24 November 1995

Circular 32/95: Payments (Matured Liabilities)

A Dhuine Uasail

1. I am directed by the Minister for Finance to refer to the existing financial procedures for the treatment of payments in Departments/Offices and to state that these procedures have been clarified /revised on foot of recommendations made by the Joint Finance / C&AG Working group on the Appropriation Accounts and related matters. This circular forms part of a series of circulars/circular letters issued following the Working Group's recommendations and commencing with Circular 18/92 (a listing of the circulars/circular letters may be obtained from Ms Linda O'Toole of this Department, ex 5417).

2. **Payments**
Section 24 of the Exchequer and Audit Departments Act, 1866, prescribes that the sums which may have actually come in course of payment in a year should be shown in the Appropriation Account for that year. This means that all payments made by a Department/Office in the year must be recognised in the Appropriation Account for that year.

Payments should be recognised on the following basis:

(a) in the case of payment by cheque or payable order, when the payment instrument has been drawn.
(b) in the case of non-effective payments(superannuation), when encashment has occurred.
(c) in the case of social welfare payments through the agency of an Post when the amounts have been disbursed by that agency.

3. Payment procedures must be initiated where a liability has been incurred and when payment is due (matured). In the case of goods and services, payment is due when the service has been provided satisfactorily and the supplier has submitted his account and when optimum advantage has been taken of the credit terms, if any, allowed by the supplier.

TO: /
All Accounting Officers

In the case of grant payments, payment is due when the grant or benefit payment has been fully approved and processed in accordance with the terms and conditions of the particular scheme and when the applicant has fulfilled all the necessary conditions. Payments to meet matured liabilities should not be postponed even at the risk of an Excess Vote.

4. Departmental arrangements for making payments should ensure that:

I. there is proper authority for the service, viz. Finance sanction etc.,

II. the service has been properly performed or goods received or the grant/benefit application has been fully processed,

III. the making of a grant payment is consistent with the subhead provision there for (i.e. if cash-limited, that the limit has not been exhausted)

IV. the claim is in accordance with the contract terms,

V. the claim is arithmetically correct,

VI. payment has not already been made.

5. To ensure the integrity of the Appropriation Account, all due payments (i.e. matured liabilities) should be settled at year-end and payments which are not matured should not be brought forward into the current accounting period. This instruction does not preclude the making of advance payments in cases where it is necessary under the terms of a contract to make payments in advance (e.g. in the case of an overseas supplier). In such instances, the Exchequer advance should be protected by using letter of credit or other secure banking instruments. The advice of the Central Bank should be sought when such cases arise.

6. These instructions supersede the procedures outlined in paragraph 3.15 of the current edition of the booklet Public Financial Procedures - an Outline, which is at present in course of revision.

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Colm Gallagher
Assistant Secretary