 9/2010
	Quoting of correct Public Account Number - Addendum	TR 9/2010
	Sale of Travelers' Cheques	TR 6/2008
	Direct Credit Settlement of Travel Allowance (Subsistence and Contingency) to Delegates on Official Overseas Travel Via Credit Transfer Form	TR 3/2009
	Central Bank of Malta – Application for Bank Draft Form	TR 7/2015
	CBM Funds Transfer Form and Bank Charges	TR 6/2015
	Central Bank Deposits	TR 1/2015
	Charges Re Issue of Foreign Currency Bank drafts	TR 6/2009
	Inclusion of IBAN/BIC in Treasury Pensions Papers	TR 4/2010
	Central Bank of Malta Funds Transfer Form	TR 5/2014
	Negative interest rates	TR 7/2014
	Foreign Cheques	TR 8/2014
	Night Safe Keys	TR 9/2014
	24x7 BOV Internet Online File Transfer Facility	TR 1802/2008
	Factoring Arrangements	TR 4/2007

	Central Bank of Malta – Application for Bank Draft Form	TR 2/2016
	Central Bank of Malta – Revised Funds Transfer Form Form	TR 3/2016
	Central Bank of Malta – Application for Bank Draft Form	TR 9/2016
Government Accrual Accounting	Changes in Accrual Accounting Templates and Forecasts	TR 4/2014
	Submission of Accrual Accounting Returns	TR 3/2007
	Requests by Departments for Procurement of Customized Accounting System	TR 5/2009
	Guidelines: Accrued Expenses in Construction Contracts	TR/AMCU/1/2012
	Procedures for the Management of Prepayments ,Accruals and Capital Commitments	TR 3/2003
	Accrual Accounting – IPSAS Project – IPSAS 13 Leases	TR 4/2016
	Accrual Accounting – IPSAS Project – IPSAS 16 Investment Property	TR 8/2016
	Accrual Accounting – IPSAS Project: Intangible Assets	TR 11/2016
Periodic Returns	End of Year (2014) Statement of Account Stores Written Off and Cash Losses	TR 3/2015
	End of Year (2014) Statements of Account Arrears of Revenue (Amounts due to Government	TR 4/2015
	Cash Flow Projections	TR 11/2014
	Closing of Accounts for Financial Year 2014	TR 10/2014
	Treasury Financial Data Transmission Calendar for 2015	TR 12/2014
	June Month-End Process	TR 8/2015
	End of Year (2013) Statements of Account Cash and Bank Balances Held at Commercial Banks and Central Bank of Malta	TR 1/2014
	End of Year (2015) Statement of Account Stores Written Off and Cash Losses	TR 5/2016

	End of Year (2015) Statement of Account Arrears of Revenue – (Amounts Due to Government)	TR 6/2016
	Half-Yearly Report – July Deadlines	TR 10/2016
	End of Year (2015) Statements of Account Arrears of Revenue – (Amounts Due to Government) PAC Specific Request	TR 12/2016
Stock Control Circulars	Stock Control Procedures	TR 6/2004
	Update to Treasury Circular ‘Stock Control Procedures’ (6/2004 dated 21 st May 2004)	TR 13/2014
Others	Introduction of the ID Number in the Multipayment Routine	TR 6/2007
	Guideline: Processing of Vendor Payments	TR 5/2015
	Authorized Signatories	TR 5/2008
	Accounting and Reporting Procedure for the introduction of the Donation Scheme to Charitable Institutions	TR 3/2006
	Subventions to Government Entities	TR 4/2009
	Verification of Payments Made by Government Departments	TR 7/2007
	Migration of Treasury (Service) Pensions Funtion to MFSS-DSS	TR 7/2016
	Accruals Forecasts and Below Line Forecasts	TR 13/2016

TR 4/2006	<p>Foreign cheques drawn on Italian banks and for amounts exceeding EUR12,500 payable to the Government of Malta – Italian Money Laundering Norms for Cheques Processing</p> <p>Government Departments receiving payments by cheques or drafts drawn on Italian banks are to note that in accordance with Italian anti money laundering rules currently in force, cheques or drafts issued for amounts exceeding EUR12,500 must bear the clause ‘NON TRANSFERABLE’ and must clearly indicate the legal name of the beneficiary. Departments receiving such payments by cheques or drafts are to note that the same obligations are also applicable to ‘non residents’ including foreign banks that issue</p>
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	<p>cheques and/or drawn drafts on their accounts held with banks situated in Italy.</p> <p>Italian banks are required to monitor and report all violations of the above noted norms to the competent authorities i.e. the Ministry of Economics and Finance. Administrative sanctions are also foreseen for responsible legal entities who have violated the above norms ranging from 1% to 40% of the amount of the cheques.</p> <p>Given the circumstances and in order to avoid unnecessary charges to government please note that with immediate effect, foreign cheques drawn on Italian banks and for amounts exceeding EUR12,500 payable to the Government of Malta should invariably contain the words 'Non Transferable'.</p>
TR 10/2007	<p>Change in Public Account Number at the Central Bank of Malta with Effect from 1st January 2008</p> <p>The Treasury has been notified by the Central Bank of Malta that due to the Euro Changeover, all Bank Account Numbers at CBM will be changed with effect from 1st January 2008.</p> <p>With effect from 1st January 2008 the present Public Account Number: 40001MTL-CACM-001-Q will be changed to</p> <p style="text-align: center;">40001EUR-CMG5-001-H</p> <p>All Accounting Officers are therefore requested to quote the new Public Account Number when raising Fund Transfers, Debit Advices, Bank Draft Payments, Letters of Credit and other banking documentation. The same account number must also be quoted on 'Deposit Slips', when depositing Cheques and Cash in the Public Account.</p> <p>Apart from the new Account Number, departments in receipt of funds from abroad must also ensure that they quote the following Public Account IBAN number:</p> <p style="text-align: center;">MT55MALT011000040001EURCMG5001H</p> <p>It is imperative that the new Public Account Number is quoted correctly on advices as occasionally one still comes across instances where departments cite the 'old' 1999 Public Account number at CBM.</p> <p>You are kindly requested to bring this circular to the attention of all those officers in your department who are involved in payments and/or receipting and to ensure compliance with the above.</p> <p>Closing of Accounts for Financial Year 2007</p> <p>Your attention is once again drawn to the closing of this Financial Year 2007. Full adherence to Treasury Circular 9/2007 dated 16th October 2007 is highly requested.</p> <p>Deposits with the Central Bank of Malta</p>

	<p>It is of utmost importance that deposits with the Central Bank would possibly be effected by Friday, 28th December 2007 and that only deposits arising thereafter would be banked on the last day of the year.</p> <p>As the Central Bank of Malta banking hours will remain unchanged on Monday, 31st December 2007 (up to 12.00pm – noon) it would be appreciated if departments operating Cash Offices deposit money with the CBM by the indicated time.</p> <p>Departments offering online payments (internet) must ensure that all moneys credited in their respective accounts with the Commercial Banks would be transferred to the CBM Public Account by not later than Monday, 31st December at noon.</p>
TR 4/2008	<p>EUR Inward/Outward Payments</p> <p>As from 1 January 2008, the TARGET2 system (Trans-European Automated Real-time Gross-settlement Express Transfer System) has become Government’s main gateway for Euro payments. It is a payment system providing a mechanism for the processing of euro payments throughout the euro area and some non-euro area Member States. Effectively, all Government’s EUR outward payments are being processed through TARGET2.</p> <p>However, with regard to incoming payments, it is being noted that some payments of substantial value are being routed in favour of the Public Account outside TARGET2. This causes a delay in crediting the Public Account with consequential loss of interest and immediate use of funds as the CBM will not be in a position to credit the Public Account for same day value but two working days after. Departments are to ensure that they inform their customers that TARGET2 should be used for payments of value above EUR50,000 and use SEPA for other payments, always quoting our IBAN MT55MALT011000040001EURCMG5001H as the beneficiaries’ account.</p> <p>Accounting Officers are therefore requested to ensure that incoming payments are received in the manner prescribed above.</p>
TR 9/2010	<p>Quoting of Correct Public Account Number</p> <p>The Central Bank of Malta (CBM) has drawn our attention that some departments are still quoting the pre-Euro Public Account Number. The use of this number is hindering the Straight Through Process used by the CBM, to effect transactions without manual intervention.</p> <p>In order to minimize this inconvenience, you are kindly requested to ensure that any payment instructions invariably quote the Public Account IBAN: MT55MALT011000040001EURCMG5001H.</p> <p>As from 1 February 2011, the CBM will be rejecting all inward payments bearing a wrong IBAN. Departments are requested to ensure that all standing payment instructions with commercial banks call the aforementioned IBAN. A high occurrence of transactions with a wrong IBAN has been identified where government departments hold accounts with banks with instructions to ‘sweep’ amounts to the Public Account on a periodical basis. Such sweeps are mainly in operation to cater for electronic payments, such as EPOS and</p>

	<p>24x7 online payments. Departments operating such facilities are forthwith directed to check the account being quoted with their bankers. In the vast majority of cases, such facilities were in operation prior to the Euro-changeover.</p> <p>Another instance is where delegates travel abroad on official business and endorse claim forms for the eventual reimbursements of EU related travel to government. Where the incorrect Public Account number has been quoted on official documentation, the attention of the competent authority is to be drawn and all relative correct banking details are to be provided by the delegate, to allow such reimbursement to be effected in a timely and efficient manner.</p>
TR 9/2010	<p>Quoting of correct Public Account Number - Addendum</p> <p>To all Accounting Officers</p> <p>With reference to TR 9/2010 issued on 28th December, please note that the last paragraph referred specifically to those travel reimbursements that are received in the Public Account. In instances where the recipient account is not the Public Account, Accounting Officers must ensure that the IBAN of the account in question contains the letters EUR within the code (such as in MT55MALT011000040001EURCMG5001H or MT25MALT011000040201EURCMG50584).</p> <p>Therefore, one does not have to do anything if the recipient account found on the 'stickers' provided by the EC Commission contains the letters EUR which identifies a Euro denominated account.</p>
TR 6/2008	<p>Sale of Travelers' Cheques</p> <p>The Treasury has been informed by the Central Bank of Malta that the sale of travelers' cheques is being discontinued with effect from 1 October 2008.</p> <p>You are requested to bring this Notice to the attention of all accounting officers.</p>
TR 3/2009	<p>Direct Credit Settlement of Travel Allowance (Subsistence and Contingency) to Delegates on Official Overseas Travel Via Credit Transfer Form</p> <p>During the past months, the Treasury in collaboration with the Central Bank of Malta (CBM), has introduced, <i>on a pilot basis</i>, a new method for the transfer of funds to delegates proceeding abroad on official travel. This new mechanism aims to eliminate cash handling and associated risks. The system for the direct crediting of delegates' bank accounts has already been introduced successfully in three Ministries, namely MFEI, MJHA and MSOC and these circulars roll out this new mechanism across all Ministries and Departments.</p> <p>A short transition period of a few days is being allowed to enable Departments to adjust to the new procedure. However, full adherence to the provisions of this circular must be reached by not later than Wednesday 20th May 2009.</p>

Work Flow

Whilst, the Debit Advice for each officer, hereinafter renamed Credit Transfer Form, (attached), accompanying the GA 27/27A must still be endorsed by Treasury authorizing the withdrawal of funds from the Public Account and presented to CBM as per current practice, no cash will be handed over by CBM cash offices.

As a result of these new arrangements, the Accounting Officer needs to request from officers travelling abroad the bank account, in which they wish to have the funds credited, clearly indicating the respective IBAN and BIC codes, which must invariably be shown on the Credit Transfer Form. The IBAN is available on the personal bank statement and the BIC as indicated in footnote no. 1. Please note that incorrect or incomplete data may result in bank charges and in a delay in processing the transaction.

Accounting Officers are requested to validate the data as provided by the delegates and in order to facilitate the process further, the Treasury will be making available IBAN checker CDs (as approved by CBM), which may be collected from the Verifications Unit of the Government Accounts Directorate.

The attention of Accounting Officers and/or Officers in charge of travel is drawn to the following:

- a) the usual DAS routine is still to be followed;
- b) the charges box on the Credit Transfer Form must NOT be ticked;
- c) no CBM order form is to be prepared for cash requirements as there will be no cash handling;
- d) section C of the GA27/GA27A is still to be endorsed by the delegate as proof of receipt of funds. CBM Advice issued in favour of the delegate is to be available with the GA27/27A for post-verification purposes. As per established procedures, the Credit Advices will be forwarded by Treasury upon receipt from CBM;
- e) your attention is once again drawn to the fact that only one GA27 is to be raised per visit irrespective of the number of delegates;
- f) the Credit Transfer Form is to be used for any refunds to which the delegate may be entitled.

The aforementioned mechanism falls under the SEPA (Single Euro Payments Area) arrangement in which area payments or receipts are effected, both across and within national boundaries, under the same conditions, rights and obligations, regardless of their location within the Eurozone. This SEPA arrangement has already been tested with other types of credit transfers. In view of the fact that at present, such payments may take up to three days to be effected, departments must present travel documentation for Treasury's endorsement four (4) working days prior to the delegate's departure to allow ample time for the funds to be credited.

It must be clearly indicated to delegates that local withdrawals are presently not subject to bank charges; however overseas withdrawals will unavoidably attract a charge.

	<p>Any queries regarding this circular may be addressed to the Bank Transactions Unit at the Treasury, telephone numbers 25967 144 / 25967 143.</p>
<p>TR 7/2015</p>	<p>Central Bank of Malta – Application for Bank Draft Form</p> <p>The Central Bank of Malta (CBM) has informed the Treasury that the Application for Bank Draft form has been changed.</p> <p>Kindly find attached a blank form (together with copy) which must now be used by all Government Ministries and Departments.</p> <p>Below and attached please find 2 examples (A, B) showing how the form should be completed.</p> <p>A. If a bank draft to a beneficiary needs to be made in a Foreign Currency (Great Britain Pound) and the instructions for payment are quoted in Euros 100:</p> <p>i. The box next to GBP is marked with an ‘X’;</p> <p>ii. The amount is written below the Euro box and</p> <p>iii. The currency and amount in words is written in the space provided as follows: ‘the equivalent of Euro one hundred in Great Britain Pound’.</p> <p>B. If a bank draft to a beneficiary needs to be made in a Foreign Currency (US Dollars) and the instructions for payment are quoted in that same currency, USD 55:</p> <p>i. The box next to USD is marked with an ‘X’;</p> <p>ii. The amount is written below the Foreign box and</p> <p>iii. The currency and amount in words is written in the space provided as follows: ‘fifty-five United States Dollars’.</p> <p>The Treasury will not be in a position to accept Bank Draft Forms which do not include ALL the required information on the form and clear instructions for payment (as instructed above), as these forms will not be processed by the Central Bank.</p>
<p>TR 6/2015</p>	<p>CBM Funds Transfer Form and Bank Charges</p> <p>Further to Treasury Circular 5/2014 – Central Bank of Malta Funds Transfer Form dated 29th May 2014, a revised version of this form, which includes an amendment to the Central Bank of Malta’s Data Protection clause, has been issued (Annex A).</p>

	<p>Kindly use this revised Funds Transfer Form with immediate effect.</p> <p>In addition to this, the Central Bank of Malta has informed the Treasury that they shall no longer be accepting Funds Transfer Forms if the 'charges' section is not completed in the case of payments to Non EEA countries or payments to EEA countries but in foreign currency. A list of EEA countries can be found on <u>Annex B</u>.</p> <p>There are three options for the application of charges as follows:</p> <ul style="list-style-type: none"> · Our : if all charges are to be borne by the <i>originator</i> of the payment, tick the 'OUR' option for both Local and Foreign bank; · Beneficiary: if all charges are to be borne by the <i>ultimate beneficiary</i>, tick the 'Beneficiary's A/C' option for both Local and Foreign bank; · Shared: if charges are to be <i>shared</i>, tick the 'OUR' option for Local bank and 'Beneficiary's A/C' options for Foreign bank. <p>It is highly important that the funds transfer form is fully completed, including the section on charges as this will affect the actual amount that will be credited or debited.</p> <p>The funds transfer forms which do not clearly indicate the charging option will not be processed by the Central Bank of Malta and will be referred back to the originator of the payment.</p>
TR 1/2015	<p>Central Bank Deposits</p> <p>The Central Bank of Malta has informed the Treasury that the procedure for the processing of Central Bank Deposits will change with effect from 12th January 2015.</p> <p>As from the 12th January 2015, the security bags found in the night safe shall not be processed in the presence of a Government Department representative. Instead these shall be processed by the Central Bank in an office equipped with security features, under CCTV surveillance. Officials from the Treasury Department (Ministry of Finance) have visited the Central Bank to ensure that the required security features are in place and have been tested.</p> <p>With the introduction of this new procedure, the Central Bank has also changed the security bags. These bags are sequentially numbered and therefore should be utilised in the correct sequential order. Any bag, which for some reason shall not be used by the respective department, shall be returned to the Central Bank against a document from the Central Bank confirming this return.</p> <p>Whenever the counted cash does not tally with the deposit slip raised by the Government Department, the Central Bank shall contact the relative department by phone advising of the discrepancy. This shall be later confirmed via email.</p> <p>With the introduction of this procedure, the Government Department representative is no longer required to go to the Central Bank to process the deposit previously deposited in the night safe. However the Government Department representative will need to</p>

	<p>collect the stamped deposit slips (pink and yellow copies) from the Central Bank the following day (between 11am and 1pm) from any one of the cashiers on duty without queuing; if all the cashiers are occupied the Government Department representative shall ask for the Senior Cashier or the Support Officer at the front office desk. Then, in line with the current procedure, these deposit slips (with the pink copy attached to the Statement of Remittance to Bank issued from DAS) shall be presented at the Treasury.</p> <p>Kindly find attached the Central Bank documents:</p> <ul style="list-style-type: none"> i. Conditions relating to the use of the night safe. ii. Security Bags receipt
TR 6/2009	<p>Charges Re Issue of Foreign Currency Bank drafts</p> <p>The Treasury has been informed by the Central Bank of Malta that its foreign correspondent banks have started charging for encashing bankdrafts drawn on them.</p> <p>With effect from 16 November 2009 all bankdrafts issued in AUD and CHF will incur a charge of AUD5 and CHF11 respectively. <u>An amended list of charges is being attached with this circular.</u></p> <p>You are requested to bring this notice to the attention of all accounting officers.</p>
TR 4/2010	<p>Inclusion of IBAN/BIC in Treasury Pensions Papers</p> <p>The Treasury is in the process of implementing SEPA (Single Euro Payment Area^[1]) Credit Transfers in respect of Treasury Pensions. This means that any Euro denominated account in any of the SEPA countries^[2] may be credited electronically in a more efficient and cost effective way.</p> <p>In view of this, Departments and Public Sector Entities must henceforth include the IBAN/BIC together with the conventional account number when filling in the Treasury pension papers (GP61) of employees who are due to retire. This will ensure that the pension payments of new pensioners would be carried out in a seamless manner.</p> <p>Forms not containing IBAN/BIC will NOT be accepted.</p>
TR 5/2014	<p>Central Bank of Malta Funds Transfer Form</p> <p>The Central Bank of Malta (CBM) has informed the Treasury that the Funds Transfer Form has been changed.</p> <p>Kindly find attached a blank form (together with copy) which must now be used by all Government Ministries and Departments.</p> <p>Attached also find three examples (A, B, C) showing how the form should be completed.</p>

- A. If a payment needs to be made in **Euros** to a beneficiary and the **instructions** for payment to the CBM are quoted in **Euros**:
- The department wishes to pay the University of Zagreb in **Euros** and the **instructions** for payment to the CBM are quoted in **Euros**. In this case
 - i. The box next to **'euro'** is marked with an 'X';
 - ii. The euro amount is written **directly** below it in **figures** (433.75)
 - iii. The amount and currency is written in words in the space provided (Euro four hundred thirty three and seventy five cents).
- and
- B. If a payment needs to be made in a **Foreign Currency** to a beneficiary and the **instructions** for payment to the CBM are quoted in **Euros**:
- The department wishes to pay Mr. Kenneth Joseph Spiteri in **Pounds Sterling** and the **instructions** for payment to the CBM are quoted in **Euros**. In this case
 - i. The box next to **'foreign currency'** is marked with an 'X';
 - ii. The **foreign currency denomination** is written in the box next to **'foreign currency'** (**GBP**);
 - iii. The **amount** is written below the **'euro'** box in **figures**, as the instructions are in **'euro'** (**2,225**) and
 - iv. The amount and currency is written in words in the space provided, pointing out that the payment needs to be in **Pounds Sterling equivalent of the Euro amount being quoted** (GBP equivalent of Euro two thousand two hundred and twenty five).
- C. If a payment needs to be made in a **Foreign Currency** to a beneficiary and the **instructions** for payment to the CBM are quoted in that **Foreign Currency**:
- The department wishes to pay Famsia Industries in **US Dollars** and the **instructions** for payment to the CBM are quoted in **US Dollars**. In this case
 - i. The box next to **'foreign currency'** is marked with an 'X';
 - ii. The **foreign currency denomination** is written in the box next to **'foreign currency'** (**USD**);
 - iii. The foreign currency amount is written below the **'foreign currency'** box in **figures** (**860**), as the instructions are in foreign currency (**USD**) and
 - iv. The amount and currency is written in words in the space

	<p>provided (USD eight hundred and sixty).</p> <p>The Treasury will not be in a position to accept Funds Transfer Forms which do not include ALL the required information on the form and clear instructions for payment (as instructed above), as these forms will not be processed by the Central Bank.</p>
TR 7/2014	<p>Negative interest rates</p> <p>The Central Bank of Malta has informed the Treasury that, as from the 11th June 2014, deposits held by Government Ministries and Departments and Public Sector Entities with the Central Bank will be subject to a decision issued by the European Central Bank on the 5th June 2014, (decision ECB/2014/23; 2014/337/EU) stating that on any calendar day, the total amount of overnight and fixed term deposits of all governments with a National Central Bank (NCB) exceeding the higher of (a) EUR 200 million; or (b) 0.04% of the gross domestic product of the Member State in which the NCB is domiciled shall be remunerated at an interest rate equivalent to the ECB overnight deposit facility.</p> <p>With effect from 11th June 2014 the ECB overnight deposit rate was -0.10% while with effect from 11 September 2014 it is -0.20%. A negative interest rate entails a payment obligation of the deposit holder to the relevant NCB including the right of that NCB to debit the relevant government deposit account accordingly.</p> <p>This effectively means that with effect from 11 June 2014 a negative interest rate as indicated above has become applicable on balances held by Government Ministries and Departments with the Central Bank of Malta. The Treasury will be managing this new development on behalf of the Government of Malta.</p>
TR 8/2014	<p>Foreign Cheques</p> <p>The Central Bank of Malta has informed the Treasury of the following changes with regards to foreign cheques:</p> <ul style="list-style-type: none"> a) EURO cheques drawn on foreign banks located in the United Kingdom are no longer accepted. The only exceptions are EURO cheques drawn on HSBC London; b) USD cheques with amounts greater than USD250 and drawn on foreign banks are sent on a collection basis. The customer's account will only be credited upon settlement; c) USD cheques with amount lower than USD250 and drawn on foreign banks are no longer accepted until further notice; d) All the above does not apply for cheques drawn on LOCAL banks.
TR 9/2014	<p>Night Safe Keys</p> <p>The Central Bank of Malta has informed the Treasury that the Night Safe Keys currently used by departments making use of the Night Safe Facility shall be changed by the</p>

	<p>Central Bank following the change of the lock on 1st December 2014.</p> <p>All departments currently making use of this safe facility are to inform the Treasury, on generic e-mail govt.accts.directorate@gov.mt, copying Mr Roberto Privitera and Mr Paul Gafa', as the Central Bank requires a complete list – including names of users and contact numbers - to distribute the new set of keys following the change of the lock.</p>
TR 1802/08	<p>24x7 BOV Internet Online File Transfer Facility</p> <p>Over the past few years it had become customary for departments to transfer to banks bulk payments data relating to clients' direct credits via a diskette/data disc which was then usually delivered by hand to the respective banks.</p> <p>The Treasury has been approached by BOV who have recently upgraded their BOV 24x7 Internet Banking Service with a new function to facilitate the uploading of direct payment instructions. This will do away with the need to physically deliver the diskette/data disc to BOV in respect of payments to clients holding an account with BOV.</p> <p>In this regard, your attention is drawn to the following:</p> <ul style="list-style-type: none"> a) BOV plc will furnish 24 x 7 users with secure keys, following authorisation letters from Treasury. b) The system allows for different authorisation levels. In fact one officer would upload the transactions whilst a senior officer would authorise the transfer. For this reason, four secure keys will be provided for every department taking into account instances when officers may be unavailable. c) Treasury draws your attention to the proper safekeeping and custodianship of these keys. d) Needless to state that the designated officers need to be provided with internet/web facilities. e) Prior to going "live", BOV will be providing users with the necessary training. f) The system, will not enable functionalities other than those relating to the uploading and transfer of payment data files to BOV. g) For the system to be enabled it requires a BOV account number. Treasury has opened a bank account with BOV Floriana specifically for this reason and BOV have already been instructed that the use of this account is solely for the purpose of enabling the 24x7 in departments. No action is required from departments in this regard. <p>Further details are available as per attached document (BOV Internet Banking User Guide).</p> <p>It is planned that by the end of March 2009, all data transfers relating to BOV bank accounts would be conducted in the manner outlined above.</p> <p>Please note that since the aforementioned arrangements only provide for the transmission of the data to BOV, the usual letter/s authorising the transfer of funds must still be drawn up and sent through the normal channels as at present.</p> <p>It is expected that other banks may, at some point, provide similar facilities. Accounting Officers are therefore kindly requested to notify the Government Accounts Directorate,</p>

	<p>Treasury Division of any payment data transfer processes (through diskettes/data discs) currently in use. Furthermore, they are requested to submit the details (name, designation, email and contact telephone number) of the officers that are responsible for such processes by not later than 13th February 2009. Replies are to be sent via email to fleur.saliba@gov.mt, tel. 25967117.</p>
<p>TR 4/2007</p>	<p>Factoring Arrangements</p> <p>In the traditional payment system the Treasury on behalf of Ministries and line Departments pays suppliers directly for goods delivered or services rendered. Over the past few months, we have increasingly witnessed the development of Factoring Arrangements which allow the involvement of a third party, known as the Factor (assignee). The factor must be a financial institution or a finance company licensed with the MFSA to carry out factoring arrangements.</p> <p>The scope of this Circular is to create awareness, disseminate knowledge on this type of arrangement and inform accounting officers on how to deal with this new payment procedure, under the current accounting system. Further direction and guidelines will be issued by Treasury, particularly, once the planned DAS enhancements will be due for implementation.</p> <p>Factoring is defined as the selling of a debt or of the rights by a trader (creditor) up to the amount owing by debtors to a finance company for an agreed amount, often used synonymously with 'accounts receivable financing'. In more simplistic terms, factoring within the Government context means that the amounts due by Government to a supplier are taken over by a financial institution, the financial institution paying the supplier at a discounted price (payment less commission) and thereafter claiming the full amount due from Government. Factoring is entrenched in the Malta Civil Code and consequently it poses certain legal obligations. For those debts that have already fallen due, once the Factoring Arrangement takes place it is binding and cannot be rescinded by both parties. With regard to factoring of future debts, both parties may terminate the agreement, however the notice of termination has to be transmitted to the debtor.</p> <p>In working with such Factoring Arrangements, Accounting Officers must adhere to the following process:</p> <p>Factoring Arrangements and Statements of Account</p> <p>1. The Department concerned must ensure that it is in receipt of the following:</p> <p>i) a notification from the supplier that a factoring arrangement with a Financial Institution has been made; and</p> <p>ii) a notification from the Financial Institution confirming such arrangement. <i>(The Department may check with the Malta Financial Services Authority that the Financial Institution is licensed to carry out factoring arrangements).</i></p> <p>Departments are to ensure that the Factoring Arrangement concerns their department</p>

only. This means that in cases where the same supplier carries out business transactions with different departments, Financial Institutions will draw up separate Factoring Arrangements for each department.

On an agreed period, the Financial Institution will forward to the department a Statement of Account. This is a record of transactions and balances over a specified period of time, for a given supplier account. This Statement of Account should invariably contain the following details:

Statement of Account

Name of Supplier:

Department Name:

Type *	Number	Order No.	Date	Due Date **	Debit entries	Credit entries	Amount Lm
INV	4100	A0001	10/02/2007	30/06/2007	1000.00		1000.00
INV	4109	8M5678	01/06/2007	01/07/2007	125.50		125.50

* Type: eg. Invoice, Credit Note, Overpayment, Cheque, Returned Cheque

Total C/FWD

** Credit Terms applicable

Departments must check the correctness of the listed invoices and other documents prior to authorising payment. Invoices appearing on Statement of Accounts must be checked against the original invoices which suppliers will continue to send to the Departments. The assignment of a particular invoice or invoices in favour of any licensed factoring institutions must be clearly evidenced by signed notifications from both the Factor (assignee) and the supplier (assignor) addressed to the individual Government Department. **No payment should be effected directly to the supplier once a Factoring Arrangement is in place.**

Moreover, the opening balance on the Statement of Account must be checked to ensure that it reconciles with the closing balance of the last Statement of Account. Invoices subject to litigation may still feature in the Statement of Account. However, these must not be paid and the Financial Institution must be informed by means of written communication that such payment will not be effected as the invoice is in dispute.

Payment Procedure

2. When effecting payment in DAS, which is to be processed within the 'Credit Terms' agreed to, Accounting Officers must still create such payment in the name of the supplier

(not the Financial Institution) **but crediting the account number as quoted by the Financial Institution.** The Payment Voucher will appear as shown below. A copy of the payment voucher may also be sent to the supplier for information purposes.

Payment Voucher

Ministry/

Department

**Name and
Address of
Financial Institution:**

**Vou
er
Nur
er**

COMMITMENT NO.	ORDE R NO.	INVOICE NO.	DETAILS AND ACCOUNT NO.	AM L
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Supplier:

Account No.

(as quoted by the Financial
Institution)

The DAS cheque for the full amount will be issued payable to the Financial Institution, Account: Supplier. In the Remittance Advice the Account Number referred to above (text in bold) will appear.

As already mentioned above, enhancements to DAS are presently being carried out to account for factoring arrangements and credit terms in a better way. Accounting Officers will be informed once these enhancements are completed.

Invoices re: EU Funded projects

3. In cases of contracts related to EU funded projects exceeding the current threshold of Lm400,000 which are under factoring arrangements, Accounting Officers are requested to consult with the EU Funds Management Unit within the Government Accounts Directorate prior to authorising payment of respective invoices.

	<p>In all instances, the Government Accounts Directorate within the Treasury Division must be informed and provided with the documentation as stated in Note (1) for every recognized factoring arrangement and its eventual termination.</p>
TR 2/2016	<p>Central Bank of Malta – Application for Bank Draft Form</p> <p>Further to Treasury Circular 7/2015, the Central Bank of Malta (CBM) has informed the Treasury that they will no longer process applications for a bank draft in SEK currency.</p> <p>In view of this, kindly find attached a revised form (together with copy) which must now be used by all Government Ministries and Departments.</p> <p>The examples referred to on Treasury Circular 7/2015 still apply.</p> <p>The Treasury will not be in a position to accept bank draft forms in SEK currency as these forms will not be processed by the Central Bank.</p>
TR 3/2016	<p>Central Bank of Malta – Revised Funds Transfer Form</p> <p>Further to Treasury Circular 11/2015, the “IBAN” Rule, wherein it was notified that as from 1 February 2016 a BIC code will no longer be required for domestic and cross-border payments, the Central Bank of Malta (CBM) has now informed the Treasury that the Funds Transfer Form has been revised to take account of these changes.</p> <p>In view of this, kindly find attached a revised Funds Transfer Form (together with copy) which must now be used by all Government Ministries and Departments.</p>
TR 9/2016	<p>Central Bank of Malta – Application for Bank Draft Form</p> <p>Further to Treasury Circular 7/2015, the Central Bank of Malta (CBM) has informed the Treasury that they will no longer process applications for a bank draft in DKK currency.</p> <p>In view of this, kindly find attached a revised form (together with copy) which must now be used by all Government Ministries and Departments.</p> <p>The examples referred to on Treasury Circular 7/2015 still apply.</p> <p>The Treasury will not be in a position to accept bank draft forms in DKK currency as these forms will not be processed by the Central Bank.</p> <p>The Debit Account on the attached form refers to the <i>Public Account</i> number. For payments originating from other CBM bank accounts the Debit Account is to be changed accordingly.</p>
TR 4/2014	<p>Changes in Accrual Accounting Templates and Forecasts</p>

Submitted to Treasury

Following Treasury Circular 10/2013 - Treasury Financial Data Transmission Calendar for 2014, please note the following changes:

Accrual accounting return – Cash Flow

Departments are informed that they are no longer required to complete and submit this template to Treasury. This will be in effect as from quarter 2, 2014 submission.

Accrual accounting return – Debtors and Creditors template

Treasury has drafted an amended template for debtors and creditors. The amended template is **attached** to this Circular in Appendix A. Main changes affected are the following:

- The updated templates no longer features the column 'not yet due'. This is a term associated with arrears of revenue, rather than debtors and creditors. All invoices should be allocated to their respective ageing bracket as from the date of their issue.
- The term 'days overdue' in the ageing has been replaced with 'days outstanding'. 'Days overdue' suggests that they are due beyond their credit period. An ageing debtors'/creditors' list shows the days these balances have been outstanding since their recognition.
- The aggregate for 'Provision for Bad Debts' and the 'Provision for Bad Debts as a percentage of Total Debtors' are calculated automatically through a formula and no manual input is required.

Kindly use the attached template as from quarter 2, 2014 submissions and refrain from using any earlier versions.

Quarterly Year End Accruals Forecasts and Quarterly Year End Below Line Forecasts

Currently the Treasury requests forecasts to be submitted within one month of the preceding quarter. The forecasts previously submitted in the month of April will temporarily not be requested until further notice. Departments will still be requested to submit forecasts as follows:

Qtr 2 – Thursday 31st July 2014

Qtr 3 – Friday 31st October 2014

It is understood that the changes outlined in this circular will reduce the reporting burden on Ministries and Departments.

Heads of Department and all accounting officers are to ensure that submissions are furnished within the stipulated time frames to enable Treasury to comply with the

	various reporting obligations, both domestically and abroad.
TR 3/2007	<p>Submission of Accrual Accounting Returns</p> <p>Over the past few years various Treasury and Ministry of Finance circulars have been issued introducing Accrual Accounting concepts across Government Departments and requesting the transmission of accrual based data to Treasury on a quarterly basis.</p> <p>The successful implementation of Accrual Accounting including the eventual compilation of Consolidated Accrual Based Financial Statements for Government depends entirely on the correct application of methodology, a high rate of compliance by departments and the reliability of the data itself.</p> <p>Although at present, the rate of compliance by departments is very encouraging, there is still room for improvement in the reporting quality of the submissions especially in terms of completeness (i.e the inclusion of all Expenditure, Revenue and Below the line items) and the consistent treatment of balances (e.g. debtors, creditors, accrued expenditure etc.) from one quarter to another.</p> <p>Needless to state that the timely submission of returns is of paramount importance considering that Treasury needs to analyse, process and forward consolidated data to competent author</p> <p>ities within very tight timeframes.</p> <p>In this regard, non- or late submissions will henceforth result in the immediate escalation of the matter to the respective Permanent Secretary and the Ministry of Finance for any action they deem appropriate.</p> <p>The compilation of the Accrual Accounting Returns must not be downplayed or relegated to a minor, insignificant process within departments. Nor should these returns be considered less relevant than any other accounting returns requested through other Treasury circulars. The returns should indeed give Heads of Department meaningful financial information that they can use in managing their respective departments. It is the responsibility of Heads of Department to ensure that the data submitted to Treasury are meaningful, accurate and reflecting the financial position prevailing at the close of the reporting period.</p> <p>It is very important to note that apart from being used to draw up financial statements, the data is also currently being reported to the EC Commission on a quarterly basis as part of Malta's fiscal and statistical obligations.</p> <p>Whilst Treasury will continue to support Accounting Officers and their staff in resolving difficulties relating to the aforementioned returns, the Government Accounts Directorate within this Division also intends to hold bilateral meetings with Heads of Department in order to discuss how their Accrual Accounting returns may be further improved.</p>
TR 5/2009	Requests by Departments for Procurement of Customized Accounting System

	<p>The Treasury Division has been receiving for approval, requests from Government Departments for the procurement of customised accounting systems. Such requests are being met with an outright rejection by the Treasury.</p> <p>Heads of Department should be aware that preparations are currently underway by the Ministry of Finance, the Economy and Investment for the procurement of a corporate financial solution for Government. The Ministry has long embarked on a financial reform that will culminate in the replacement of the current Departmental Accounting System, which besides reaching the end of its lifetime in terms of technology, does not meet the challenges posed by the new business requirements.</p> <p>The ultimate objective is to have a corporate financial solution that functions within a coherent framework based on Government Accounting Standards and revamped Financial Legislation.</p> <p>In this regard, Heads of Department are enjoined to refrain from engaging into direct discussions or negotiations with individual suppliers for the procurement of computerised accounting systems. All requests for such procurement will be rejected.</p>
<p>TR/AMCU/1/ 2012</p>	<p>Guidelines: Accrued Expenses in Construction Contracts</p> <p>In TR Circular No 3/2003, paragraph 2.2.2. Accrued expenses are defined as <i>‘expenditure on goods and/or services that have been received and consumed but which have not been invoiced till the end of a financial period’</i>.</p> <p>The Treasury notes that whilst costs incurred and consumed within a reporting period (e.g. telephone expenses, water and electricity bills, services rendered), are clearly being well understood and reported by the departments, on the other hand, with regards to Construction Contracts, departmental officers are finding difficulties in establishing the extent of construction works carried out and are generally (and wrongly) taking the full contract value when reporting the quarterly accruals.</p> <p>A Construction Contract normally extends beyond one financial period and thus the costs incurred should be allocated to the period when incurred. This guidance note establishes the manner in which such Construction Contracts should be reported with immediate effect.</p> <p>A Construction Contract is a contract or a binding agreement specifically negotiated for the construction of a single asset such as a new building or extension of a building, major refurbishments, restoration works and roads. A construction contract may also deal with the construction of a number of assets that are closely interrelated or interdependent in terms of their designs, technology, and function or their ultimate purpose or use. Examples include when the construction of a hospital/school which involve the construction/extension of new roads surrounding the building.</p> <p>The Malta Government Accounting Standard (MGAS) 11 stipulates that Contract Costs consist of:</p> <p>a) Costs that relate directly to the specific contract;</p>

	<p>b) Costs that are attributable to contract activity in general, and can be allocated to the contract on a systematic and rational basis; and</p> <p>c) Such other costs attributable to the department as stipulated in the terms of the contract e.g. general administrative costs for which reimbursement is specified in the terms of the contract.</p> <p>Contract Costs associated with the construction contract shall be recognized as expenses by reference to the stage of completion method. This may be determined in a variety of ways, such as:</p> <p>a) The percentage proportion of the contract costs incurred for work performed to date;</p> <p>b) Surveys of work performed; or</p> <p>c) Completion of a physical proportion of the contract work.</p> <p>The reporting department shall use the method that reliably measures the work performed.</p> <p>Payments made in advance and progress payments often do not reflect the work performed. Therefore these should not be used in the determination of completed works.</p> <p>Responsibilities</p> <p>The responsibilities outlined in TR Circular No 3/2003 are applicable also for the purpose of this Guidance Note.</p> <p>Therefore, Heads of Department shall request from architects/project leaders assigned on specific projects, information on work-in-progress carried out but not yet invoiced at reporting date. Such information shall be forwarded to the accounting officer responsible for compiling the quarterly Accrued Expenses Template within the department.</p> <p>Needless to state that departments shall keep adequate records as a basis of the analysis carried out, as these workings may be requested by Treasury at a later stage.</p>
TR 3/2003	<p>Government Accrual Accounting: Procedures for the Management of Prepayments, Accruals and Capital Commitments</p> <p>In line with Government policy regarding the introduction of Accrual Accounting, Treasury is committed to ensure that the implementation process of the accounting methodology is gradually rolled out in accordance with the government financial strategic objectives as defined by the Ministry of Finance.</p> <p>The circular on fixed asset management (inventory) issued in November 1999 (MF 14/99) and that relating to Debtors and Creditors issued in October 2001 (MF 10/2001) by the</p>

Permanent Secretary, Ministry of Finance were the first of a series of changes Accounting Programme.

The procedures herein represent another step in the direction of the change that shall bring about much more meaningful information for decision-making, understanding of government financial position and also better long-term financial planning which is necessary today and for the foreseeable challenges ahead.

The main purpose of these procedures is to enable Ministries and Departments to manage and maintain appropriate control of the Prepayments, Accruals and Capital Commitments which have a direct bearing on the financial budgets as much as on the Cash Flow projections undertaken by all.

These procedures are in many ways also an extension to the last circular of Debtors and Creditors Control wherein reference was made to Accruals and Prepayments. Indeed, these procedures should enable a better understanding and demarcation of each category as distinct from Debtors and Creditors.

With regards to Capital Commitments, these are necessary as a step towards the identification of fixed asset commitments and multi-year financial and budgetary planning.

Furthermore, the procedures are intended as guidelines to:

- Standardise the categories of expenditure and revenue as detailed in the Malta Government Accounting Standards (MGAS) launched in 2002. (MGAS's may be found at www.gov.mt under Accrual Accounting in Government)
- Facilitate the working procedures for all in maintaining record of Prepayments, Accruals and Capital Commitments
- Facilitate the process of information gathering necessary for the preparation of departmental, Ministry and Government-wide financial and management reporting

The exercise contemplated in the attached procedures and guidelines, leading to the Notification requested in section 4, needs to be completed on a quarterly basis. The first submission shall be for period ending March 2003. All submissions are to be made both as a hard and a soft copy.

Soft copies are to be sent, to the Treasury Department, through any of the following e-mail accounts:

Internet Account: Accrual.Accounting@gov.mt OR
Team-ware E-mail A/C: Accrual Accounting at MOF

To enable the understanding of these procedures by all those who are, or will be, engaged in their implementation, a series of Information Sessions will be carried out in conjunction with the Ministry of Finance in the coming weeks.

For this purpose you are kindly requested to respond to requests made by the Ministry of Finance for the nomination of responsible officials within your Ministry or Department.

Finally, I would like to stress the need for the full support and commitment from all directors responsible, particularly, Directors of Corporate Services and Directors of Finance and Administration, who are directly responsible to ensure that these procedures

	are implemented effectively and submissions are forthcoming on time.
TR 4/2016	<p>Accrual Accounting – IPSAS Project – IPSAS 13 Leases</p> <p>The attention of all Heads of Department and Accounting Officers is drawn to the publication of the DRAFT IPSAS 31 Intangible Assets (<i>as adopted by the Maltese Government</i>) and IPSAS 13 Leases (<i>as adopted by the Maltese Government</i>) along with the relative User Guidelines on the Treasury’s website:</p> <p>http://treasury.gov.mt/en/Documents/Government_Accounts_Directorate/IPSAS/IPSAS_31_Intangible_Assets_as_adopted_by_the_MG_(Standards).pdf</p> <p>http://treasury.gov.mt/en/Documents/Government_Accounts_Directorate/IPSAS/IPSAS_31_Intangible_Assets_as_adopted_by_the_MG_(Guidelines).pdf</p> <p>http://treasury.gov.mt/en/Documents/Government_Accounts_Directorate/IPSAS/IPSAS_13_Leases-as_adopted_by_the_MG_(Standards).pdf</p> <p>http://treasury.gov.mt/en/Documents/Government_Accounts_Directorate/IPSAS/IPSAS_13_Leases-as_adopted_by_the_MG_(Guidelines).pdf</p> <p>It is pertinent to note that all Accounting Standards and Guidelines are in DRAFT form. These are being published solely for users to start familiarising themselves with IPSAS provisions prior to implementation. IPSASs (<i>as adopted by the Maltese Government</i>) will come into effect only when the new Accounting Methodology is adopted and the new Accounting System is implemented. The effective date of IPSAS adoption will be communicated at that stage.</p>
TR 8/2016	<p>Accrual Accounting – IPSAS Project – IPSAS 16 Investment Property</p> <p>The attention of all Heads of Department and Accounting Officers is drawn to the publication of another draft IPSAS, IPSAS 16 Investment Property (<i>as adopted by the Maltese Government</i>), along with the relative User Guidelines, on the Treasury’s website:</p> <p>https://treasury.gov.mt/en/Pages/Government_Accounts_Directorate/IPSAS/Related_Documents.aspx</p> <p>Kindly note that all Accounting Standards and Guidelines are currently in DRAFT form. As already highlighted on previous circulars, these are being published solely for users to start familiarising themselves with IPSAS provisions prior to implementation. IPSASs (<i>as adopted by the Maltese Government</i>) will come into effect only when the new Accounting Methodology is adopted and the new Accounting System is implemented. The effective date of IPSAS adoption will be communicated at that stage.</p>
TR 11/2016	Accrual Accounting – IPSAS Project: Intangible Assets

Currently the Treasury biannually receives **Inventory (Fixed Assets) Reports** from Ministries and Departments in line with **MF Circular 14/1999**. These reports focus on **tangible fixed assets** held by each Ministry and Department.

Apart from tangible fixed assets, Government also owns **Intangible Assets** which should also be reported to the Treasury. On the 17th December 2014 the Treasury had carried out an exercise to establish what Intangible Assets are currently held by Ministries and Departments. The next step now is to receive a detailed report, similar to the tangible fixed assets report mentioned above, to include all intangible assets which have been procured by, donated to or internally developed by Ministries and Departments.

Once the International Public Sector Accounting Standards (IPSASs) are adopted by Government, Government will need to prepare an opening Statement of Financial Position (Balance Sheet) which shall include **non-current assets**. The above mentioned reports (for tangible fixed assets and intangible assets) shall provide the opening balances required on this statement.

On **Appendix A** you will find an **Intangible Assets Report template** and **notes** to this template may be found on **Appendix B**. This template is very similar to the current Inventory (Fixed Assets) Report template with some adjustments.

The template on **Appendix A** includes 6 worksheets, one worksheet for each type of intangible asset described on **Appendix B part 3 (a) (ii)** and a summary worksheet. On each worksheet, the Ministries and Departments are to input the information relating to the different types of intangible assets held by each respective Ministry and Department. The complete worksheets are to be sent to the **Chief Information Officer (CIO)** of each Ministry and Department who will confirm the IT-related data and then submit the worksheets to the Treasury. Should there **not** be any **IT-related data**, the complete worksheets may be submitted directly to the Treasury.

These worksheets should be submitted biannually (that is, data as at 30th June and 31st December) to the Treasury (on e-mail accrual.accounting@gov.mt); the first worksheets (data as at 30th June 2016) should be received by the **30th September 2016**.

As stated above, the information contained on these reports shall form the basis of the opening balance sheet values of Government; therefore it is important that all data submitted is comprehensive and accurate.

Any queries should be sent to accrual.accounting@gov.mt.

Appendix B

1. Characteristics of Intangible Assets:

a) Non-monetary – assets which cannot be readily converted into cash

(monetary assets include cash, bank deposits, debtors).

- b) No physical substance – unlike furniture, cars and buildings, these assets have no physical substance (although they may be contained on or in a physical substance e.g. software on a CD or a patent on a patent registration document).
- c) Identifiable - capable of being separated and sold, transferred, licenced, rented, or exchanged, either individually or as part of a package and arise from contractual or other legal rights.

2. Types of Intangible Assets:

- a) Purchased Software and Software Licences – refers only to software purchased which is *not* an integral part of the hardware without which the hardware cannot function (e.g. Microsoft Windows and Microsoft Office may be integral to the hardware).

Most software in Government is either *purchased* or *developed* by MITA; MITA does not form part of Central Government therefore *MITA-developed software* and *websites*¹ also fall within this category (examples of purchased software and software licences include DAS, FDRS, Fleet Management System, Customs Electronic System, Final Settlement System, Lemis).

Annual software licence fees (and maintenance costs) do *not* fall within this category. These should be expensed as they do not have a life of more than one year.

- b) Internally developed software and websites (*Websites developed to be simply used for advertising or promotion are not considered intangible assets. Websites can be recognised as intangible assets if they generate future economic benefits or service potential. Examples include: IRD online payments and Government Property Division Rent Payments*)

(<https://ird.gov.mt/services/payments/payments.aspx> and <https://gpd.gov.mt/services/rent-payment/?lang=en>) - refers to internally developed software and websites specifically designed to cater for the specific needs of the department and developed by *Government employees*.

c) Trademarks, Copyrights and Patents – these include:

- Internet Domains – an organisation's unique name on the Internet. The chosen name combined with a generic top-level domain such as .com or .org, makes up the Internet domain name (e.g. *gov.mt*)
- Mastheads – an organisation's unique title of a newspaper or periodical as it appears across the first page, front cover, or title page (ex. *Gazzetta tal-Gvern*).
- Trademarks – the exclusive rights to display a word, a slogan, a symbol, or an emblem that distinctively identifies a company, a product or a service.
- Copyrights - the exclusive rights of protection given to a creator of a published work, such as a song, painting, photograph, or book. Copyrights are protected by law and give the creator the exclusive right to reproduce and sell the artistic or published work.
- Patents – the exclusive rights to manufacture a product or to use a process. In essence, the holder of a patent has a monopoly on the use, manufacture, or sale of the product or process.

d) Licences (except those software related) and royalties - the right to legally use someone else's intellectual property or goods. A royalty is a usage-based payment made by the licence to the licensor for the right to the ongoing use of the asset.

3. The Intangible Assets Template

a. Columns 1-3 Asset I.D. Number

- i) Classification: To simplify the process it has been decided to continue on the classification prescribed on **MF Circular 14/1999** and assign **code 10 for Intangible Assets**.
- ii) Sub Asset Classification: Refers to the different type of intangible asset held, based on the above-mentioned types. Therefore the coding for the types shall be as follows

01 Purchased Software and Software Licences

02 Internally developed software and websites

03 Trademarks, Copyrights and Patents*

04 Trademarks, Copyrights and Patents (non IT)*

05 Licences and royalties (non IT) **

*(*A distinction is being made because IT data, such as internet domains, needs to be separated from non IT data)*

*(**Licences in this case excludes anything related to IT)*

- iii) Sequence Number: Refers to the sequential number of each asset included on the worksheets for each type of intangible asset held (between 0001 and 9999).

Example

Asset I.D. Number

Purchased Software Licence 10 01 0001

Patents (non IT) 10 04 0001

b. Column 4 Date Asset Acquired/Completed

This refers to the date of acquisition of the asset or the date when the development of an internally developed asset has been completed and is ready for use. The format of the date shall be as follows (dd/mm/yyyy):

Day (two digits)

Month (two digits)

Year (four digits)

c. Column 5 Location of the Asset (Department Code)

This shall be the Department Code, indicating the location of the asset.

d. Column 6 Asset Description

Asset Description should be as accurate and detailed as possible, and, where applicable, should include the version number of the particular software. The description should not exceed seventy five characters.

e. Column 7 Quantity

Quantity refers to the number of items acquired together linked to a specific acquisition on a particular date. For example if a department has purchased particular software and 5 licences, then the *software* should be recorded in *one* specific row and the *software licences* in *another* row with a quantity of 5. The description should then clearly reflect this particular acquisition.

f. Columns 8-9 Value/Development Costs

i) Amount: Refers to the cost of the item on acquisition. If the item acquired was donated at no cost, then the cost should reflect the *market value* of the item. If the item was internally developed, then the value should reflect the costs incurred at the development stage.² (*Preliminary Project Stage expenses (e.g. conceptual formulation and final selection of alternatives for software development) should not be included. Costs incurred at the Development Stage (e.g. design of the chosen path, software configuration, software interfaces, coding, installation to hardware and testing, including the parallel processing phase) may be included.*)

ii) P/D: Procured/Donated – to indicate whether item was procured (P) or donated (D).

g. Column 10 Period (in years) (Column 10 does not apply to the Internally

	<p><i>developed Software and Websites worksheet.)</i></p> <p>Period refers to the 'contractual or legal right of use period' associated with each respective intangible asset. Only periods <i>exceeding</i> 12 months should be considered. Annual fees do not fall within this category.</p>
TR 3/2015	<p>End of Year (2014) Statement of Account</p> <p>Stores Written off and Cash Losses</p> <p>In order to enable the Treasury to collect the necessary data for the compilation of the Financial Report for 2014, Heads of Departments and other Accounting Officers are to submit the statement of Stores Written Off and Cash Losses to this office by not later than Wednesday 1st April, 2015.</p> <p>The statement should invariably contain all the details shown on the attached table in Appendix A. Please note that the table has been updated and the guidelines to completing it may be found in Appendix B. Nil returns are also required and should be provided on the attached table.</p> <p>Fixed assets reported in the Statement of Stores Written Off should be reconciled with the write-offs as reported in the year-end fixed assets template submitted to Treasury by Departments. All write offs should refer to the relative Authority (file number). Write offs without such authority should not be included neither in the Statement of Stores Written Off nor in the fixed assets template.</p> <p>Any other write-offs, such as those relating to consumables, should also be reported.</p> <p>Note that the attached updated table excludes the previously reported column 'Abandoned claims' as these are already reported in the Treasury Circular relating to Arrears of Revenue for 2014. In addition you are not required to send documents supporting the write offs.</p> <p>Heads of Department are requested to forward statements to their respective Director, Corporate Services / Director, Financial Management who shall in turn submit the statements to Treasury. Defaulting Departments must be clearly indicated. The statements should be submitted in excel format by email to mariella.axiak@gov.mt.</p> <p>It is imperative that statements reflect comprehensive and accurate data and that proper identification of reporting officers is provided on the Statement. We are also requesting that the name of the Head of Department is included on the Statement itself confirming agreement with the contents of the statement. Any returns which do not clearly identify the reporting officers and Head of Department will be considered as not submitted and will be mentioned in the Annual Financial Report.</p>
TR 4/2015	<p>End of Year (2014) Statements of Account</p> <p>Arrears of Revenue (Amounts due to Government)</p> <p>In terms of Section 49 (1) of the General Financial Regulations 1966, Heads of Departments are requested to submit the Statement of Arrears of Revenue (Appendix</p>

A). Heads of Departments are requested to note the link between this return and the end of year **Debtors template** sent to Treasury as part of the Accrual Accounting data submission programme. **Please note that the attached Statement of Arrears of Revenue has been updated therefore kindly refrain from using any earlier versions.**

The Statement of Arrears of Revenue should be compiled as explained hereunder (refer to attached statement):

Tab 1 - 'Arrears of Revenue':

1. *Column 1 Revenue Category:* this should indicate the account number and account name in respect of which the arrears are due.

2. *Column 2 Gross Arrears as at 31/12/2013:* should disclose the gross balance outstanding as at 31st December 2013 (i.e. column 3e + column 4 as reported in the 2013 Returns of Arrears).

3. *Column 3 Performance:* is to reflect the performance during 2014 as explained hereunder

(a) report past arrears collected during 2014 (i.e. amounts collected during the year from the balance reported in Column 2);

(b) revisions column should only be used for any adjustments (upwards or downwards) that need to be made to amounts reported in Column 2 as a result of new information available in 2014. Any amounts reported in this column need to be justified and explained;

(c) report gross arrears of revenue arising from the current year. This should disclose new receivables for 2014 which are past due their allowed credit period;

(d) report amounts written off during the whole financial year 2014. This should equate the total bad debts reported in the Debtors template as of Q4 2014. It is the Departments' responsibility to ensure that such write offs have been approved as per the provisions of Article 80 of the General Financial Regulations;

(e) report the estimated amount considered as not collectable. This represents the Provision for Bad Debts in the Debtors template for Q4 2014. The provision for bad debts figure should be supported by reasons as to the uncertainty of collectability.

4. *Column 4 Net Collectable Arrears as at 31/12/2014:* represents the net amount of arrears. It is automatically calculated by a formula and no manual input is required.

5. The total for *Columns 5 (a), (b) and (c)* should agree with that of *Column 4*. This column provides an analysis of the net arrears of revenue that are due from Government Departments, Parastatal Bodies/Government-owned Entities.

6. If *Column 3(e) 'Estimated amount considered as not collectible'* includes any amounts which are under contestation these should also be reported in *Column 6 'Amounts under Contestation'*. This information is required for information purposes only and

Ministries/Departments should have supporting documentation for such disclosure.

7. *Column 7(a) Payments received in January 2015:* Input payments received between 1 January 2015 and 31 January 2015, relating to the arrears reported in the previous columns.

8. *Column 7(b) Due for collection on 31 December 2014, still unpaid at 31 January 2015:* is automatically calculated by a formula and no manual input is required.

In cells F36 and G36 input the total amounts for bad debts and provision for bad debts respectively, as reported in the Q4 2014 Debtors template.

Kindly input Department name, name of Head of Department, Accounting Officer, telephone number and date in row 45.

Tab 2 - 'Debtors reconciliation':

This tab is set to provide for reconciliation between the **Net Arrears** reported in the **Statement of Arrears of Revenue** and the **Net Debtors** as per **Q4 2014 Debtors template**. Cell B6 will update itself automatically from **Tab 1 - 'Arrears of Revenue'**. If this amount is not the same as the Net Debtors reported in the Debtors template, kindly fill in reconciling items as instructed in the same tab. In cell B20 input the Net Debtors as recorded in the Debtors template. If items are correctly reconciled, the text 'CORRECT' will appear in cell B22. If not, 'ERROR' will appear and figures need to be revisited.

Government Departments or public entities that collect revenue on behalf of other Ministries/Government Departments should also submit a return, indicating this in their submission.

Needless to say, every effort should be made to ensure the timely collection of amounts due and no amount claimed/due should under any circumstances, be allowed to fall in arrears. Since the collection of monies due to Government is a fundamental need for the execution of Government's fiscal programme, Accounting Officers will be held accountable for any shortfalls.

Heads of Departments are requested to forward returns, including **NIL** returns, to their respective Director, Corporate Services/Director, Financial Management who are in turn to submit the returns to the Treasury, Government Accounts Directorate. Defaulting departments are to be clearly indicated. As per Article 49 of the General Financial Regulations the Treasury will proceed with the onward submission of the returns to the Auditor General. Please send returns **in excel format** by email to amcu.treasury@gov.mt. Please note that you are **not** required to submit detailed debtors lists and approvals for abandoned claims. Notwithstanding, Heads of Department are to ensure that these documents are readily available for inspection by the Auditor General, if necessary.

A copy of the **Statement of Arrears of Revenue** is to be sent also to the **Assistant Director (Revenue), Budget Affairs, Ministry for Finance**.

Heads of Department should be aware that they are ultimately responsible for all the information received on the Statement of Arrears of Revenue Returns submitted to the

	<p>Treasury.</p> <p>Returns are to reach this Office as early as possible, in any case not later than Thursday 2nd April 2015. Any returns which do not clearly identify the reporting officers and the Heads of Department will be considered as not submitted and reported to the Auditor General. Departments failing to submit returns on time will be mentioned in the annual Government Financial Report.</p>
TR 11/2014	<p>Cash Flow Projections</p> <p>The attention of all Heads of Department and Accounting Officers is once again being drawn to the importance of cash management as a critical Treasury function that ensures the best possible use of the Government's flows of cash. In this regard, the role of Government Departments cannot be underestimated. Accurate forecasts of cash flows are indispensable to judicious cash management. Within this context Treasury stresses the timely and accurate cash flow projections from Ministries/Departments.</p> <p>Ministries/Departments are to continue submitting their cash flow projections as per instructions given in Treasury Circular 10/2001. However, in order to facilitate and streamline weekly projections for 2015, you are being provided with a calendar defining the exact dates for projections where these are broken down to a weekly level of detail (refer to Annex 1). This calendar applies only to members of Groups 2 and 3. The list of Ministries/Departments has been updated as per Financial Estimates 2015 (refer to Annex 2).</p> <p>Moreover, in order to facilitate communication, you are requested to provide the Treasury's Cash Office (e-mail to paul.gafa@gov.mt) with the names and contact details (direct dialling numbers and emails) of at least two Officers responsible for cash flow projections within the Department.</p> <p>Accounting Officers are also enjoined to abide by the instructions communicated in Treasury Circular 2/2004, relating to payments payable through the Central Bank of Malta. Apart from being included in departmental cash flow projections, it is imperative that the correct value date earmarked for payment settlement is indicated. Moreover, your attention is also drawn to the lead time of at least seven (7) working days in advance for submission of payment documents to Treasury for amounts in excess of €250,000 as stipulated in same Treasury Circular. Treasury will not process any payments of departments, which fail to submit their cash flow projections on time.</p> <p>This Office will be taking a serious view of those Departments the returns of which do not reflect appropriate planning. In pursuing this objective, this office will continue to monitor departments' cash flow forecasts against the actual receipts and payments. Significant departures from projected Revenues and Expenditures will be investigated.</p>
TR 10/2014	<p>Closing of Accounts for Financial Year 2014</p> <p>As the current financial year is drawing to a close, Heads of Departments and other Accounting Officers are to ensure that batches containing vendor/multi payments are</p>

	<p>received electronically by the Treasury as early as possible but definitely by not later than Friday 26th December 2014. After this date, no requests for local payments will be accepted.</p> <p>Your attention is further drawn to the fact that both the 12th and 13th salary payment will take place in December. In this regard Accounting Officers are reminded that unless funds are available under the relative items in the Personal Emoluments block (e.g. overtime and allowances), Treasury would immediately stop payment processing on all other items within the relative vote. Therefore early rectification of such problems is solicited.</p> <p>Overseas payments and Debit Advices made through the Central Bank of Malta are to reach this Office by not later than Wednesday 17th December 2014.</p> <p>Accounting Officers are also reminded to close their Petty Cash Account/s and deposit any remaining cash balance at the Central Bank of Malta by not later than Monday 29th December 2014.</p> <p>On the last working day of the year, it must be ensured that any collections at the Departments are deposited with the Central Bank of Malta by not later than 12:30 p.m. Any remaining collections must invariably be deposited in the Central Bank's night safe, after making the necessary arrangements with the Central Bank.</p> <p>After the end of the year, departmental accounts must be reconciled as early as possible and adjustments effected accordingly. From the 29th December 2014 until the end of January 2015 only batches containing non-cash transactions (such as schedules between departments and adjustments) will be accepted by Treasury.</p> <p>In this regard your attention is also drawn to any pending transactions including inter-departmental transfers (schedules/schedules deduct), cheques returned unpaid and income allocations. You are requested to process these by not later than the end of January 2015.</p> <p>With regards to the Accrual Accounting Returns as at end of December 2014, these are to be submitted to the Treasury within the first ten working days of January 2015 and not later than Wednesday 14th January 2015. Strict adherence to this deadline is solicited.</p> <p>Annex 1 (Schedule of Dates) summarizes all the respective dates outlined above.</p> <p>You are kindly requested to bring the contents of this Circular to the attention of the officers concerned in order that the end-of-year closure of accounts will be smooth and concluded within the established timeframes.</p>
TR 12/2014	<p>Treasury Financial Data Transmission Calendar for 2015</p> <p>The Treasury requests the submission of various returns from Ministries and line Departments on a regular basis. These requests are made, either through TR circulars or via e-mail.</p> <p>In view of the number of returns being sought, the department is once again</p>

	<p>communicating, in advance, the due dates through the release of Financial Data Transmission calendar. In this manner, Departments would know when and which return is due for submission to Treasury.</p> <p>Annex 1 shows all relevant TR Circulars and the returns/submissions required together with their respective due date.</p> <p>It is highly important that the information submitted is accurate and timely. In this regard, Heads of Department and all accounting officers are to ensure that submissions are furnished within the stipulated time frames to enable Treasury to comply with the various reporting obligations, both domestically and abroad.</p>
TR 8/2015	<p>June Month-End Process</p> <p>In terms of Article 39 of the Fiscal Responsibility Act, the Ministry for Finance shall, in July of each year, compile and lay on the table of the House of Representatives a half-yearly report on the economic and budgetary situation. In order to be in a position to provide the required information by the set deadline, the June DAS Month End routine has been set for Friday 3rd July 2015.</p> <p>It is imperative that all transactions and accounting entries which should be reported in June are in place in DAS in good time for the 3rd July, especially in view of the need for accurate reporting under the said Act. Likewise, the June salaries schedules have to be drawn up by the 24th June as these call for further processing by Treasury, Inland Revenue and Social Security, all of which have to be completed before the date of the Month End.</p> <p>This Office expects strict compliance with the above deadlines. Non-compliance will be in breach of the same Act, which states that any failure to abide by the provisions of the Act shall lead to disciplinary proceedings.</p>
TR 1/2014	<p>End of Year (2013) Statements of Account Cash and Bank Balances Held at Commercial Banks and Central Bank of Malta</p> <p>As part of the end of year procedures and the compilation of financial information, Heads of Departments and Other Accounting Officers are requested to submit the cash and bank balances as at 31st December 2013. Data should be entered in the database which will be supplied by the Treasury. No entries should be inputted in the previous database. For full instructions on how to download, install and use the Bank Accounts Database you are required to log on https://treasury.gov.mt/en/Pages/Government_Accounts_Directorate/Bank_Accounts.aspx</p> <p>The statement generated from the database has to be sent via email together with a hard copy and must reach this office by not later than Friday 28th February 2014.</p>

The return as per attached specimen Statement should reflect the cash balance and the position of each bank account held both at local Commercial Banks and at the Central Bank of Malta. Each bank account should be supported by a copy of the relative bank statement as at 31st December 2013, or the latest statement available where applicable. All returns, including NIL Returns, duly signed, must be sent to the Treasury Cashier, Level 4, The Mall, Floriana. With regards to those bank accounts that were closed during 2013, the latest bank statements showing the closure of such bank accounts must be provided.

On the hard copy of the statement, one must indicate, those bank accounts against which a liability exists. A liability means an obligation of the department arising from past transactions or events for which the account was specifically opened 1.

Due diligence is called for when reporting such accounts.

Bank accounts in respect of trust funds should be clearly identified . Although these are predominantly managed by the Treasury Department, should departments be administering such accounts, they should inform the Treasury accordingly.

Departments shall only report those bank accounts that are owned, managed and controlled by the department. Therefore, bank accounts that are managed by entities or other bodies shall be excluded for the purpose of this exercise.

Heads of Department are requested to forward returns to their respective Director, Corporate Services/Director, Financial Management who shall submit, to the Treasury, a consolidated statement of Bank Balances for 2013 by the stipulated deadline.

As provided by Section 48 of the Financial Administration and Audit Act 1962, the Accountant General will be requesting end of year bank balances from the Central Bank of Malta and other Commercial Banks to reconcile with information provided by the Departments. Therefore it is imperative that Heads of Department ensure that statements reflect comprehensive and accurate data and that clear identification of endorsing officers is provided. Any bank accounts not included in the statement may lead to the closure of such accounts.

STATEMENT OF CASH AND BANK BALANCES

IBAN	BANK ACCOUNT NAME	BANK ACCOUNT BALANCE AS PER CASH BOOK	BANK ACCOUNT MF APPROVAL	BANK ACCOUNT BALANCE AS PER BANK STATEMENT	SOURCE OF FUNDING

Ministry/Department _____

Head of Department _____

	Date _____
TR 5/2016	<p>End of Year (2015) Statement of Account Stores Written Off and Cash Losses</p> <p>In order to enable the Treasury to collect the necessary data for the compilation of the Financial Report for 2015, Heads of Departments and other Accounting Officers are to submit the statement of Stores Written Off and Cash Losses to this office by not later than Friday 1st April, 2016.</p> <p>The statement should invariably contain all the details shown on the attached table in Appendix A. Nil returns are also required and should be provided on this table. Please also note that the guidelines to complete this table may be found on Appendix B.</p> <p>Fixed assets reported on the Statement of Stores Written Off should be reconciled with the write-offs as reported in the year-end fixed assets template submitted to Treasury by Departments. All write-offs should refer to the relative Authority (file number). Write-offs without such authority should not be included neither in the Statement of Stores Written Off nor in the fixed assets template.</p> <p>Any other write-offs, such as those relating to consumables, should also be reported. Furthermore, you are not required to send documents supporting the write-offs.</p> <p>Heads of Department are requested to forward statements to their respective Director, Corporate Services / Director, Financial Management who shall in turn submit the statements to Treasury. Defaulting Departments must be clearly indicated. The statements should be submitted in excel format by email to amcu.treasury@gov.mt</p> <p>It is imperative that statements reflect comprehensive and accurate data and that proper identification of reporting officers is provided on the statement. We are also requesting that the name of the Head of Department is included as confirmation that the Head is in agreement with the write-offs reported on the statement. Any returns from departments which do not clearly identify the reporting officers and Head of Department, will not be accepted and the departments will be considered as defaulters and will be disclosed in the Annual Financial Report.</p> <p style="text-align: right;">Appendix B</p> <p><u>Guidelines to completing the Statement of Stores Written Off and Cash Losses</u></p> <p>Date: For stores written off input the date the items were approved for disposal by the Board. No date is required for cash losses.</p>

	<p>Asset identification number: to be completed for fixed assets only. This number should be the 8 digit number reported in the fixed assets template.</p> <p>Details: input a description of the item.</p> <p>Authority (file number): input the departmental file number containing the relevant write off documentation.</p> <p>Stores written off:</p> <p>Fixed assets: this column is to be used for fixed assets only. Input the Euro value of the item written off. The value should match the value reported as written off in the inventory template. Only input numerical characters in this column.</p> <p>Consumables & others: this column is to be completed for other store items which are not of a fixed asset nature. Input the Euro value of the item written off. Only input numerical characters in this column.</p> <p>Reason: choose the relevant letter from the drop down menu to complete this column.</p> <p>Cash losses:</p> <p>Amount: input the Euro value of the cash loss. Only input numerical characters in this column.</p> <p>Reason: Choose the relevant letter from the drop down menu to complete this column.</p> <p>In cell E34 'Total write offs as per fixed assets template', input the amount of write offs reported in the fixed assets template. If the amount as per fixed assets template agrees to the amount reported in the statement, the text 'CORRECT' will appear. If there are any discrepancies, an error will be indicated. In such case you are kindly requested to revisit the information and make the necessary corrections. Should the discrepancy be justified, kindly send a reconciliation explaining the differences.</p>
TR 6/2016	<p>End of Year (2015) Statements of Account Arrears of Revenue – (Amounts due to Government)</p> <p>In terms of Section 49 (1) of the General Financial Regulations 1966, Heads of Departments are requested to submit the Statement of Arrears of Revenue (Appendix A). Heads of Departments are requested to note the link between this return and the end of year Debtors template sent to Treasury as part of the Accrual Accounting data submission programme. Please note that the attached</p>

Statement of Arrears of Revenue has been updated therefore kindly refrain from using any earlier versions.

The Statement of Arrears of Revenue should be compiled as explained hereunder (refer to attached statement):

Tab 1 - 'Arrears of Revenue':

1. *Column 1 Revenue Category:* this should indicate the account number and account name in respect of which the arrears are due.
2. *Column 2 Gross Arrears as at 31/12/2014:* should disclose the gross balance outstanding as at 31st December 2014 (i.e. column 3e + column 4 as reported in the 2014 Returns of Arrears).
3. *Column 3 Performance:* is to reflect the performance during 2015 as explained hereunder
 - (a) report past arrears collected during 2015 (i.e. amounts collected during the year from the balance reported in Column 2);
 - (b) revisions column should only be used for any adjustments (upwards or downwards) that need to be made to amounts reported in Column 2 as a result of new information available in 2015. Any amounts reported in this column need to be justified and explained;
 - (c) report gross arrears of revenue arising from the current year. This should disclose new receivables for 2015 which are past due their allowed credit period;
 - (d) report amounts written off during the whole financial year 2015. This should equate the total bad debts reported in the Debtors template as of Q4 2015. It is the Departments' responsibility to ensure that such write offs have been approved as per the provisions of Article 80 of the General Financial Regulations;
 - (e) report the estimated amount considered as not collectable. This represents the Provision for Bad Debts in the Debtors template for Q4 2015. The provision for bad debts figure should be supported by reasons as to the uncertainty of collectability.
4. *Column 4 Net Collectable Arrears as at 31/12/2015:* represents the net amount of arrears. It is automatically calculated by a formula and no manual input is required.
5. The total for *Columns 5 (a), (b) and (c)* should agree with that of *Column 4*. This column provides an analysis of the net arrears of revenue that are due from Government Departments, Parastatal Bodies/Government-owned Entities.

6. If *Column 3(e) 'Estimated amount considered as not collectible'* includes any amounts which are under contestation these should also be reported in *Column 6 'Amounts under Contestation'*. This information is required for information purposes only and Ministries/Departments should have supporting documentation for such disclosure.
7. *Column 7(a) Payments received in January 2016*: Input payments received between 1 January 2016 and 31 January 2016, relating to the arrears reported in the previous columns.
8. *Column 7(b) Due for collection on 31 December 2015, still unpaid at 31 January 2016*: is automatically calculated by a formula and no manual input is required.

In cells F36 and G36 input the total amounts for bad debts and provision for bad debts respectively, as reported in the Q4 2015 Debtors template.

Kindly input Department name, name of Head of Department, Accounting Officer, telephone number and date in row 45.

Tab 2 - 'Debtors reconciliation':

This tab is set to provide for reconciliation between the **Net Arrears** reported in the **Statement of Arrears of Revenue** and the **Net Debtors** as per **Q4 2015 Debtors template**. Cell B6 will update itself automatically from **Tab 1 - 'Arrears of Revenue'**. If this amount is not the same as the Net Debtors reported in the Debtors template, kindly fill in reconciling items as instructed in the same tab. In cell B20 input the Net Debtors as recorded in the Debtors template. If items are correctly reconciled, the text 'CORRECT' will appear in cell B22. If not, 'ERROR' will appear and figures need to be revisited.

Government Departments or public entities that collect revenue on behalf of other Ministries/Government Departments should also submit a return, indicating this in their submission.

Needless to say, every effort should be made to ensure the timely collection of amounts due and no amount claimed/due should under any circumstances, be allowed to fall in arrears. Since the collection of monies due to Government is a fundamental need for the execution of Government's fiscal programme, Accounting Officers will be held accountable for any shortfalls.

Heads of Departments are requested to forward returns, including **NIL** returns, to their respective Director, Corporate Services/Director, Financial Management who are in turn to submit the returns to the Treasury, Government Accounts Directorate. Defaulting departments are to be clearly indicated. As per Article 49

	<p>of the General Financial Regulations the Treasury will proceed with the onward submission of the returns to the Auditor General. Please send returns in excel format by email to amcu.treasury@gov.mt. Please note that you are not required to submit detailed debtors lists and approvals for abandoned claims. Notwithstanding, Heads of Department are to ensure that these documents are readily available for inspection by the Auditor General, if necessary.</p> <p>A copy of the Statement of Arrears of Revenue is to be sent also to the Assistant Director (Revenue), Budget Affairs, Ministry for Finance.</p> <p>Heads of Department should be aware that they are ultimately responsible for all the information received on the Statement of Arrears of Revenue Returns submitted to the Treasury.</p> <p>Returns are to reach this Office as early as possible, in any case not later than Wednesday 30th March 2016. Any returns which do not clearly identify the reporting officers and the Heads of Department will be considered as not submitted and reported to the Auditor General. Departments failing to submit returns on time will be mentioned in the annual Government Financial Report.</p>
TR 10/2016	<p>Half –Yearly Report – July Deadlines</p> <p>In terms of Article 39 of the Fiscal Responsibility Act, the Ministry for Finance shall, in July of each year, compile and lay on the table of the House of Representatives a half-yearly report on the economic and budgetary situation. In order to be in a position to provide the required information by the set deadline, the following dates have been set:</p> <p>(a) The June DAS Month End routine has been set for <u>Tuesday 5th July 2016</u>.</p> <p>It is imperative that all transactions and accounting entries which should be reported in June are in place in DAS in good time for the 5th July 2016, especially in view of the need for accurate reporting under the said Act. Likewise, the June salaries schedules have to be drawn up by the 27th June 2016 as these call for further processing by Treasury, Inland Revenue and Social Security, all of which have to be completed before the date of the Month End.</p> <p>(b) Q2 2016 Accrual Accounting Returns are to be submitted by <u>Tuesday 12th July 2016</u>.</p> <p>All returns are to be submitted by e-mail on e-mail account: accrual.accounting@gov.mt.</p> <p>Kindly take note of the dates above. This Office expects strict compliance with the above deadlines. Non-compliance will be in breach of the same Act, which states that any failure to abide by the provisions of the Act shall lead to disciplinary proceedings.</p>
TR 12/2016	<p>End of Year (2015) Statements of Account Arrears of Revenue – (Amounts Due to Government) PAC Specific Request</p> <p>Further to Treasury Circular 6/2016, Heads of Departments are being requested to provide additional information to their Statement of Arrears of Revenue (2015) submission as a result of a specific request made by the Chairman, Public Accounts</p>

	<p>Committee following a PAC meeting dated 4th July 2016.</p> <p>All Departments are to complete and submit Appendix A (attached to this Circular) to the Treasury on e-mail account: amcu.treasury@gov.mt by not later than Wednesday 17th August 2016.</p>
TR 6/2004	<p>Stock Control Procedures</p> <p>Stock Control Procedures have been prepared as part of an ongoing process towards the gradual introduction of <u>new Accrual Accounting concepts</u> and methodologies. This circular defines, explains and sets procedures for proper accounting practices. It is another milestone that will contribute to further harmonize the accounting systems across the Public Service.</p> <p>The part of the circular reproduced herewith defines the terms used in text such as Stock, Consumables, Finished Goods, Raw Materials and Work-in-progress, Fair value, Cost and Net realisable value. It also explains the different methods available for the measurement of Stock and Stock Valuation and discusses the requisites for Stock Recording, including stock disposal.</p> <p>The Notifications and the respective Responsibilities of Heads of Department, Directors, Corporate Services and Directors, Finance and Administration and the Accountant General are also being listed.</p> <p>The second part of the circular provides accounting officers with clearly worked out examples in order that they acquaint themselves with the newly introduced concepts on this particular area of their work. All Annexes A – F2 are downloadable from site http://www.gov.mt/page.asp?i=187&l=2.</p> <p>You are enjoined to give your full contribution towards the effective implementation of these procedures and also to adhere to the reporting deadlines as stipulated in this circular.</p> <p>1. Definition</p> <p>1.1 Stock</p> <p>1.1.1 Stock fall into the following categories:</p> <ul style="list-style-type: none"> a) purchased to be used in the normal course of business operations (<i>consumables</i>), or b) held with the intention of re-sale (<i>finished goods</i>), or c) held in the form of materials or supplies to be consumed in the production process or in the rendering of services (<i>raw materials</i> and <i>work-in-progress</i>). <p>1.1.2 Consumables are used in the normal course of the business operations and have one of the following characteristics:</p> <ul style="list-style-type: none"> a) non durable or semi-durable with a life time normally less than three years irrespective of value.

b) materials with a lifetime normally more than 3 years, and whose cost is less than Lm50, are to be expensed.

1.1.3 Finished goods are any type of stock which are held with the intention of resale either on their own as a product or as part of a service. Their classification is not time or value bound.

1.1.4 Raw Materials or Work-in-progress consist of all materials or semi-manufactured items that constitute the elements in the construction of a complete product. Their classification is not time or value bound.

1.2 Fair Value

Fair value is the price for which an asset could be exchanged between willing parties under normal circumstances.

1.3 Cost

1.3.1 Cost is the amount of cash paid or the fair value of other consideration given to acquire the asset at the time of its acquisition or construction.

1.4 Net realisable value (NRV)

Net realisable value is the estimated selling price of a product in the ordinary course of operations less any estimated costs for its completion and any estimated costs necessary to make the sale, exchange or distribution.

Annexes Applicable for all

Types of Stock (including Consumables)

Annex A - NRV Valuation Scenario

Determine the NRV for each of the following items of stock:

Table 1

Item	Cost Price	Estimated market price ¹	Cost to complete / dispose off
Printer paper	2	3.5	0.5
Oil fuel	4	4	0.8
Spare parts	6	10	1

Toiletries	5	6	2
Cleaning supplies	1	1.2	0.25

The figure in bold and italics in Table 2 represents the value that should be used in valuing stock.

Table 2

Item	Cost Price	NRV		
		Estimated Market Price	Cost to complete/dispose off	
	Lm	Lm	Lm	Lm
Printer paper	2	3.5	0.5	3
Oil fuel	4	4	0.8	3.2
Spare parts	6	10	1	9
Toiletries	5	6	2	4
Cleaning supplies	1	1.2	0.25	<i>0.95</i>

Finally, the value of items in stock have to be calculated separately for those items valued at cost price and for those written down to NRV. The table below gives example of the valuation.

Table 3

Item	Cost Price	NRV	No of units	Units Valued at Cost	Units Valued at NRV
	Lm	Lm		Lm	Lm
Printer paper	2	3	500	1,000	
Oil fuel	4	3.2	1,000	0	3,200
Spare parts	6	9	750	4,500	
Toiletrie	5	4	750	0	3,000
Cleaning supplies	1	0.95	2,500	0	2,375
			Total	5,500	8,575

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Us

e estimated market price taking into account the current state of the product, including obsolescence and damage

Annex B AVCO Valuation

Example 1

Department A currently produces machine components. The following information gives details regarding the receipts and issues of the stock items used in production during the month of May 2002.

May	Receipts	May	Issues
1	50 units at Lm30 per unit	6	40 units
8	40 units at Lm35 per unit	13	20 units
15	70 units at Lm42 per unit	20	80 units
22	60 units at Lm28 per unit	27	70 units
29	30 units at Lm32 per unit		

The valuation workings will be as follows:

AVCO Valuation

Date	Doc Ref	Receipts			Issues			Balance		
		Qty	Rate Lm	Value Lm	Qty	Rate Lm	Value Lm	Qty	Rate Lm	Value Lm
01-05-2002	GRN125	50	30	1500				50	30	1500
06-05-2002	REQ67				40	30	1200	10	30	300
08-05-2002	GRN131	40	35	1400				50	34	1700
13-05-2002	REQ70				20	34	680	30	34	1020
15-05-2002	GRN135	70	42	2940				100	39.60	3960
20-05-2002	REQ79				80	39.60	3168	20	39.60	792
22-05-2002	GRN140	60	28	1680				80	30.90	2472
27-05-2002	REQ85				70	30.90	2163	10	30.90	309
29-05-2002	GRN152	30	32	960				40	31.72	1268.80

Annex C - 1 Stock Ledger Card

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Stock Ledger Card

Department Name: _____ Ministry Name: _____

Stores Location/No¹: _____ Valuation: (AVCO or NRV)²: _____

Stock Code: _____ Type³: _____

Item Description: _____ Category⁴: _____

Date	Doc Ref	Receipts			Issues			Balance			Remarks
		Qty	Rate	Value	Qty	Rate	Value	Qty	Rate	Value	
			Lm	Lm	Lm	Lm	Lm	Lm	Lm	Lm	

¹ Store location number applies where multi stores exist

² NRV is applied only in those circumstances when the cost of stock is higher than NRV

³ Type refers to whether the stock is Purchased, Manufactured or Donated.

⁴ Category refers to whether the stock is a Consumable Item, Raw Material, Finished Good or Non Stock Item. (eg. fixed asset in stores and any third party goods).

Annex C - 2 Stock Bin Card

Stock Bin Card

Department Name: _____ Ministry Name: _____

Stores Location/No¹: _____ Category²: _____

Stock Code: _____ Item Description: _____

Item Description: _____

Date	Doc. Ref.	Receipts	Issues	Balance	Remarks
		Qty	Qty	Qty	

¹ Store location number applies where multi stores exist

² Category refers to whether the stock is a Consumable Item, Raw Material, Finished Good or Non Stock Item. (eg. fixed asset in stores and any third party goods)

Annex C - 3 Summary Report by Stock Code

Summary Report by Stock Code

Department Name: _____ Ministry Name: _____

Date: _____

Stock Code	Total Receipts		Total Issues		Write-Offs		Actual Balances		Type*	Category**	Reason for Write-Offs
	Qty	Values Lm	Qty	Values Lm	Qty	Values Lm	Qty	Values Lm			

* Type refers to whether the stock is Purchased, Manufactured or Donated

**Category refers to whether the stock is Consumable, Raw Material, Finished Good or Non Stock Item

Annex D - 1 Sample Stocktake Report

Sample Stocktake Report

Page: _____

Department Name: _____

Ministry Name: _____

Date: _____

Stock Code	Ledger Quantities	Actual Quantities	Discrepancies	Stock Condition*	Remarks

*Stock Condition refers to whether the stock is Normal, Unserviceable or Surplus

Compiled By: _____

Reviewed By: _____

Signature: _____

Signature: _____

Name: _____

Name: _____

Position: _____

Position: _____

Annex D - 2 Sample Valuation Report

Stock Valuation Report

Department Name: _____ Ministry Name: _____

Quarter Ending Month: _____

	AVCO Lm	NRV Lm	Write-Offs Lm	Total Lm
Consumables				
Raw Materials				
Work in progress				
Finished Goods				
Non-stock items				
Total Value of Stocks				

Document Information

Compiled By:

Authorised By:

Signature _____

Signature _____

Name _____

Name _____

Position _____

Position _____

Annex D - 3 Statement of Stores Write-off

Statement of Stores Write-Offs

Department Name: _____ Ministry Name: _____

Quarter ending Month: _____

Authority (File Number)	Date	Details	Value	Type*	Category**	Reason for Write-Offs

*Type refers to whether the stock is Purchased, Manufactured or Donated

** Category refers to whether the stock is a Consumable, Raw Material, Finished Good or Non Stock Item

Annex E – 1 Goods Received Note (GRN) 1 copy for stores officer

Goods Received Note									
								GRN No (pre-numbered): _____	
Department: _____					Ministry: _____				
Supplier: _____					Harmonised Code: _____				
Date: _____					Cost Center: _____				
Purchase order number	Invoice number	Item code	Stock item description	Physically inspected (tick as applicable)	Measuring unit	Quantity of stock items	Price per item	Value of stock items	Comments
Total:									
Stores officer: _____					Reviewed by Accounts: _____				
Purchasing officer: _____					Reviewer position: _____				

Annex E – 2 Stores Material Requisition Note (SMRN) 1 copy for stores officer or recipients

Stores Material Requisition Note

SMRN No (pre-numbered): _____

Department: _____ Ministry: _____

Date: _____

Cost center: _____ Stores no: _____

Purpose for Stock Issue :

Item code	Item description	Measuring unit	Quantity of items requested	Quantity of items issued	Quantity of items remaining in stores	Comments

Requested by: _____ Position: _____

Authorised by: _____ Position: _____

Recurrent											
Vote		Cost center		Responsability center		Account					

Annex E – 3 Stores Material Transfer Note (SMTN) 1 copy for stores officer – sending department

1 copy for stores officer – receiving department

Item code	Item description	Measuring unit	Quantity of items transferred	Value *	Comments
Total:					

Stores Material Transfer Note SMTN no (prenumbered): _____

Department: _____ Ministry: _____

Date: _____

Issuing stores/location: _____ Receiving stores/location: _____

Purpose for stock transfer: _____

Requested by: _____ Position: _____
 (Department: if applicable)

Authorised by: _____ Position: _____

Received by: _____ Position: _____

* Applicable if transfer is between departments

Annex E – 4 Bill of Material (BOM) 1 copy for stores officer

Bill Of Material *

BOM No (pre-numbered): _____

Department : _____ Ministry: _____

Issue Date: _____ Cost center: _____

Delivered to location: _____

To be filled by technically competent authority					To be filled by stores and accounts officer					
Item code	Item description	Ref.	Measuring unit	Quantity requested	Opening stock quantity	Quantity issued	Price	Value	Closing stock quantity	Comments
Total:										

Finished Item Details

Stock code: _____ Quantity made: _____

Stock description: _____ Unit price: _____

Requested by: _____ Position: _____

Authorised by: _____ Position: _____

* BOM is applicable only for stock items issued for the manufacturing process by a technically competent authority

**Annexes Applicable for all types of Stock Excluding
Consumables and Raw Materials**

Annex F - 1 Valuation Examples

Example (a): Construction

During 2001, Department C was responsible for the construction of a housing property. At year- end, the total amount incurred in respect of raw materials totalled Lm150,000. The amount of labour hours spent amounted to 10,000 hrs @ Lm6.00/hr, 2,000hrs @ Lm9.00/hr and 200 hrs @ Lm15.00/hr. Lm10,000 were spent on consultancy and architect fees specific for this project. Overheads spent during the year amounted to Lm20,000 insurance on plant and machinery and Lm30,000 administration expenses. This project is to absorb 50% of these overheads *.

In addition, Lm30,000 of electrical installation and finishing works were subcontracted to ABC Ltd. By the end of the financial year, 30% of the contracted work was certified as complete but still unpaid. Another 20% of the contracted work were complete but uncertified. In both cases, supplier's invoices have been submitted.

Calculation of Work-in-progress:

	Lm
Raw Materials	150,000
Labour Costs (10,000 x 6)	60,000
(2,000 x 9)	18,000
(200 x 15)	3,000
Consultancy and Architect Fees	10,000
Direct Overheads Absorbed	
Insurance (Lm20,000 * 50%)	10,000
Administration Costs (Lm30,000 * 50%)	15,000
Subcontracted work	
Complete but unpaid (30% * Lm30,000)	9,000
Complete but uncertified (20% * Lm30,000)	6,000

	281,000
	=====

Note: This example does not apply to the construction of fixed assets but only to the construction of products for re-sale.

* For the purpose of this exercise, the absorption rate is taken to be without any specific reference to the absorption costing technique which is explained in **Annex F - 2**.

Example (b) : Manufacturing

Department XYZ manufactures furniture components. The following gives details regarding the production of Job 123 in the manufacture of furniture components::

Direct Materials per unit

Lm250.00

Direct Labour: Assembly 7.0 hrs @
Lm21.43/hr (**Refer to example in Annex F - 2**) Finishing 8.0
hrs @ Lm15.63/hr Packaging 6.5 hrs @ Lm10.77/hr

Direct Production Expenses Assembly 7.0 hrs @
Lm2.886/hr to be absorbed: Finishing 8.0
hrs @ Lm2.136/hr (**Refer to example in Annex F - 2**
- **table 11**) Packaging 6.5 hrs @ Lm2.314/hr

Calculation of Work-in-progress

	Lm
Direct Materials	250.00
Direct Labour	(7hrs x Lm21.43) 150.00 (8hrs x Lm15.63) 125.00 (6.5hrs x Lm10.77) 70.00
Direct Production Expenses	(7hrs x Lm2.886) 20.20
To be absorbed:	(8hrs x Lm2.136) 17.09 (6.5hrs x Lm2.314) 15.04
Cost of production per unit	----- 647.33 =====

In case of quarter ending 31st March 2003, the cost of production of Job 123 in the manufacture of furniture components for 15 such jobs during the said period would be:

Lm647.33 * 15 cost units = Lm9, 709.95

Note: This example does not apply to the internal manufacturing of fixed assets for own use but only to the manufacturing of products for re-sale or the provision as part of a service.

Annex F - 2 Absorption Costing

Production cost is made up of prime cost i.e.: direct labour, direct material and direct expenses;
and production overheads of both a fixed and variable nature.

Fixed production overheads are those indirect costs of production that remain relatively constant regardless of the volume of production, such as depreciation and maintenance of factory buildings and equipment, and the cost of operational management.

Variable production overheads are those indirect costs of production that vary directly, or nearly directly, with the volume of production, such as indirect materials and indirect labour.

Cost unit is a quantitative unit of product or service in relation to which costs are identified and calculated.

Cost centre is a location, section or function, or group of these, within a department in respect of which costs may be identified and allocated.

Absorption costing is the principle whereby fixed as well as variable production overheads are assigned to cost units or products.

Cost allocation is the allotment of whole items of cost directly identifiable to cost centres or cost units.

Cost apportionment is the allotment of overheads to two or more cost centres on a proportional basis in relation to the benefit received.

Allocating overheads to production and support departments

It is necessary to allocate all the production overheads to their cost centres. Some overhead expenses, such as machine depreciation² or indirect materials and indirect labour can be directly **allocated** to production cost centres.

There are certain items of overhead expenditure, however, that cannot be directly attributed to specific cost centres because they are incurred for the benefit of many cost centres. In respect of these items, it is necessary to establish a logical basis for **apportioning** the overheads to cost centres. The following tabulation gives examples of commonly used apportionment bases:

1

Cost	Basis of apportionment
Rent, electricity and lighting, repairs to building, water	Area occupied by specific cost centre
Employee-related expenditure: operational management, engineering, supervisory and technical	Number of employees
Depreciation and insurance of plant and machinery, repairs	Value of items of plant and machinery

² Depreciation should apply when the respective policy is issued by the Ministry of Finance.

Reapportionment of support cost centre overheads to production cost centres

Support cost centres are those sections within departments that exist to provide diverse support to production cost centres of the organisation, for example stores and maintenance sections. Therefore, it is not possible to allocate costs to products passing through these cost centres. Costs must be apportioned to production cost centres that actually work on the manufactured product. The method that is chosen to apportion these support costs to production cost centres should be related to the benefits that the production cost centres derive from the support given.

2

Support cost centre	Basis of re-apportionment
Canteen, personnel, security, wages	Number of employees
Cleaning	Floor area
Stores	Number of material requisitions
Purchasing	Number of purchase requisitions

Calculation of appropriate cost centre overhead rates

The next stage is to allocate the overheads of each production cost centre to products passing through that cost centre. The allocation bases used are volume-related or time-related in each production cost centre i.e.: direct labour hours, machine hours and number of cost units produced by that cost centre. Overhead absorption rate has to be computed for each cost centre. A different overhead absorption rate may be used for separate cost centres depending on their applicability. An estimate for the time needed to complete a product or service has to be prepared and reviewed annually to establish a common benchmark.

Choice of overhead absorption rate

The following are the three overhead absorption rates of which one rate has to be chosen on the basis of its applicability:

a) Cost unit rate

Where units passing through a cost centre are the same, each unit receives an equal share of the overhead. In an entity providing services, one service may take 20 hours, whereas another might take 2 hours. So it would not be appropriate to charge each different service with the same amount of production overhead.

b) Direct labour hour rate

Most production overhead costs vary with the amount of time spent producing the cost units. For example, if the number of direct labour hours were to increase by 50%, additional indirect staff, such as storekeepers and canteen assistants, would need to be employed to support the increase in the direct labour force. Therefore, production overheads are apportioned on the basis of the length of time taken to produce a cost

unit, so that products or services which make the most use of production / service facilities would reflect an appropriate higher share of the overheads. This method is suitable where the majority of production operations are carried out manually. Hence, it is necessary to ensure that there is an appropriate record of activity time in order to obtain the number of hours worked on each cost unit.

c) Machine hour rate

Where production is largely mechanised, most overhead costs are attributable to the use of a cost centre using plant and machinery. In such circumstances, a machine hour rate is to be used to absorb the overhead.

Annex F - 2 (Cont.)

Example: Absorption costing technique

Department XYZ has three production cost centres, Assembly, Finishing and Packaging, and a support cost centre, Cleaning. The overhead costs incurred during the year 2002 were:

Table 3

	L	L
Supervisory and management salaries:-		
Cost centre Assembly	4,000	
Cost centre Finishing	3,000	
Cost centre Packaging	3,500	
Cost centre Cleaning	<u>2,500</u>	
Total supervisory and management salaries		13,0
National insurance contribution		780
Rent		600
Repairs to plant, machinery and		600

Depreciation of plant and machinery		450
Repairs to furniture and fittings		300
Water and Electricity		560
Insurance		350
Health and Safety		200

The basis of apportionment for the cost centres is listed in the table below:

		Assembly	Finishing	Packaging	Cleaning	Total of cost
Area	Square	10,000	8,000	7,000	5,000	30,000
Number of	Employees	20	12	15	13	60
Book value of plant & machinery	Lm	10,000	12,000	6,000	2,000	30,000
Machine power	CC	12	95	55	10	28

Table 4

Step 1: Overheads allocation

Carry out direct allocation to cost centres. The only example of such costs in the expenses list as per **table 1** are the supervisory and management salaries.

Table 5

	Assembly	Finishing	Packaging	Cleaning	Total Cost Centr
	Lm	Lm	Lm	Lm	Lm
Supervisory and management salaries	4,000	3,000	3,500	2,500	13,000

Step 2: Overhead Apportionment

Carry out the apportionment of overhead to the four cost centres. In order to illustrate the calculations that follow, **rent** is being used as an example apportioned on an area basis:

Table 6

Cost Centre	Rent		Area		Total Area	Cost apportionment
	Lm		Square meters		Square meters	Lm
Assembly	60 0	*	10,000	/	30,000	200
Finishing	60 0	*	8,000	/	30,000	160
Packaging	60 0	*	7,000	/	30,000	140
Cleaning	60 0	*	5,000	/	30,000	100

Step 3: Support cost centre costs re-apportionment

The next step is to allocate the total cost of each support cost centre to those cost centres using the service. The same procedure is adopted; the costs are allocated where possible, otherwise they are apportioned using some suitable basis of apportionment. It is possible to allocate the costs of the maintenance cost centre if employees engaged on maintenance work keep a record of the time spent in each cost centre. The costs of other service cost centres like the cleaning will have to be re-apportioned to the production cost centres. Examples of bases used for support cost centres were explained in **table 2**.

Table 7 below lists the department expenses apportioned on the most applicable basis and the re-apportionment of the costs of the cleaning cost centre, which is the only support, cost centre in this case.

In case of reappportionment, the basis of re-apportionment has to exclude the part apportionable to the support cost centre and hence the total basis of re-apportionment has to be re-computed. The total number of employees will add up to 47 by excluding the employees in the cleaning cost centre.

Table 7

Cost	Amount	Basis of apportionment	Assembly	Finishing	Packaging	Cleaning
	Lm		Lm	Lm	Lm	Lm

Cleaning personnel	1000					1000
Indirect material - consumables	500					500
Supervisory and management salaries	13,000	Allocation	4,000	3,000	3,500	2,500
National insurance	780	Indirect wages and salaries	240	180	210	150
Rent	600	Area (sq. ft.)	200	160	140	100
Repairs to plant, machinery and equipment	600	Book value	200	240	120	40
Depreciation of plant and machinery	450	Book value	150	180	90	30
Repairs to furniture and fittings	300	Area (sq. ft.)	100	80	70	50
Water and electricity	560	HP of machines	240	190	110	20
Insurance	350	Book value of plant and machinery plus average	120	135	75	20
Health and safety	<u>200</u>	No of employees	<u>70</u>	<u>40</u>	<u>50</u>	<u>40</u>
Sub-Total	18,340		5,320	4,205	4,365	4,450
Re-apportionment of cleaning support centre		No of employees	<u>1,894</u>	<u>1,136</u>	<u>1,420</u>	<u>-4,450</u>
Total	<u>18,340</u>		<u>7,214</u>	<u>5,341</u>	<u>5,785</u>	-

Step 4: Methods of Overhead Absorption

There are a number of methods for calculating absorption rates, each one involving the use of a different base. Those most commonly used are listed below together with the relevant formulae:

Table 8

Direct labour hour rate	=	Total overhead of cost centre	/	Direct labour hours
Machine hour rate	=	Total overhead of cost centre	/	Machine hours
Cost unit rate	=	Total overhead of cost centre	/	Cost units

Example:

The following cost statement has been prepared for Department XYZ for the year ending 2002:

Table 9

	Assembl M	Finishing	Packaging	Total
	Lm	Lm	L	L
Direct material cost	10,00	11,50	8,50	30,00
Direct labour cost	4,00	5,00	5,50	14,50
Direct expenses	<u>1,00</u>	<u>80</u>	<u>1,20</u>	<u>3,00</u>
Prime cost	15,00	17,30	15,20	47,50
Production overhead (as per Table 7)	7,21	5,34	5,78	18,34
Cost of production	<u>22,214</u>	<u>22,64</u>	<u>20,98</u>	<u>65,84</u>

Table 10

Cost units produced			1,500	units
Direct labour hours			2,500	hours
Machine hours			2,000	hours

Calculate an overhead absorption rate for production overhead using the methods of overhead absorption as per Table 8.

	Assembly	Finishing	Packaging
	Lm	Lm	Lm
Cost unit rate	$7,214 / 1,500 = 4.809$	$5,341 / 1,500 = 3.561$	$5,785 / 1,500 = 3.857$
Direct labour hour rate	$7,214 / 2,500 = 2.886$	$5,341 / 2,500 = 2.136$	$5,785 / 2,500 = 2.314$
Machine hour rate	$7,214 / 2,000 = 3.607$	$5,341 / 2,000 = 2.671$	$5,785 / 2,000 = 2.893$

Table 11

Step 5: Application of overhead absorption rates

The overhead absorption rate for a cost centre is then applied to the cost units passing through that cost centre.

Example. During the year 2002, work was carried out on Job 123. The following costs and times were recorded:

Table 12

	Assembly	Finishing	Packaging	Total
	Lm	Lm	Lm	Lm
Direct material cost				250
Direct labour cost	150	125	70	345
Direct expenses				<u>102</u>
Prime cost				697

	Assembly	Finishing	Packaging	Total
Direct labour hours	7	8	6.5	21.5
Machine hours	5	4.6	4.2	13.8

Using the overhead rates computed in Table 7, show the production overhead that would apply to Job 123 for each method adopted.

Table 13

Method	Assembly	Finishing	Packaging	Total
As	Lm	Lm	Lm	Lm

Cost per unit rate (Table 11)	4.809	3.561	3.857	12.23
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Direct labour hour rate (Table 11)	2.886	2.136	2.314	
* Direct labour hours (Table 12)	*	*	*	
	7	8	6.5	
	= 20.20	= 17.09	= 15.04	52.33

Machine hour rate (Table 11)	3.607	2.671	2.893	
* Machine hours (Table 12)	*	* 4.6	*	
	5		4.2	
	= 18.04	= 12.29	= 12.15	42.48

If the direct labour hour rate is applicable, the cost of production for job 123 would be:

	As per	Lm
Prime cost	Table 12	697.00
Production Overhead	Table 13	<u>52.33</u>
Cost of production of Job No. 123		<u>749.33</u>

Table 14

TR 13/2014

Update to Treasury Circular 'Stock Control Procedures' (6/2004 dated 21st May 2004)

Treasury Circular 'Stock Control Procedures' (6/2004 dated 21 May 2004), in particular Article 4.3.4 (Disposal of unserviceable and surplus stock), where reference is made to

	<p>the procedures related to the sale of 'unserviceable stock, to be 'disposed' by tender, has been updated, as advised by MEPA, as follows:</p> <p>"Under the provisions of LN 184 of 2011, The Waste Regulations 2011 and LN 106 of 2007, Waste Management (Activity Registration), Regulations 2007, 'unserviceable items', since they are no longer wanted or of use to the Service, and are hence being 'disposed of', are considered as 'waste' under the definitions in the same legal notices and hence shall apply when managing these items.</p> <p>It should be clarified in the tender document that any individual/entity which is deemed eligible for the tender must be either a licensed waste broker (in cases where the items shall be packaged and loaded on site for direct transfer to the port for export) or be in possession of a waste management permit for specific waste streams (in cases where the waste will be moved from the place of origin to a local facility for further processing). It should also be clarified that relevant waste carrier permits and/or consignment permits and/or Trans-Frontier Shipment (TFS) permits must also be in place prior to movement of any waste."</p> <p>Kindly ensure that the procedures in the respective ministry and department are updated accordingly.</p>
TR 6/2007	<p>Introduction of the ID Number in the Multipayment Routine</p> <p>Your attention is hereby drawn to the introduction of an ID number field on all payments effected via the multipayment routine. Essentially, this means that for all such payments, DAS users would invariably need to enter the ID number of the payee. The DAS multipayment routine has therefore been enhanced accordingly.</p> <p>This enhancement will also provide more flexibility to Accounting Officers/DAS users to make use of the Reference field, to identify types of payments being made to groups of persons, as well as an additional reference through which each payee can be identified. Moreover, the data regarding payments to individuals will also be available in the multipayment record for future retrieval as the information will be retained in the DAS database.</p> <p>EFFECTING PAYMENTS</p>

Create Multipayment Input Screen

Testing Department	DAS v4.5.20	Year-2007	26 Jun 2007
Enter Multi Payments	New MP Line		

Multi Payments	TOTALS
Commitment 2007000309 Accounting Officer	Total Comm. 10.00
Batch No. GEORGE	Running Total

Reference	ID Number	Name	Value	VAT
BOARD MEMBER	ID No: 999999M	Name:		0

Number of Lines []
Press [Esc]ape to Exit. Maximum 50 Entries. VAT Amount

Enter ID Number of Payee PRINT SPOOLING

**The newly introduced Payee ID number at input stage
That is Not a Refund**

Details on how this new functionality works is shown in the following two exhibits. The first exhibit shows the newly introduced Payee ID number at input stage in the Multipayment Input Screen. Here the example refers to an individual who is being paid in respect of an honoraria as Board Member.

REFUNDS

In the case of Refunds and as shown in the exhibit below, DAS users must type the word 'REFUND' in capital letters, (with no spacing between letters), in the Reference field.

Create Multipayment Input Screen

Testing Department	DAS v4.5.20	Year-2007	26 Jun 2007
Enter Multi Payments	New MP Line		

Multi Payments	TOTALS
Commitment 2007000309 Accounting Officer	Total Comm. 10.00
Batch No. GEORGE	Running Total

Reference	ID Number	Name	Value	VAT
REFUND	ID No: 999999M	Name:		0

Number of Lines []
Press [Esc]ape to Exit. Maximum 50 Entries. VAT Amount

Enter ID Number of Payee PRINT SPOOLING

**The newly introduced Payee ID number at input stage
That is a REFUND**

The reason/s for the refund must be entered in the payee's text lines which will

	<p>eventually be shown on the payment voucher under the “Details” column.</p> <p>Accounting officers must ensure that with effect from 7th August 2007 the ID number of the payee would be captured in the ID number field of all Multipayments raised as explained above. Multipayments without the ID number will not be processed and will be returned to Departments.</p> <p>Automated Multipayments</p> <p>All those departments/ministries that make use of the Automated Multipayment (Import of Multipayments from other systems) are to make sure:</p> <ol style="list-style-type: none"> 1. That the ID number is introduced in the text file being provided for the import of the data. This new field is to be not more than 10 text characters long and is to be inserted between the Reference field and the (first) Name field. 2. Narrative/Text lines are reduced from 9 lines to 8 lines. <p>First part of the Text file</p> <p>Newly introduced ID Number field</p> <table border="0"> <tr> <td>1. PAYMENT – DATE</td> <td>T 10</td> </tr> <tr> <td>2. REFERENCE</td> <td>T 20</td> </tr> <tr> <td>3. ID – NO</td> <td>T 10</td> </tr> <tr> <td>4. NAME</td> <td>T 35</td> </tr> <tr> <td>5. NAME 2</td> <td>T 35</td> </tr> </table> <p>For the time being the newly introduced ID number will not be shown on the payment voucher, but will be introduced on the voucher and on the remittance advice in 2008.</p> <p>Reports</p> <p>Within the DAS Report Generator, a facility will be available (with effect from 7th August, 2007) for Departments to run separate reports for ‘Refunds’ and the other for ‘Other Payments’. These reports may be found in the Report Generator under the Multipayment Section with the following titles: Report 1 ‘Refund Payments’ and Report 2 ‘Non-Refund Payments’.</p> <p>Please bring this circular to the attention of ALL DAS users.</p>	1. PAYMENT – DATE	T 10	2. REFERENCE	T 20	3. ID – NO	T 10	4. NAME	T 35	5. NAME 2	T 35
1. PAYMENT – DATE	T 10										
2. REFERENCE	T 20										
3. ID – NO	T 10										
4. NAME	T 35										
5. NAME 2	T 35										
TR 5/2015	<p>Revised Guidelines: Processing of Vendor Payments</p> <p>The processing of Vendor Payments shall be subject to the following changes as from 1st March 2015.</p> <p>The Ministry/Department completing the revised Vendor Input Form (Appendix A) must ensure that all fields on the attached form are completed before submission.</p>										

	<p>The Ministry/Department shall also ensure that all information on the form, including the VAT details of each respective vendor, is correct at time of submission. Issues regarding VAT details or other vendor details should not be addressed to the Treasury but clarified with the respective vendor; the Ministry/Department may also make use of the VIES VAT number validation link http://ec.europa.eu/taxation_customs/vies. VAT technical issues should invariably be addressed to the VAT Department.</p>
TR 5/2008	<p>Authorized Signatories</p> <p>In line with several Treasury Circulars, Heads of Department and all other Accounting Officers are reminded that they must keep this Office regularly informed of officers authorised to act as signatories in respect of the following functions:</p> <p>(1) Officers entrusted with the receipt and custody of public monies (List A).</p> <p>(2) Officers responsible for the control of Accounts and Departmental Expenditure (List B).</p> <p>The Treasury intends to carry out an exercise to update its records and is, therefore, requesting your co-operation in order that lists of authorised signatories would be submitted within the established timeframe. Lists should invariably comply with the provision of Regulations 52(i) and 91 of the General Financial Regulations 1966.</p> <p>Returns are to be duly endorsed by the respective Head of Department and submitted in duplicate (as per attached format) to this Office (Attn: Ms Alexandra Farrugia, Verifications Unit, Government Accounts Directorate, E-mail address: alexandra.b.farrugia@gov.mt) by not later than 20 August 2008. An extra copy should also be sent to the Auditor General's Office.</p>
TR 3/2006	<p>Accounting and Reporting Procedure for the introduction of the Donation Scheme to Charitable Institutions</p> <p>As announced in OPM Circular No 6 /2006 dated 6 February 2006, Government employees 'who wish to donate. 10 cents per week to Dar tal-Providenza, on a voluntary basis, directly from their salary, are requested to fill in the prescribed Form (as provided with the said OPM Circular), which is to be forwarded to your office.</p> <p>In order to cater for the introduction of the said Donation Scheme in terms of the agreed parameters outlined in that circular; Treasury had to carry out the necessary software enhancements to the current Treasury 4 weekly Payroll Reporting System.</p> <p>In the light of the above and to assist Accounting Officers and Salaries Officers in the proper operation of the Donation Scheme, it is felt appropriate to highlight where the value of the donations deducted would feature in the Departmental 4 weekly Paylist and to explain the reporting procedure to be adopted when submitting information to the Treasury.</p>

	<p style="text-align: center;">1. The 4 weekly Department Paylist</p> <p>As a first step, every Department shall ensure to compile a list with details of those employees (Name & Surname and Identity Card number) who have forwarded the prescribed Form duly filled in.</p> <p>This list shall then be submitted to Treasury (Salaries Unit) by closing date related to Form 7 to enable Treasury to carry out the necessary deductions from the individual's salary. In case an employee decides later on to opt out of the Donation Scheme Treasury should be notified on the usual Form 'A' by due date.</p> <p>It is to be noted that the Total for All Deductions shown against line "DED" on the last page of the Department's Paylist, shall also include the value of Donations deducted from the employees' salary for the respective the 4-Weekly Payroll (vide * on attached specimen).</p> <p>Yet, to assist all concerned in the proper accounting and reporting procedure, the Paylist has been enhanced to indicate as a separate item the total 4 weekly value of Donations deducted pertaining to Dar tal-Providenza.</p> <p>In this respect, the value of the Donations deducted shall be shown against the new line "V /Contr."(namely, Voluntary Contributions) on the last page of the Paylist (vide ** on attached specimen).</p> <p>On the employee's Pays lip, the amount of the donation deducted shall be shown under the heading "Fixed/Variable Deductions".</p> <p>2. Submission of the Schedule of Payments (Paylist)</p> <p>With regards to the Schedule of Payments, Accounting Officers must ensure that their Schedule total corresponds to the NET figure shown on the payroll (vide *** on the attached specimen). No separate deductions for the voluntary contribution scheme should be included in the Schedule of Payment.</p>
TR 4/2009	<p>Subventions to Government Entities</p> <p>It has been noted that the provisions of Treasury Circular 2/2004 regarding the transfer of funds to Government Entities are not always being complied with, in particular where it is stipulated that the quarterly allocation of Contribution as approved by the Ministry of Finance the Economy and Investment should be advanced to the Entity concerned in monthly tranches / installments.</p>

	<p>Some line Ministries are resorting to the practice of requesting Treasury to transfer to the Entity concerned (usually at the start of each quarter) the entire funds for the approved quarterly allocation in one lump sum.</p> <p>This must stop forthwith.</p> <p>Apart from contravening the provisions of Circular 2/2004 such practice is incurring Treasury a higher cost in financing the Government's borrowing requirements.</p> <p>Furthermore, your attention is also drawn to the timely submission of documents relating to the quarterly tranches to the Budget Affairs Division for approval as well as the lead times for the submission of payment documents to Treasury as stipulated in above mentioned circular.</p> <p>In the event that requests for payments of contributions to entities are not in line with the arrangements outlined in this circular and Treasury Circular 2/2004, the Treasury Division will not be in a position to process such requests.</p>
TR 7/2007	<p>Verification of Payments Made by Government Departments</p> <p>Legal Notice 185/2007 published in the Government Gazette of the 13 July 2007 has amended Regulations 62 and 63 of the General Financial Regulations 1966. These Regulations lay down the safeguards to be in place before authorising payments and the withholding of any payments should it be the case.</p> <p>The responsibility of the Accounting Officer, as defined in the amended Financial Legislation, is further strengthened. The Accounting Officer shall be responsible to verify that the incidence of charge is correct, that the payment will not cause an excess on the provision authorized for the service, that adequate information has been given on the voucher regarding the nature of the services rendered or the supplies delivered, and that the certificate has been signed by the proper officer. The Accountant General, on the other hand may, at his discretion, verify that the safeguards indicated above have been observed.</p> <p>This amendment has also brought about a change in the work process related to the verification of batches. The vast majority of Departments and Ministries are presently adopting the new business process on a 'test' basis. To-date the process has been conducted in a flawless and seamless manner. The Government Accounts Directorate will shortly be contacting the remaining departments in order that they would take on board the new procedure, which, apart from speeding up payments, also reduces drastically the physical flow of documents between Departments and Treasury.</p> <p>The Directorate plans to carry out on the spot verification of payments being processed and other payments already processed and paid, and verify and control the documentation as stated in Regulation 63 of the General Financial Regulations 1966. The Accountant General may also request departments to provide such documentation to be verified at the Treasury. In order to assist Accounting Officers carry out their function in a standardized and systematic manner, the following guidelines are being provided:</p>

Payment for Services and/or Supplies

1. All Accounting Officers must ensure compliance with Regulation 62 of the General Financial Regulations 1966 as amended by LN 185/2007.
2. All vouchers are signed by an officer authorized by the Head of Department, not below the rank of Assistant Principal and who is also recognized by the Accountant General as the proper officer. (Regulation 52/1 of the General Financial Regulations 1966).
3. All vouchers for payment of services or supplies shall be accompanied by the proper invoice which includes all the details of the relative payment such as date, number, quantity, distance and rates etc. It should also include Invoice Number and the relative Departmental or Contracts Department Tender Number and file contract number. A copy of the relative 'Letter of Acceptance' is also to be attached to the voucher.
 4. Departments are to ensure that the relative VAT Receipts are to be attached to their respective payment voucher.
 5. Accounting Officers are to check that the amounts given on the invoice are checked with the correct contract rates and that the total amount shown on the voucher agrees with the total amount shown on the invoice.
 6. VAT numbers on invoices must also agree with Vendor VAT number.
 7. Payments are always charged to the correct account.
 8. In the case where a direct order is concerned, the relative Ministry of Finance Authority is to be attached to the relative voucher together with invoice.
 9. Advance Payments are to be authorized by the Permanent Secretary of the Department concerned as per Clause 3.3 of Ministry of Finance Circular 16/97 dated 10th December 1997.
 10. Accounting Officers are to ensure compliance with LN 177/2005 of the Financial Administration and Audit Act (Cap 174) – Public Service (Procurement) Regulations. Clause 19 of these regulations clearly indicates the financial limit when a tender is to be issued and that tenders exceeding Lm20,000 shall be issued by the Department of Contracts or else a direct order authority is to be obtained from the Ministry of Finance.

Petty Cash Requests

11. Petty Cash requests (Code 13) are to be accompanied by the Petty Cash Allocation (Code 14). All invoices paid are to be invariably attached to the petty cash allocation voucher and all invoices should agree with the amount allocated.

Schedules and Transfer Payments

12. Payments between departments are to be made by raising a 'Transfer/Payment Schedule', a copy of which is always to be sent to the receiving department.
13. Transfer vouchers are to be made in case when an adjustment is required between two particular accounts of the same department.

Accounting Officers are to ensure adherence to the above guidelines so that a proper

	assessment may be made during the verification process.
TR 7/2016	<p>Migration of Treasury (Service) Pensions Function to MFSS-DSS</p> <p>The Treasury Pensions function will migrate to MFSS-DSS with effect from 8 March 2016.</p> <p>This migration will not have any impact on the Treasury Pensions back-office operations which will continue to be run from the Gozo offices. However this move will necessitate some minor changes in the work flows.</p> <p>Heads of Department and Accounting officers are kindly requested to take note of the following:</p> <p>(i) Correspondence previously sent to front-office (Treasury, Malta) should henceforth be addressed as follows:</p> <p style="text-align: center;">Officer in charge Treasury (Service) Pensions 38, Triq I-Ordinanza Il-Belt Valletta</p> <p>(ii) Contact Person: Ms Grace Micallef Telephone numbers: 25903105 and 25903107</p> <p>(iii) Henceforth, all documentation such as pension papers and other records should be sent to the Office above. Movement of documents to and from Gozo will be carried out by the same office.</p>
TR 13/2016	<p>Accruals Forecasts and Below Line Forecasts</p> <p>The Quarterly Year End Accruals Forecasts and the Quarterly Year End Below Line Forecasts, included on <i>Treasury Circular 14/2015 – Treasury Financial Data Transmission</i></p>

Calendar for 2016, need not be submitted until further notice.

This measure should reduce the reporting burden on Ministries and Departments, therefore Heads of Departments and all accounting officers are to ensure that other submissions requested by Treasury are strictly furnished within the stipulated time frames to enable compliance with the various reporting obligations, both domestically and abroad.