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**BANK OF ZAMBIA**

P.O. BOX 30080

Lusaka

10101

August 15, 2000

CB Circular No. 5/2000

To : ALL COMMERCIAL BANKS

Dear Sirs

#### **CENTRAL GOVERNMENT DEPOSITS IN COMMERCIAL BANKS**

A recent review of Government accounts in commercial banks by the Bank of Zambia and the Accountant General's office in the Ministry of Finance and Economic Development revealed that non-central government deposits are included in schedule 11 thereby overstating central government deposits. To address this anomaly the Ministry of Finance and Economic Development and the Bank of Zambia are taking the following actions.

#### **Action being taken by the Ministry of Finance and Economic Development**

The Ministry of Finance and Economic Development has re-classified government accounts into the following five categories:

- (i) Mirror Accounts
- (ii) Loan Revolving Accounts
- (iii) Imprest Accounts
- (iv) Revenue Transit Accounts
- (v) Donor Fund Accounts

Controlling officers in the various ministries and government departments have been directed to request and ensure that commercial banks submit monthly returns that show a consolidated figure of government accounts as well as a breakdown of accounts by the five categories specified above-beginning with the end - June 2000 balances. A copy of this return is attached for ease of reference. In the event that commercial banks are unclear on the classification of these accounts it is important that they seek clarification from the controlling officer(s) responsible for the establishment of these accounts.

In addition to this, a local firm of consultants has been commissioned to study Government's cash management system and make recommendations on the most efficient and cost effective system to adopt. This study will commence shortly.

#### **Action being taken by the Bank of Zambia**

For the purpose of satisfying reporting requirements to the Bank of Zambia, central government deposits reported in Schedule 11 should include only deposits of Government ministries and departments. These accounts should correspond to the first four accounts listed above. Donor fund accounts should continue to be reported under item 1A-Other of schedule 11.

Commercial banks must submit supporting schedules to the Bank of Zambia, in soft and hard copies, showing the individual account balances and account numbers which make up the aggregate central government deposits figure in Schedule 11. Local government deposits should continue to reflect the deposits of the local government authority and a list of individual account balances and account numbers should similarly be submitted to the Bank of Zambia. For the commercial banks that held central government deposits as at April 30, 2000, and submitted a detailed schedule of accounts to the Bank of Zambia, a schedule of those accounts to be treated as central government deposits is included as a guide.

We wish to remind commercial banks that prudential returns that are found to be wrong will attract the prescribed penalty fee for the late submission of accurate returns. This circular takes effect immediately and should be treated as supplementary to the CB Circular No. 1/98 on the submission of prudential returns.

Yours faithfully



**Dr A. Mwenda**  
**DEPUTY – GOVERNOR, OPERATIONS**

1. Following instructions to Government Ministries and Departments to consolidate or merge commercial bank accounts into one consolidated account, each commercial bank shall be required to consolidate all government accounts held by each client Ministry/Department into a single bank account.
2. Commercial banks will be required to produce bank statements in consolidated form but indicative of component balances at the end of the month for each client Ministry /Department in the attached format.
3. Sub-Accounts shall have individual cheque books but subsidiary to the composite account for identification and accountability purposes.
4. Commercial banks shall be required to submit bank statements, five (5) working days after the close of each month.
5. Presentation of bank statements shall be in the format presented at Appendix II.
6. In this Appendix:

**(i) Consolidated Account Balance**

Is the sum of B (Sub account balances) plus C (Donor account balances) held in favour of each ministry in both Kwacha and foreign currencies at the end of each month.

**(ii) Subsidiary Bank Accounts**

Include RDCs, salaries, capital, revolving fund, third party and imprest accounts.

**(iii) Donor Fund Accounts (where applicable)**

Refers to donor related accounts jointly managed by donors and government Controlling Officers.

7. Commercial Banks shall submit consolidated bank statements to the Ministry of Finance and Economic Development in both hard and soft copies.
8. Commercial Banks shall also submit to client Ministry/Department bank statements in consolidated form as well as indicating the details of transactions by sub account for ease of reconciliation.

*MF/101/16/4*

*26 May 2000*



## STATEMENT OF BALANCES OF GOVERNMENT ACCOUNTS IN A COMMERCIAL BANK

As at ..... 2000

CONTROLLING OFFICER: MINISTRY/DEPT.....

	In US \$	In Kwacha
OPENING BALANCE		
CLOSING BALANCE		

A CONSOLIDATED ACCOUNT BALANCEB SUB ACCOUNT BALANCESI SALARIES ACCOUNTII RDC's ACCOUNT(MIRROR)III CAPITALIV REVOLVING FUND ACCOUNTV THIRD PARTY ACCOUNTVI IMPRESTC DONOR FUND ACCOUNTS

Prepared by: .....

Signature: .....

Date: .....

Verified by: .....

Signature: .....

Date: .....