

PROFORMA FINANCE MANUAL

2005

Issued by the Chief Executive Officer, (*name of agency*)
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PART 1: INTRODUCTION

In this pro forma Finance Manual, the text in italics is for guidance in the preparation of each agency's own manual. It should be deleted from, or amended in, the final manual issued by the Chief Executive Officer.

1.1 Legislative Requirement

Section 28 of the Financial Management Act 2004 outlines my responsibilities as Chief Executive Officer (CEO) of the *(name of agency)*, one of which is to issue a Finance Manual for the agency.

This Finance Manual sets out policies and procedures needed for the efficient and effective management of the agency and effective operation of internal controls. It has been drafted in accordance with the Act and Finance Instructions and includes the delegations of authority to me by the Minister for Finance and my sub-delegations to officers for incurring expenditure and writing off losses.

All officers within the agency are required to comply with the Manual.

The Manual will be updated as required to effect the progressive introduction of the Financial Management Reform programme, including the introduction of a Financial Management Information System (FMIS) and changes to delegations.

As well, staff are encouraged to suggest changes to the Manual where a more efficient or effective procedure is warranted.

1.2 Application of Finance Manual

The Proforma Finance Manual includes a set of processes and procedures that has been drafted to assist the CEOs of budget sector agencies (ministries, departments and parliamentary bodies) to prepare their own manual. Agencies should review each section to assess whether it applies without modification to their agency or whether they need to make a change to suit their agency's circumstances.

Certain procedures will vary depending on the size and nature of the agency. Thus a CEO may adopt some procedures while disregarding others that do not apply. For example, procedures for revenue collection need not be adopted in the manual of an agency that does not collect revenue.

Similarly, some examples contained in the tables and schedules in the Manual may be changed to suit the needs of the agency – for example, the level of delegations by the CEO or the format of a particular statement.

However, although the CEO may change certain procedures, he/she must ensure that these changes do not contradict the Act or the Finance Instructions and that an effective system of internal control is maintained. The advice of the Ministry of Finance or Office of the Auditor General should be sought if there is any doubt. Each CEO should submit a marked -up version of their proposed Finance Manual to the Ministry of Finance for approval of the changes.

1.3 Responsible Officers

Particular responsibilities documented in the Manual, are generally assigned to various officers by reference to certain functions or job titles – for example, “Accounting Head and “TMA Manager”. This is done to accommodate differences in job responsibilities between agencies. It does not imply that additional positions are warranted.

To ensure there is a clear allocation of responsibilities to officers, each agency should substitute the name of the actual position that is responsible for the function specified. For smaller agencies, this may mean nominating one position to undertake several roles. Where this is done, incompatible duties should be kept separate to the extent practicable to maintain internal control. (Incompatible duties are duties which, when done by a single officer, facilitate losses through fraud, etc.).

PART 2: EXPENDITURE

The proper management of expenditure is fundamental to ensuring value-for-money in delivering services to the community. As well, having cost-effective internal controls within the purchasing and payments system plays an important part in ensuring that waste of funds, over-expenditures and corruption do not occur.

The policies and procedures in this Part assign particular responsibilities to:

- the CEO and *Deputy CEO*;
- officers with procurement authority;
- the *Accounting Head*;
- Tender Boards and Evaluation Committees;
- the Tender Board Secretary;
- the *Administration Manager*;
- *receiving officers*;
- *the accounts supervisor*;
- *accounts officers*.

2.1 Authority to Incur Expenditure

2.1.1. The authority to incur expenditures is subject to:

- i. appropriations from Parliament;
- ii. virements approved by the Minister for Finance or the CEO;
- iii. requisitions to incur expenditure.

Appropriations

2.1.2. Each year, the Appropriation Act and Budget Estimates set out details of the appropriations that Parliament approves for spending by each agency. No officer may incur expenditure, which results in the agency's appropriation being exceeded without the authorisation of the Ministry of Finance, pending approval by Parliament.

Virement Warrants

2.1.3. Under Finance Instruction 3.1.5, the Minister for Finance has delegated the authority to approve certain virements to chief executive officers. A virement authority must be in writing and must be signed by the CEO.

- 2.1.4. The virement form must clearly identify:
- i. the amount of the proposed virement and the output/activity and SEG from which it will be transferred and the activity/output and SEG to which it will be transferred;
 - ii. the purpose for the virement and how it would contribute to the delivery of that output;
 - iii. the amount provided in the Estimates and the expenditure to date against the budget allocation to which funds are to be transferred;
 - iv. the amount provided in the Estimates and the expenditure to date of the budget allocation from which savings are to be transferred;
 - v. the revised totals for both budgetary allocations.
- 2.1.5. Once approved, the *Accounting Head* shall allocate a serial number for the virement. The *Accounting Head* shall send a copy of each approved virement form to the Ministry of Finance.
- 2.1.6. The approved virement form shall be sufficient authority for the budget allocation to be transferred.
- 2.1.7. The *Accounting Head* must maintain a Virement Register, which should contain the following information:
- i. the serial number;
 - ii. the budgetary allocation to which and from which the transfer of funds is being made;
 - iii. the amount transferred and the revised amounts of the budget allocations;
 - iv. the date of approval.

Requisition to Incur Expenditure

- 2.1.8. If an officer considers it necessary to incur expenditure against an item that is noted in the Budget Estimates as “Requisition to Incur Expenditure”, the *Accounting Head* shall:
- i. prepare a requisition form and attach all relevant details required in the RIE checklist issued by the Ministry of Finance;
 - ii. have the form signed by the *CEO or deputy CEO*;
 - iii. submit the form to the Ministry of Finance.
- 2.1.9. Expenditure must not be incurred on an item that is noted as “Requisition to Incur Expenditure” until written approval has been obtained from the Ministry of Finance.

2.2 Delegation of Procurement Authorities

2.2.1. The following officers are delegated authority to procure goods, services and works up to the following limits specified:

Chief Executive Officer	\$20,000
<i>Deputy CEO</i>	\$15,000
<i>Directors, Accounting Head</i>	\$10,000
<i>Section Heads</i>	\$3,000
<i>Senior Accounts Officers</i>	\$1,000

2.2.2. The officer authorising a purchase order must ensure that a purchase is not artificially split to bring it within the limits above.

2.2.3. Any officer who authorises expenditure exceeding his/her procurement limits, including by splitting purchase orders, shall be liable for surcharge to repay the unauthorised amount.

2.3 Competitive Procurement

2.3.1. Public tenders must be called for any procurement of goods, services or works valued at \$20,000 or more, unless a Tender Board has approved an exemption in accordance with Finance Instruction 3.2.10.

2.3.2. Competitive quotes, instead of public tenders, may be called for procurements below \$10,000 unless the CEO has approved an exemption in accordance with Finance Instruction 3.2.10.

2.3.3. Quotations may be received by telephone for the purchase of goods or services estimated to cost less than \$100. These quotes must be recorded and certified by the officer receiving them.

2.3.4. Officers found splitting purchase orders to circumvent the need to obtain written quotations (less than \$100) will be liable for surcharge.

2.4 Tenders

Invitation to Tender

2.4.1. All invitations to tender should include the following minimum information:

- i detailed specification of the tender or details of how additional information can be collected/accessed;

- ii. any requirements regarding the form in which the tender responses should be presented;
- iii. the final date and time by which all tenders should be received;
- iv. the way in which the tender should be marked and the address to which it should be delivered;
- v. any tender deposit required (only where the CEO has authorised that a deposit is required) and whether it should be refunded;
- vi. the criteria by which responses will be evaluated;
- vii. information about how both successful and unsuccessful tenderers will be notified.

2.4.2. Where any alterations are made to the “invitation to tender”, such information must be published in the same manner that the tender was advertised.

Receipt of Tenders

2.4.3. The tender box must be provided at the location specified in the “invitation to tender”.

2.4.4. The tender box shall be equipped with two separate locks. One key shall be kept by the Chair of the Tender Board and the other by the Tender Board Secretary.

2.4.5. All tenders delivered/received shall be placed inside the tender box.

Opening of Tenders

2.4.6. Tenders shall be opened by the Tender Board Secretary and at least two other officers or members of the Tender Board. Representatives of tenderers shall be allowed to witness the opening of the tenders and the names of the tenderers, but shall not be allowed to read any details of a tender.

2.4.7. All tenders received must be officially stamped, initialled and recorded in the Tender Register maintained by the Tender Board Secretary.

2.4.8. Two members of the Tender Board or two other officers present at the opening of the tenders must initial the Tender Register certifying correct the details entered into the Register.

2.4.9. In cases where the tender requires a tender deposit, the Tender Board Secretary shall issue receipts for the amounts received to the tenderers.

Consideration and Evaluation of Tenders

- 2.4.10. The Tender Board or Evaluation Committee appointed under Finance Instruction 3.2.26 shall be responsible for evaluating tenders received.
- 2.4.11. The Chair of the Tender Board or Evaluation Committee must ensure that tenders are evaluated in a transparent and fair manner using the evaluation criteria specified in the “invitation to tender”.
- 2.4.12. Tenders that do not comply with the mandatory specifications or conditions in the “invitation to tender” shall be considered invalid.
- 2.4.13. If a tender is unclear in certain areas, the Tender Board or Evaluation Committee may direct the Tender Board Secretary to seek clarifications in writing. However, no alterations shall be made to any tender documents.
- 2.4.14. Upon completion of the evaluations, the Chair of the Tender Board or Evaluation Committee shall prepare a report including:
- i. a list of all the tenders received;
 - ii. the evaluation of each tender against each evaluation criterion;
 - iii. the ranking of tenders based on the evaluation criteria – whether on an individual or consensus basis;
 - iv. the approved or recommended tender.
- 2.4.15. The report must be signed and dated by each member of the Tender Board or Evaluation Committee.
- 2.4.16. Once a tender has been approved, the Tender Board Secretary must inform all unsuccessful tenderers in writing of the outcome of their tender and the name of the successful tenderer.
- 2.4.17. The Tender Board Secretary shall publish the name of the successful tenderer in the Government Gazette.
- 2.4.18. A written contract or agreement must be entered into with the approved tenderer for the supply of the goods, services or works tendered. Legal advice must be sought on the draft contract or agreement unless the CEO approves otherwise in writing.

2.5 Local Procurement

- 2.5.1. A local purchase order shall be issued when procuring any goods, services or works from an organisation within Fiji, unless a contract or agreement has been entered into.

Control of Local Purchase Order Books

- 2.5.2. All local purchase order (LPO) books shall be obtained from the Government Printer.
- 2.5.3. Upon receipt of LPO books, the *accounts supervisor* shall record the stock received into the stock register.
- 2.5.4. The stock register shall contain the following details:
- i. the date the LPO books are received;
 - ii. the amount of books received;
 - iii. the serial number of LPO books received;
 - iv. the officer to whom the LPO book has been issued;
 - v. the location of that particular officer.
- 2.5.5. LPO books must be issued in sequential order.
- 2.5.6. The *accounts supervisor* must ensure that unissued LPOs books are kept in a safe and secure place.
- 2.5.7. If an LPO book is missing, the *accounts supervisor* shall arrange an advertisement in at least two daily newspapers specifying the serial numbers of the book and a statement disowning any liability incurred through unauthorised use of that LPO book. The advertisement must be placed within two days of notification of the loss.

Preparation of Local Purchase Orders

- 2.5.8. Officers preparing an LPO must draw a line horizontally then diagonally immediately below the last item on the LPO to avoid the possibility of unauthorised items being added after approval.
- 2.5.9. An LPO must be signed by two officers; the officer preparing it and an officer with the necessary procurement authority.
- 2.5.10. The authorising officer must ensure that all particulars on the LPO have been adequately completed before authorising its issue.
- 2.5.11. The original and the duplicate copies of an LPO are to be detached and given to the suppliers. The triplicate and the fourth copy shall be retained in the LPO book.

2.5.12. Any amendments made to carbon copies of an LPO are to be initialled by the officer preparing the LPO and the authorising officer.

2.5.13. Any spoilt LPOs must be marked “cancelled” and retained in the LPO books.

Receipt of Goods, Services or Works

2.5.14. Upon receipt of the goods, services or works, the *receiving officer* shall verify their receipt in good order and that the invoice is in accordance with the LPO.

2.5.15. The *receiving officer* must be an officer other than the officer authorising the LPO.

2.5.16. If the quantity of the goods received is less than the quantity shown in the supplier’s invoice or delivery note, the *receiving officer* shall furnish a report to the *Administration Manager* who shall arrange a claim against the supplier or carrier.

2.5.17. If goods or packages containing goods have apparently been damaged or tampered with prior to delivery, such goods shall be opened in the presence of the carrier’s agent, and the *receiving officer* must furnish a report to the *Administration Manager* who shall arrange a claim against the supplier or carrier.

2.5.18. All claims on suppliers or carriers should be made within three days of the goods being received.

2.5.19. For goods, services or works subject to a written contract or agreement, the *receiving officer* shall verify that claims for progress payments are in order and delivered in accordance with the contract or agreement.

2.6 International Procurement

2.6.1. An indent shall be issued to the Controller of Government Supplies for the procurement of goods from overseas suppliers, unless a contract or agreement has been entered into.

2.6.2. Indent forms shall be obtained from the Government Printer.

2.6.3. The indent forms must be signed by an officer with the authority to approve the international procurement.

Preparation of Indents

- 2.6.4. All indents shall show the description of the goods being procured, the name of the supplier, how the goods are to be delivered and their estimated costs.
- 2.6.5. Where the goods being ordered are of a non-specialised nature, no particular firm needs to be named as the supplier.
- 2.6.6. Indents shall be numbered consecutively using the coding series allocated by the Controller. A new series will be allocated at the start of each year.
- 2.6.7. An indent must be signed by two officers; the officer preparing it and an officer authorised to approve indents.
- 2.6.8. The authorising officer must ensure that all particulars of the indent have been completed before authorising its issue.
- 2.6.9. The original and two copies of the indent form are to be forwarded to the Controller and the fourth copy retained.
- 2.6.10. The indent jacket shall be used to file the fourth copy of the indent and other relevant materials.
- 2.6.11. The *accounts supervisor* must maintain an indent register to record:
 - i. the date the indent was prepared;
 - ii. the indent number;
 - iii. the authorising officer;
 - iv. a brief description of the items being procured;
 - v. the country that will supply the indented goods or services.

Receipt of Goods or Services from Overseas

- 2.6.12. The Controller of Government Supplies is generally responsible for the clearance, collection and recording of all goods consigned to the Government arriving in Fiji by sea or air.
- 2.6.13. Once goods are received, the *receiving officer* shall verify whether the goods are in accordance with the bill of lading or are damaged or defective in any way.
- 2.6.14. For goods received on behalf of other agencies, the *receiving officer* shall forward the delivered goods to the respective agency with a note stating whether the goods received were in accordance with the bill of lading.
- 2.6.15. If the quantity of goods received is less than the quantity shown on the bill of lading, the *Administration Manager* shall arrange a claim against the carrier or supplier.

- 2.6.16. Where goods or packages containing goods have apparently been damaged or tampered with prior to delivery, the *Administration Manager* shall arrange a claim against the supplier or carrier.
- 2.6.17. All claims on suppliers or carriers must be made within three days of the goods being received.
- 2.6.18. For goods or services subject to contracts or agreements, the *receiving officer* shall verify that claims for payments are in order and delivered in accordance with the contract or agreement.

2.7 Recording of Commitments

- 2.7.1. The *Accounting Head* must maintain a Commitment Ledger in which he/she shall record all known commitments.
- 2.7.2. The Commitment Ledger must have the following details:
- i. the LPO or indent number;
 - ii. the date the commitment was incurred;
 - iii. the amount committed;
 - iv. the balance available;
 - v. the invoice number (where applicable);
 - vi. the cheque or journal voucher number (where applicable).
- 2.7.3. The *Accounting Head* must ensure that the Commitment Ledger is entered up to date.

2.8 Payments

- 2.8.1. All payments must be processed through payment vouchers prepared by the *accounts officer*. Separate vouchers are to be used for separate payees and for the payment of different services.
- 2.8.2. The *accounts officer* preparing a payment voucher must ensure that all information required under Finance Instruction 3.3.1 has been included on the payment voucher or attached to it, before passing it to the *Accounting Head* or *accounts supervisor* for certification.
- 2.8.3. The *Accounting Head* or *accounts supervisor* must not certify a payment as correct unless they are satisfied that:
- i. it is in accordance with an LPO, indent, contract, invoice or other authorisation;
 - ii. there is documentation that the goods, services or works have been received;
 - iii. sufficient uncommitted funds are available for payment of the account;
 - iv. the account is not fraudulent and has not been previously paid;
 - v. the expenditure account it is charged to is correct.

- 2.8.5. The Accounting Head or accounts supervisor must initial any alteration to a payment voucher.
- 2.8.6. If a payment voucher is lost before payment, approval must be obtained from the *Accounting Head* before a replacement voucher can be issued.
- 2.8.7. Immediately after payment has been effected, the *accounts officer* must stamp “paid” on all vouchers and supporting documentation to avoid any double payments.
- 2.8.8. The *accounts officer* shall enter details of all cheques drawn into a Payment Cashbook before they are issued. The Payment Cashbook shall contain details of the payee, payment date, ledger account, cheque details and the amount paid.

Maintaining an Expenditure Ledger

- 2.8.9. The *accounts officer* shall enter details on payment vouchers in an Expenditure Ledger. The ledger shall record:
- i. date of payment and name of payee;
 - ii. type and amount of payment ;
 - iii. cheque and payment voucher number;
 - iv. expenditure account;
 - v. cumulative totals.
- 2.8.10. All payments raised during the month must be totalled and the figure noted in the expenditure ledger.
- 2.8.11. At the end of each month, the *accounts officer* shall prepare an expenditure and commitment statement outlining the following information:
- i. total expenditure for the month per expenditure account;
 - ii. total expenditure to date against the budgetary provision;
 - iii. amount of committed funds per allocation;
 - iv. available funds to date.
- 2.8.14. The statement shall be submitted to the *Accounting Head* for inclusion into the monthly management report.
- 2.8.15. A copy of the expenditure and commitment statement shall also be forwarded to the Ministry of Finance within two weeks after the end of the month.

PART 3: ADMINISTRATION OF GRANTS

Grants that are administered by agencies should only be used for the purpose for which Parliamentary or Cabinet approval has been given.

The policies and procedures in this Part assign particular responsibilities to:

- the CEO and *Deputy CEO*;
- the *Accounting Head*;
- the *Administration Manager*;
- *grant officers*

3.1 Grant Agreements

Assessing Applications for Grant Assistance

- 3.1.1. Applications for grants should be thoroughly scrutinised by the *grant officers* to ensure they contain the required information.
- 3.1.2. Each *grant officer* must ensure that he/she is familiar with the assessment criteria for applications.
- 3.1.3. After applications have been scrutinised, the *grant officers* shall prepare an appraisal report of the applications assessed. The report shall provide the following details:
 - i. names of proposed applicants to be assisted and date of applications;
 - ii. reasons for recommending assistance;
 - iii. type of assistance to be given and payment terms.

Approved Grants

- 3.1.4. The appraisal report together with supporting documents shall be submitted to the CEO or *Deputy CEO* for approval.
- 3.1.5. For grants approved over \$5000, a grant agreement must be prepared in accordance with Finance Instruction 3.7.1 and signed by the CEO or *Deputy CEO* and an authorised representative of the recipient before payment is made.
- 3.1.6. The grant agreement shall outline terms and conditions under which the grant is given. The following minimum information must be provided in any agreement:
 - i. purpose of the grant and performance to be achieved;
 - ii. term of agreement;
 - iii. responsibility of recipients in keeping proper records;

- iv. approved funding and payment conditions;
- v. conditions for monitoring expenditure of the grant;
- vi. acquittal reporting requirements.

3.1.7. All applications and grant agreements must be properly filed.

3.2 Payment of Grants

3.2.1. Officers involved in appraising grants are not authorised to approve grant payments.

3.2.2. Before a payment voucher for a grant is certified, the Accounting Head must ensure that it is adequately supported and where appropriate, payment is in accordance with the conditions in the grant agreement.

3.2.3. Grant payments to organisations should only be made out in the official name of the organisation.

3.3 Monitoring Grant Assistance

Acquittal Reports from Recipients

3.3.1. Where required under Finance Instruction 3.7.8, the recipient shall prepare an acquittal report. The acquittal report shall provide the following information:

- i. details of grant money expended and unexpended;
- ii. grant objectives and targets achieved;
- iii. financial statement (audited if practicable) for grants of \$20,000 or more.

3.3.2. All acquittal reports must be signed by the recipient and where relevant, bear the company seal or stamp of the organisation.

Inspection of Projects

3.3.3. For multi-year projects, the *grant officer* shall inspect project sites at least once a year.

3.3.4. The *grant officer* shall check that:

- i. records are being properly kept;
- ii. information in the acquittal report corresponds to records kept by the recipient;
- iii. the progress of the project is satisfactory.

3.4.5. The *grant officer* shall prepare an inspection report on each project inspected and submit it to the *Administration Manager*.

PART 4: PAYROLL

Salaries and wages constitute a major portion of the agency's budget. Proper controls over engaging new employees, salary payments and resignations reduce the risk of fraudulent or unauthorised payments, inaccurate payroll reports and invalid pay rates.

These procedures document the major procedures and controls required in managing payroll expenditure.

The policies and procedures in this Part assign particular responsibilities to:

- the *Accounting Head*;
- the *Administration Manager*;
- *Head of Salaries*;
- the *wages supervisor*;
- the *accounts supervisor*;
- the *salaries officer and wages officer*;
- *supervising officers* for wages employees.

As well, the *salaries officer* and *wages officer* should become familiar with the Payroll User Manual available from the Ministry of Finance.

SALARIES

4.1 Appointments

4.1.1. The *Administration Manager* shall provide a letter of appointment to all new salary employees. The letter shall include at a minimum, the following information:

- i. job classification;
- ii. salary scale and starting salary;
- iii. date of appointment to position.

4.1.2. The letter of appointment shall be forwarded to the *Head of Salaries* who shall create a salary file and issue an Electronic Data Processing (EDP) Number for that employee.

4.1.3. This EDP number shall represent the employee's identification number and will remain unchanged throughout his/her employment in the agency or the civil service.

4.2 Processing of Fortnightly Salary Payment

Calculation of Fortnightly Salary

- 4.2.1. Salaries shall be paid on a fortnightly basis and computed at 1/26th of an employee's annual salary.
- 4.2.2. Where payment is for a broken period, salary shall be computed at 1/364th of the annual salary multiplied by the number of days to be paid.

Preparation of Input Forms

- 4.2.3. To add employees onto the automated payroll system, an input form shall be prepared by the *salaries officer*. Separate input forms shall be used to amend payroll data.
- 4.2.4. Different input forms (specified by the Ministry of Finance) shall be used in each of the following instances:
- i. for creation of an employee's master-file electronically and any subsequent changes to the master-file;
 - ii. for manual payments and reversing of an employee's salary;
 - iii. for various allowances and deductions;
 - iv. for overtime, one-off allowances or deductions.
- 4.2.5. The *salaries officer* must ensure that the appropriate input form is used when making any amendments to the payroll.
- 4.2.6. All input forms must be signed by the *salaries officer* and checked and signed by the *Head of Salaries*
- 4.2.7. A batch header shall be used to batch the various input forms.

Submission of Input Forms

- 4.2.8. The *salaries officer* shall record all batched input forms in a batch register. The register shall record:
- i. the number of batched input forms to be submitted to the Ministry of Finance;
 - ii. the batch number (each batch shall be numbered in sequential order beginning from 001 to 999 before recommencing with 001);
 - iii. the value of each batch.

4.2.9. The *salaries officer* shall submit batched forms to the Ministry of Finance for processing within the timeframes specified by the Ministry.

Reconciling Edit Reports

4.2.10. Upon completion of data entry into the Payroll System, the Ministry of Finance will print an edit report of the inputted data.

4.2.11. The *salaries officer* must collect the edit report and original input forms from the Ministry of Finance.

4.2.12. The names of officers' authorised to collect these reports shall be provided to the Ministry of Finance.

4.2.13. The *salaries officer* shall reconcile entries in the edit report to the original input forms. Any corrections shall be done by preparing new input forms.

4.2.14. The *Head of Salaries* shall check these corrections before resubmitting them to the Ministry of Finance. An entry shall be made in the Batch Register.

4.2.15. The *salaries officer* must file all processed input forms into the appropriate salary files.

4.3 Printing & Collection of Salary Cheques

4.3.1. The *accounts officer (who must not also be the officer who creates input forms)* shall collect the computer-generated salary cheques from the Ministry of Finance. The cheques must be collected on the dates set by the Ministry.

4.3.2. When collecting the cheques, the *accounts officer* must physically count them and reconcile the total to the recorded balances in the Cheque Payments Schedule kept by the Ministry of Finance before acknowledging their receipt.

4.3.3. The *accounts officer* must ensure that the original Cheque Payments Schedule is attached to the printed cheques.

4.3.4. The cheques shall be handed to the *accounts supervisor (who must not also be the officer who creates input forms)* who must verify cheque balances to the Schedule before distributing the cheques.

4.4 Lost Salary Cheques

Loss Report

- 4.4.1. When a salary cheque is lost, the officer responsible shall submit a loss report to the CEO and the Chief Accountant, Ministry of Finance. The report must outline circumstances leading to the loss, such as whether the officer had lost the cheque after collecting it from the Ministry of Finance.
- 4.4.2. If a payee loses a cheque, a Statutory Declaration must be provided outlining the payee's name, EDP number and cheque details. The statutory declaration shall be submitted to the Ministry of Finance together with the loss report.

Processing a Replacement Cheque

- 4.4.3. A replacement cheque may be issued to the payee concerned after the Statutory Declaration has been received.
- 4.4.4. If the lost cheque has not yet been presented, a 'stop payment' notice shall be issued to the bank.
- 4.4.5. If someone other than the payee has already presented the cheque, details shall be obtained from the bank as to whose account was credited and the matter is to be reported to the Police.

4.5 Form of Salary Payment

Country Cheque Payment

- 4.5.1. Country cheque payments shall only be drawn for employees stationed outside Suva.
- 4.5.2. A salary advice shall be prepared for each cheque payment and attached to the cheque.
- 4.5.3. The *accounts officer* (who must not also be officer who prepares input forms) must check the advice slips and cheques before they are packed into envelopes and posted via registered mail to the payees.

- 4.5.4. The *salaries officer* must record the distributed cheques in a cheque distribution register that shall include the following details:
- i. date of distribution;
 - ii. amount distributed and to which location (including registered mail number);
 - iii. cheque number and name of payee.
- 4.5.5. Salary cheques may be posted to the District Post-Master for distribution to officers within his/her district. In such cases, the *accounts officer* shall prepare a distribution schedule stating the name of each payee, EDP number, cheque number and amount.
- 4.5.6. The duplicate copy of the distribution schedule shall be posted together with the respective envelopes to the Post-Master. The Post-Master must ensure that cheques in the envelopes agree with the schedule before signing the schedule and returning it to the *accounts officer*.

Cash Payment

- 4.5.7. Only employees located in Suva may opt to be paid their salary in cash. This is subject to approval from the *Accounting Head* who shall only approve such payments if a satisfactory explanation is received from the employee.
- 4.5.8. A cash cheque shall be made payable to the Chief Executive Officer for such payments.
- 4.5.9. The *accounts officer* (*who must not also be the officer who prepares input forms*) must ensure that the salary cheque is endorsed by the *Accounting Head* and must take it to the bank for encashing.
- 4.5.10. The *accounts officer* shall place the cash salary together with the salary advice in envelopes addressed to the payees. The *accounts supervisor* must count the cash and verify it against the advice slips before it is placed in the envelopes.
- 4.5.11. The *accounts officer* shall prepare a cash payments schedule that records the following information:
- i. name of payee and date of payment;
 - ii. amount issued to each payee.
- 4.5.12. Employees must show proper identification and sign the schedule upon collection of their salaries. The payment must be witnessed by two officers who must also sign the schedule to acknowledge they have checked the identity of the payee.

Direct Deposits

4.5.13. The Ministry of Finance is responsible for salary payments made by direct deposits into each employee's bank account.

Manual Payments

4.5.14. No manual payment of salary is permitted except on first appointment or upon written approval from the *Accounting Head*.

4.5.15. A manual payment shall be effected through the agency's Drawings Account.

4.5.16. The *salaries officer* shall record the manual payment on the appropriate input form. The form shall be used to update the payroll records in the automated payroll system to ensure that an employee's true earnings are reflected at the end of the year.

4.5.17. The input form must be checked and signed by the *Head of Salaries* before submission to the Ministry of Finance.

4.6 Reconciliation of Salary Payments

4.6.1. The officers authorised to collect payroll reports from the Ministry of Finance shall collect the payroll summary report on a fortnightly basis.

4.6.2. The payroll summary report contains salary details of employees such as employee name and EDP number, annual and fortnightly salary, allowances and deductions.

4.6.3. The report shall be handed to the *Head of Salaries* who is responsible for preparing the salary reconciliation. (*This officer must not be involved in the payment process or the preparation of input forms*).

4.6.4. The salary reconciliation must reconcile the difference between the previous fortnight payroll report and the current report, and must be prepared prior to each pay date.

4.6.5. The salary reconciliation shall be signed by the *Head of Salaries* and forwarded to the *Accounting Head* with a copy to the Ministry of Finance, within one week from the pay date.

4.7 Accounting for Salary Payments

Salary Payments & Deductions Made by Ministry of Finance

- 4.7.1. No salaries expenditure shall be debited until an advice has been received from the Ministry of Finance advising of the salary charges posted to the IDC account.
- 4.7.2. The *accounts supervisor* shall clear these charges by posting to the appropriate expenditure accounts.
- 4.7.3. Where charges are for payments to organisations through salary deductions, the relevant creditor account shall be credited. When actual payment is made to the organisation, the creditor account shall be debited.

Manual Payments & Deductions Controlled by the Agency

- 4.7.4. In the case of manual payments and deductions made by the agency, the expenditure and creditor accounts may be directly debited or credited respectively.

4.8 Salary Arrears/Allowances

- 4.8.1. Any payment of arrears of salary or allowance in respect of the current financial year shall be made with the next salary payment.
- 4.8.2. The salaries officer shall process such payments after preparing the appropriate input form.
- 4.8.3. If the Chief Accountant, Ministry of Finance has approved that a manual payment be made for arrears relating to the previous financial year, a salary voucher stating details of arrears to be paid shall be referred to the Fiji Islands Revenue and Customs Authority (Inland Revenue Service) to determine the tax to be deducted. The *Accounting Head* shall approve payments for arrears relating to the current year.
- 4.8.4. Once the tax value has been determined, payment shall be made in the normal manner.

4.9 Unclaimed Salary

- 4.9.1. The *accounts officer* shall receipt any unclaimed salary that is not paid out within forty-eight hours as specified in Finance Instruction 3.8.6.
- 4.9.2. Where the unclaimed salary is a system-generated cheque, it must be presented to the Chief Accountant, Ministry of Finance for endorsement before being receipted.
- 4.9.3. Where the unclaimed salary is the agency's drawings account cheque, the *Accounting Head* shall endorse it before receipting.

Register of Unclaimed Salaries

- 4.9.4. The *accounts officer* (*who must not also be the officer who prepares input forms*) shall record unclaimed salaries in an unclaimed salaries register. The register shall provide the following details:
- i. name of employee and EDP number;
 - ii. FNPF number;
 - iii. pay period for unclaimed salary;
 - iv. amount;
 - v. date, receipt number and amount (where salary is receipted to revenue);
 - vi. date, payment voucher number, amount and cheque number (where salary is paid to employee).
- 4.9.5. When the unclaimed salary is receipted, the *accounts officer* shall update the register.
- 4.9.6. Likewise, when the unclaimed salary is paid to the employee, the *accounts officer* shall record the relevant payment details in the register.

4.10 Reversal or Withholding of Salary

- 4.10.1. Where it becomes necessary to hold, cease or reverse an employee's salary, the *Head of Salaries* must immediately advise the Ministry of Finance in writing.
- 4.10.2. The *salaries officer* shall prepare the appropriate input form for ceasing or reversing salary payments as well as a journal voucher (in duplicate) to reverse or cease all deductions for that particular pay period.
- 4.10.3. Where deductions are controlled by the agency, the journal voucher need not be submitted to the Ministry of Finance.

- 4.10.4. The *Head of Salaries* shall submit the input form and journal voucher (except in the case above) to the Ministry of Finance.
- 4.10.5. For deductions controlled by the Ministry of Finance, the journal adjustment shall be credited to the agency's IDC account.
- 4.10.6. Once the Ministry of Finance advises of the credit that has been posted to the agency's IDC and returns the duplicate voucher, the *accounts supervisor* shall raise another journal voucher to clear the IDC account and credit the actual expenditure account.

4.11 Salary Reports

- 4.11.1. The *salaries officer* shall collect salary reports from the Ministry of Finance as and when they are required and on the dates set by the Ministry.
- 4.11.2. The reports to be collected include:
- i. pay summary reports;
 - ii. payrun allowance & deduction reports;
 - iii. allowance reports;
 - iv. status reports;
 - v. salary advice slips;
 - vi. P4-1 slips.
- 4.11.3. The *salaries officer* must verify all reports to be collected against a reports list provided by the Ministry of Finance.

Distribution of P4-1 Slips

- 4.11.4. The *salaries officer* must collect P4-1 slips from the Ministry of Finance.
- 4.11.5. After receiving the P4-1 slips, the *salaries officer* shall check the totals against the payment records and ensure that they are correct in all respects.
- 4.11.6. Each P4-1 slip shall be distributed as follows:
- i. original and duplicate to the employee;
 - ii. triplicate to the Fiji Islands Revenue and Customs Authority (Inland Revenue Service) with an attached summary sheet;
 - iii. quadruplicate to be filed in the employee's salary file.

4.12 Other Types of Payment

Gratuity Payments for Contracted Employees

- 4.12.1. At least one month before gratuity payments are due to be paid to contracted employees, the *salaries officer* must prepare payment vouchers for authorisation by the *Head of Salaries* and submission to the Ministry of Finance.
- 4.12.2. Any gratuity payment must be in accordance with the terms and conditions in the respective contract. A copy of the contract must be attached to the payment voucher.
- 4.12.3. Once the Ministry of Finance has prepared the gratuity cheque, the *accounts officer (who must not also be the officer who prepares input forms)* shall collect the cheque, P4 -1 slip and payment voucher. The *accounts officer* must ensure that the cheque corresponds to details on the payment voucher.

Schedule 1: Salary Reconciliation

The format for preparing a salary reconciliation is provided below. Increases may relate to promotions, acting allowances, overtime, etc. whereas decreases generally relate to terminations, cessations of allowances, etc.

MINISTRY OF FINANCE		
SALARY RECONCILIATION FOR PAY 22/04,		
14/10/03 – 28/10/03		
Number brought forward:	
Opening balance:		\$.....
Add: Increases	Amount	
	\$.....
Number:	
Less: <u>Decreases</u>	<u>Amount</u>	
	\$.....
Number:	
Closing balance as per main salary sheet		\$
Number carried forward:	
<p>“This is to certify that the salary payment made in pay 22/04 and paid to the employees of this Ministry/Department is correct in all respects”</p>		
Total number of employees as per approved establishment:	yyy	
Total number of employees as per payroll for pay 22/04:	zzz	
Prepared by :.....		Checked by :.....
(Name & Designation)		(Name & Designation)

WAGES

4.13 Appointments

- 4.13.1. The *Administration Manager* shall provide a letter of appointment for all new wages employees.
- 4.13.2. The appointment letter shall provide the following minimum information:
- i. date of appointment;
 - ii. job title and location;
 - iii. duration of employment;
 - iv. rate of pay, FNPF number and other relevant personal details.
- 4.13.3. The employee's FNPF number shall be his/her employment number during the term of employment.
- 4.13.4. Copies of the appointment letter shall be distributed as follows:
- i. original to the wages section for recording and payment purposes;
 - ii. duplicate to the employing section for preparation of timesheets, clock cards, etc.;
 - iii. triplicate to the personnel section for opening a personal file;
 - iv. quadruplicate to the employee.

4.14 Processing of Wages Payment

Calculation of Weekly Wages

- 4.14.1. The *supervising officer* for wage employees shall collect employee timecards at the end of each pay period and shall prepare timesheets through the transfer and adding of the normal hours and overtime hours worked.
- 4.14.2. The timesheet must also provide details on any other job the employee may have worked on within the week.
- 4.14.3. The timecards and timesheets shall be checked for accuracy and signed by the *supervising officer* for wage employees before transferring to the Wages Section for processing payment.
- 4.14.4. Wages shall be paid on a weekly basis and computed by multiplying the hours an employee has worked in a week by the hourly rate of pay.

Preparation of Input Forms

- 4.14.5. To add employees onto the automated payroll system, the *wages officer* shall prepare appropriate input forms.
- 4.14.6. Different input forms (specified by the Ministry of Finance) shall be used in each of the following instances:
- i. to create an employee's master-file record and make any subsequent changes to the master-file;
 - ii. inputting any manual payments made or reversing an employee's wages;
 - iii. for various allowances and deductions;
 - iv. to enter normal hours, overtime hours and one-off allowances and deductions.
- 4.14.7. To process the normal weekly wages, the *wages officer* shall transfer data from the supervisor's timesheet into the appropriate input form (the Timesheet Data Entry Form).
- 4.14.8. All input forms must be signed by the *wages officer* and checked and signed by the *Head of Salaries*
- 4.14.9. The *wages officer* shall record all batched input forms in a batch register. The register shall record:
- i. number of batches to be submitted to the Ministry of Finance;
 - ii. the batch number (each batch shall be numbered in sequential order beginning from 001 to 999 before recommencing with 001);
 - iii. the value of each batch.

Data-Entry into the Automated Payroll System

- 4.14.10. The *wages officer* must submit batched forms to the Ministry of Finance for processing within the timeframes specified by the Ministry.
- 4.14.11. Where access is granted to the agency to enter data directly into the payroll system, the *wages officer* shall hand the batched forms to the *data -entry clerk* to enter details into the system.
- 4.14.12. All data-entry must be completed within the timeframes set by the Ministry of Finance.

Reconciling Edit Reports

- 4.14.13. Edit reports will be printed after completion of data-entry and collected by the *wages officer*.

- 4.14.14. The *wages officer* must ensure that details in the edit report corresponds to details in the input forms.
- 4.14.15. The *wages officer* shall correct any errors by raising new input forms. The *Head of Salaries* must check the corrections before they are loaded into the payroll system.
- 4.14.16. The *wages officer* must file all processed input forms into the appropriate wages files.

4.15 Printing of Wages Report

- 4.15.1. A wages report shall be printed for each pay period. This report provides information on pay particulars for that pay period.
- 4.15.2. Payment shall be made once the wages report has been printed.

4.16 Form of Payment

Preparation of Wages Payment Voucher

- 4.16.1. The *wages officer* shall prepare a payment voucher for payment of wages. Deductions for tax, FNPF, union fees, etc. shall also be shown on the voucher.
- 4.16.2. Deductions shall be credited to the respective creditor accounts until payment is made to the appropriate organisation.
- 4.16.3. Applicable commission or service fees shall be credited to the appropriate revenue account.

Cash Payment

- 4.16.4. All payment of wages shall be made from the agency's Drawings Account.
- 4.16.5. For wages employees that are paid wages in cash, the *wages officer* shall prepare a summary payment voucher totalling each employee's pay. Cash payment schedules listing each employee's name, FNPF number and pay details shall be attached to the summary voucher.

- 4.16.6. The *accounts officer* (who must not also be the officer who prepares *input forms*) must ensure that the wages cheque is endorsed by the Accounting Head and taken to the bank for encashing.
- 4.16.7. The *accounts officer* shall pack the cash and cash payment schedule into pre-printed pay envelopes. These envelopes state the net amount that should be packed in each envelope.
- 4.16.8. The packed pay envelopes shall be counted and verified to the wages report by the *accounts supervisor*.
- 4.16.9. Upon receiving payment, the payee must sign the cash payments schedule. The payee may count his/her cash payment before signing the schedule.

Cheque Payment

- 4.16.10. Payees paid by cheque must sign a Cheque Payments Schedule upon collection.
- 4.16.11. The *accounts supervisor* shall pack the cheque and schedule into pre-printed pay envelopes that must be counted and verified to the wages report.

Manual Payment

- 4.16.12. No manual payment is permitted except on first appointment or upon written approval from the *Accounting Head*.
- 4.16.13. The *wages officer* shall, after payment has been made, record the payment on the appropriate input form. The input form shall be used to update the payroll records into the automated payroll system to ensure that an employee's true earnings is reflected at the end of the year.
- 4.16.14. The *wages supervisor* shall check and sign the input form before submission to the Ministry of Finance.

Payment by Direct Bank Deposit

- 4.16.15. Where employees are paid through their bank accounts, a direct credit schedule shall be printed from the payroll system.

- 4.16.16. The schedule includes details relating to:
- i. employee's name and FNPF number;
 - ii. bank account number;
 - iii. net wages.
- 4.16.17. The *accounts officer* shall prepare a cheque for each bank according to the details on the schedule and for any applicable bank transaction fees.
- 4.16.18. The accounts officer must deposit the cheques on time at the respective banks to ensure that employees receive their wages on the pay date.
- 4.16.19. The cheques shall be lodged at the banks together with the direct credit schedule. The duplicate must be stamped and signed by the bank clerk before it is returned to the office and filed by the *accounts officer*.
- 4.16.20. The Ministry of Finance will provide the respective banks with a soft copy of the direct credit schedules and a summarised hard copy showing expected lodgements from the agency.

4.17 Distribution of Cash or Cheque Payments

- 4.17.1. Employees paid by cash or cheque must provide proper identification when collecting their wages. In case of doubt, the *supervising officer* must identify their employees.
- 4.17.2. *Supervising officers* may issue pay identification cards for each wage employee who must hand it to the *accounts officer*. The pay card shall state the FNPF number of the employee and be signed by the *supervising officer*.

Reconciliation of Pay Envelopes

- 4.17.3. The *wages officer* shall, at the end of the payday, hand any unclaimed pay envelopes, and pay cards to the *wages supervisor*.
- 4.17.4. The *wages supervisor* must ensure that the total of the pay cards collected and the remaining pay envelopes agree to the total number shown on the cash and cheque payments schedule.

Lost Pay Envelopes

- 4.17.5. If a pay envelope for distribution is lost, the *wages officer* must submit a loss report to the *wages supervisor* and the *Accounting Head*.

4.17.6. If a crime is suspected, the Police shall be informed.

4.17.7. Losses must be treated in accordance with Part 8 of the Finance Instructions.

4.17.8. A replacement cheque may be issued to the payee concerned after a 'stop notice' has been issued to the bank. The original cheque shall be cancelled and the expenditure transaction reversed.

4.18 Accounting for Wages Payments

4.18.1. At the end of each week, the *accounts officer* shall post wages payments and deductions into the General Ledger from the wages payment vouchers.

4.18.2. Journal vouchers may be raised for posting where the number of transactions and allocations are significant.

4.18.3. Wages shall be posted to the appropriate expenditure account. Deductions shall be posted to the relevant creditors account until payment is made to the respective organisations.

4.19 Unclaimed Wages

4.19.1. Any unclaimed wages not paid out within forty-eight hours as specified in Finance Instruction 3.8.6, shall be receipted and banked.

4.19.2. Where the unclaimed wages is a cheque payable to the employee, the *Accounting Head* shall endorse it before receipting.

4.19.3. The *accounts officer* shall record unclaimed wages in an unclaimed wages register. The register shall provide the following details:

- i. name of employee and FNPF number;
- ii. pay period for unclaimed wages;
- iii. amount;
- iv. date, receipt number and amount (where wages is receipted to revenue);
- v. date, payment voucher number, amount and cheque number (where wages is paid to employee).

4.19.4. When unclaimed wages are receipted and banked, the *accounts officer* shall update the unclaimed wages register to reflect relevant details.

4.19.5. Likewise, when unclaimed wages are paid to an employee, the *accounts officer* shall record relevant payment details shall be recorded in the register.

4.20 Reversal or Withholding of Wages

4.20.1. For reversal or withholding of wages, the same procedures shall be followed as outlined under Section 4.10.

Wages Reports

4.20.2. The *wages officer* must collect wages reports from the Ministry of Finance as and when required (*unless they can be printed from the agency*).

4.20.3. The wages reports to be collected include:

- i. pay summary reports;
- ii. job cost analysis reports;
- iii. payment schedules;
- iv. status reports;
- v. P4-1 slips.

4.20.4. The *wages officer* must verify the reports against a reports list provided by the Ministry of Finance (*or kept by the agency*).

Distribution of P4-1 Slips

4.20.5. After receiving the P4-1 slips, the *wages officer* must check the totals against payment records and ensure that they are correct in all respects.

4.20.6. The *wages officer* shall distribute the P4-1 slips as follows:

- i. original and duplicate to the employee;
- ii. triplicate to the Fiji Islands Revenue and Customs Authority (Inland Revenue Service) with an attached summary sheet;
- iii. quadruplicate to be filed in the employee's salary file.

PART 5: REVENUE MANAGEMENT

The following procedures have been put in place to maintain an appropriate level of control in the receipt of monies.

The policies and procedures in this Part assign particular responsibilities to:

- the CEO and Deputy CEO;
- the *Accounting Head*;
- the *accounts supervisor*;
- *revenue collectors*;
- *mail opening officers*;
- *banking officers*;
- the *safekeeper*;
- the *accounts officer*.

5.1 Authority to Collect Revenue

5.1.1. Where officers are authorised to collect revenue (*revenue collectors*), the *Accounting Head* must provide them with a letter of appointment as evidence of authority. The letter of appointment shall include a copy of the procedures in this manual that are applicable to them.

5.1.2. One copy of the signed letter should be retained by the *revenue collector* and the other copy filed by the *Accounting Head*.

5.1.3. The *Accounting Head* shall forward a list of all appointed *revenue collectors* and any changes to the list, to the Chief Accountant, Ministry of Finance within one week of the appointment or change.

5.2 Distribution of Receipt Books & Other Revenue Earning Forms

5.2.1. All requests for receipt books and other revenue earning forms shall be submitted using the appropriate requisition forms.

5.2.2. All requests to the Chief Accountant, Ministry of Finance for receipt books should not exceed 3 months requirements.

Requests to Chief Accountant

5.2.3. The *Accounting Head* (or other specified officer who is not responsible for collecting money) is responsible for issuing requisitions to the Chief Accountant, Ministry of Finance and for maintaining the stock register. The *Accounting Head* must sign the requisition form and retain one copy.

- 5.2.4. When the receipt books are received from the Chief Accountant, two copies of an acknowledgement receipt will accompany it. The acknowledgement receipt outlines details of the stock issued.
- 5.2.5. The original acknowledgement receipt must be signed by the *Accounting Head* and returned to the Chief Accountant. Before signing the receipt, the *Accounting Head* must physically check that the stock received corresponds to the amount stated on the receipt.

Recording of Receipt Books Received

- 5.2.6. The *Accounting Head* shall immediately enter details of the stock received into the stock register.
- 5.2.7. The stock register shall state:
- i. the date the receipt books are received;
 - ii. the amount of books received;
 - iii. the serial numbers of receipt books received;
 - iv. the type of receipt books received.
- 5.2.8. The duplicate acknowledgement receipt shall be kept with the stock register.
- 5.2.9. Under no circumstance should receipt books be transferred to another agency unless the Chief Accountant has approved such a transfer. Relevant details of receipt books to be transferred must be provided to the Chief Accountant.

Distribution & Recording of Receipt Books to Revenue Collectors

- 5.2.10. The *Accounting Head* shall maintain a distribution register recording all receipt books and other revenue earning forms issued to *revenue collectors*
- 5.2.11. The distribution register shall record:
- i. serial numbers of receipt books issued to each revenue collector;
 - ii. type of receipt books or forms held by each collector;
 - iii. date when stock issued to each collector.
 - iv. first and last receipt number issued per day.
- 5.2.12. Receipt books must be issued in sequential order.
- 5.2.13. When new stock is issued to *revenue collectors*, the *Accounting Head* shall enter details of issued stock on the appropriate acknowledgement receipt form.
- 5.2.14. The original and duplicate receipts are to accompany the issued receipt books. The *Accounting Head* will retain the triplicate. After checking that all stock has been received, the *revenue collector* will sign the acknowledgement receipts and return the original to the *Accounting Head*.

5.2.15. The original receipt shall be kept with the distribution register. The *Accounting Head* must reconcile the distribution register to the stock register at least once a quarter to ensure that sufficient stock is available.

5.2.16. The *revenue collector* must also maintain a stock register. The stock register shall contain a record of:

- i. receipt books and other forms received from the *Accounting Head*;
- ii. date when stock received;
- iii. serial numbers for issued stock;
- iv. acknowledgement receipt number.

5.2.17. The duplicate acknowledgement receipts shall be kept with the *revenue collector's* stock register.

Transfer of Receipt Books Between Revenue Collectors

5.2.18. Under no circumstance shall any receipt book be transferred between *revenue collectors* unless the *Accounting Head* has given approval.

5.2.19. The *Accounting Head* shall update the distribution register accordingly.

5.2.20. Similarly, the *revenue collector* must update his/her stock register.

5.3 Receiving Revenue

Revenue Received Over the Counter

5.3.1. When cash or bank cheques are received, the *revenue collector* shall immediately issue an official receipt.

5.3.2. The *revenue collector* must enter relevant details specified on the receipt before signing it. Carbon copies of the receipt should be checked to ensure that details on the original receipt are also legible on these copies.

5.3.3. No amendments shall be made to the carbon copies.

5.3.4. The original receipt should be detached from the receipt book and issued to the payer. The *revenue collector* shall retain the book copy and attach the duplicate receipt to the cashbook.

5.3.5. If a receipt is spoilt, it shall be marked "cancelled" and retained in the receipt book.

Revenue Received Through the Mail

5.3.6. Two *mail opening officers* should be present at all times when official mail is opened.

- 5.3.7. The *mail opening officers* must immediately record any cash or other forms of money received, in a cheque register. The register shall contain the following information:
- i. date mail received;
 - ii. name of payee, address and amount received;
 - iii. form of money received i.e. whether cheque, cash or money order;
 - iv. date of receipt and receipt number issued for each payment received.
- 5.3.8. Immediately after completing the mail opening, the *mail opening officers* shall submit the money received and the cheque register to the *revenue collector*.
- 5.3.9. The *revenue collector* shall verify each entry in the register against the money received before issuing a receipt and noting receipt details in the register.
- 5.3.10. The cheque register and original receipts will be returned to the *mail opening officers* who will then despatch the original receipts to each payer.

Revenue Received by Third Parties

- 5.3.11. Where revenue is received on behalf of another agency, the *Accounting Head* shall inform the responsible agency through the appropriate advice form within one week of collection.
- 5.3.12. After receiving the advice form, the *Accounting Head* shall make the necessary entries to the revenue accounts.

Receiving Official Gifts

- 5.3.13. A gift received by an officer in his/her official capacity or donated to the agency must be recorded in a gift register to be maintained by the *Deputy CEO*.
- 5.3.14. Details to be recorded in the gift register include:
- i. description of gift and date gift received;
 - ii. agency or person gift received from;
 - iii. any conditions attached to gift;
 - iv. cost price or fair value where possible.
- 5.3.15. Where the gift is in the form of property or equipment and meets the criteria for an agency asset, it shall also be included in the asset register.
- 5.3.16. Where the gift is in the form of money, it shall be paid into the Consolidated Fund as revenue unless gift conditions specify that the money should be held in a trust account and used for a specific purpose.

5.4 Daily Banking

- 5.4.1. The *banking officer* shall bank money received on a daily basis at least. The lodgement form shall be prepared in triplicate detailing the deposits to be made.
- 5.4.2. The lodgement forms shall be checked and signed by the *accounts supervisor* (*who must **not** also be responsible for collecting revenue*). Cash to be deposited shall be counted before the *accounts supervisor* signs the lodgement forms.
- 5.4.3. When the *banking officer* lodges the deposit with the bank, the bank will acknowledge receipt of monies by stamping and signing each lodgement form. The bank will retain one copy and return the other two.
- 5.4.4. The *revenue collector* shall keep one lodgement form and attach the other form to the cashbook.
- 5.4.5. If it is not practical to bank money daily i.e. if banking facilities are not accessible or money received is less than \$50, money may be kept overnight, but it must be kept under lock and key in a safe or strong box.
- 5.4.6. The *safekeeper*, in the presence of the *revenue collector*, should count the money on hand before entering the amount into the safe register. Money shall only be removed from the safe when the banking will be done. The *safekeeper* and *revenue collector* must sign the safe register when cash is removed from the safe.
- 5.4.7. Revenue cash collections must not be mixed with petty cash.

5.5 Accounting for Revenue

- 5.5.1. The *revenue collector* shall maintain a cashbook in which he/she shall enter on a daily basis the following details:
 - i. date of receiving cash or cheques and name of payer;
 - ii. receipt number and amount received;
 - iii. revenue account code.
- 5.5.2. The *revenue collector* must total the cashbook at the end of the day and give it to the *accounts supervisor* for checking. The *accounts supervisor* must sign the cashbook after checking the details in the cashbook against the issued receipts, money on hand and bank lodgement forms
- 5.5.3. After reconciling details in the cashbooks, the *accounts supervisor* shall submit the cashbooks, duplicate receipts and lodgement forms to the *data entry clerk* for posting into the General Ledger.

Posting into the General Ledger System

- 5.5.4. The *accounts officer* shall prepare a journal voucher or journal entry input form before posting revenue transactions into the general ledger. The journal voucher for an adjustment should outline:
- i. reason for raising adjustments;
 - ii. the accounts that should be debited and credited;
 - iii. the amount debited and credited to each account.
- 5.5.5. All journalised adjustments shall be sequentially numbered and dated to avoid double postings.
- 5.5.6. Each journal voucher or input form shall be checked by the *Accounting Head* who must ensure that:
- i. vouchers are adequately supported;
 - ii. dollar values are accurately computed;
 - iii. the correct account codes have been debited or credited.
- 5.5.7. Where revenue is collected on behalf of other agencies, the *accounts officer* raising the journal vouchers for posting shall also prepare an advice form informing the other agency of the collections received on their behalf.
- 5.5.8. The advice form will outline:
- i. receipt numbers, date of receipt and amounts collected;
 - ii. type of revenue that was collected.
- 5.5.9. The advice form together with the journal vouchers should be verified and signed by the *accounts supervisor*. Immediately after signing the advice form, the *accounts supervisor* must forward it to the agency concerned.

Monthly Revenue Reports

- 5.5.10. At the end of each month, the Accounting Head shall prepare a Statement of Revenue comparing the types of revenue collected during the month against the forecasted revenue. Explanations for variances between the actual and forecasted revenue must be obtained from the officers responsible for revenue collection.
- 5.5.11. The Revenue Statement shall be included as part of the monthly management report as specified in Part 17 of the Manual.
- 5.5.12. Within five working days of the Ministry of Finance issuing the monthly General Ledger Reports, the *Accounting Head* shall reconcile the revenue figures in the report to the Revenue Statement.

5.5.13. Similarly, the Inter-Departmental Clearance Account balances must be reconciled.

5.5.14. Where errors or discrepancies occur, the *Accounting Head* shall inform the Chief Accountant in writing within 7 days of receiving the GL reports.

5.6 Monitoring Revenue Collection

5.6.1. The *Accounting Head* shall maintain a revenue collectors' chart to monitor the regularity of revenue lodged by the *revenue collectors*

5.6.2. The chart will outline the following information:

- i. name & designation of each *revenue collector*;
- ii. the station where each *revenue collector* is based;
- iii. frequency of revenue submissions made to head office;
- iv. frequency of lodgements made to the bank.

5.6.3. The chart shall be used to ascertain those *revenue collectors* who make irregular lodgements or have neglected to do so. The *Accounting Head* shall follow up with such officers and take steps to ensure immediate payments are received and that subsequent delays do not occur.

5.7 Refunding Revenue

5.7.1. If a situation arises where revenue needs to be refunded, the *revenue officer (or other responsible officer)* shall immediately notify the *Accounting Head* in writing. Details to be included are as follows:

- i. amount of revenue to be refunded;
- ii. circumstances necessitating the refund;
- iii. receipt number, date, payer and revenue allocation code charged;
- iv. date of lodgement.

5.7.2. All relevant documents such as the original receipt and a copy of the lodgement form should be forwarded to the *Accounting Head*.

5.7.3. The *Accounting Head* may direct the *accounts officer* to raise a payment voucher for refund of revenue outlining the details as in 5.7.1. If the amount has not yet been banked, the *Accounting Head* may approve instead that the receipt be cancelled and the amount refunded from collections. The original and duplicate receipts shall be marked "cancelled" and filed in order in the receipt book.

5.7.4. Where refunds are for the current year, the *Accounting Head* shall be the authorising officer. Where refunds are for the preceding year, the Chief Accountant shall be the authorising officer. A copy of the refund voucher must be forwarded the Chief Accountant for approval.

- 5.7.5. If a refund occurs for revenue collected in the current year, the revenue account code shall be debited with a corresponding credit to the “bank account”. If it is a refund of revenue collected in the previous year, the “Miscellaneous Refund” account shall be debited.

5.8 Maintenance of Receipt Books

Surplus or Obsolete Stock

- 5.8.1. If receipt books or other accounting forms become obsolete or are no longer required, they shall be returned to the *Accounting Head*, properly sealed.
- 5.8.2. A list of such items shall be prepared and certified in duplicate by the *revenue collector*. The *revenue collector* shall forward the original list together with the obsolete or surplus stock to the *Accounting Head* and retain the duplicate list.
- 5.8.3. The *Accounting Head* must forward the list and surplus stock to the Chief Accountant, Ministry of Finance together with a written statement stating that the agency no longer requires the stock.
- 5.8.4. Where returned stock is obsolete, it may be destroyed at the *Accounting Head's* discretion.

Damage or Loss of Receipt Books

- 5.8.5. If a *revenue collector* loses or damages receipt books or other revenue earning forms in his/her custody, the *Accounting Head* must immediately be informed in writing.
- 5.8.6. The Accounting Head shall make the appropriate changes to the stock register and distribution register and notify the Chief Accountant that the Treasury stock register should be amended.

Schedule 1: Journalising Revenue Transactions

The following are examples of how revenue may be accounted.

Situation 1: Accounting for Revenue Received

Department Posting Entries

DR IDC – Department
CR Appropriate Revenue Allocation
(accounting for revenue received)

Treasury Entries

DR Bank
CR IDC – Department
(adjusting for lodgements by the department and verified to the bank statement)

Situation 2: Revenue Received on Behalf of Other Departments

Department Posting Entries

DR IDC – Department
CR IDC – Other Department
(accounting for revenue received on behalf of other departments)

Other Department Entries

DR IDC – Other Department
CR Appropriate Revenue Allocation
(adjusting for revenue received by other department and posted to IDC)

Treasury Entries

DR Bank
CR IDC – Department
(adjusting for lodgements by the department and verified to the bank statement)

Situation 3: Where a Cheque Received as Revenue is Dishonoured

DR RFA – Dishonoured Cheque
CR Drawings Account
(to account for cheque received and dishonoured by the bank)

Situation 4: Refund of Revenue Received in Current Year

DR Revenue Allocation – Refund
CR Drawings Account
(to account for refund of revenue)

Situation 5: Refund of Revenue Received in Previous Years

Department Entries

DR IDC – Treasury
CR Drawings Account
(to account for refund of revenue received from previous years)

DR Miscellaneous Refund Expenditure
CR IDC Treasury
(to clear refund of revenue controlled by Treasury)

PART 6: TRADING & MANUFACTURING ACCOUNTS

Trading and manufacturing activities (TMAs) are operated on a semi-commercial basis to increase the returns that are realized from them and to provide goods, services or works more cost-effectively.

The policies and procedures in this Part assign particular responsibilities to:

- the *TMA Manager*;
- the *production supervisor*;
- the *TMA accounts officer*;
- the *Accounting Head*;
- the *stock-keeper*;
- the *credit officer*;
- the *sales officer*.

6.1 Preparing the Business Plan

- 6.1.1. Before the end of October each year, the *TMA Manager* shall prepare a draft business plan documenting the planned performance and profit target for the following year.
- 6.1.2. The *TMA Manager* shall make a presentation of the draft business plan to the CEO and senior management of the agency in the first week of November.
- 6.1.3. Upon endorsement of the business plan, the CEO shall submit a copy of the business plan to the Ministry of Finance by 30 November.
- 6.1.4. The *TMA Manager* shall be responsible for informing staff of the approved plan to ensure an understanding of what is required from them for achieving the targeted performance level.

6.2 Implementing the Business Plan

Purchase of Stock

- 6.2.1. The purchase of stock required for trading or manufacturing must be carried out in accordance with the procurement procedures in Part 2 of the Manual.
- 6.2.2. Similarly, all stock purchased must be recorded in an inventory register in accordance with inventory procedures in Part 8 of the Manual.

Work in Progress

- 6.2.3. The *production supervisor* must record all manufacturing jobs on a job record sheet. The job record sheet shall provide the following details:
- i. job number;
 - ii. type of work carried out;
 - iii. number of hours spent on job;
 - iv. materials used.
- 6.2.4. The job record sheet shall be prepared in duplicate. After completion of the job, the *production supervisor* shall sign the forms. The original form shall be forwarded to the *TMA accounts officer* for follow-up on payment while the other shall be retained by the *production supervisor*.
- 6.2.5. The *TMA accounts officer* must maintain up-to-date and accurate ledgers which record:
- i. administrative and overhead expenditures incurred in operating the TMA;
 - ii. inventory items bought, processed and sold;
 - iii. sales and debtors;
 - iv. creditors and commitments;
 - v. cash payments and receipts;
 - vi. property, plant & equipment values and depreciation costs.

6.3 Stocktaking

- 6.3.1. Two *stocktaking officers* (other than the stock-keeper) nominated by the *TMA Manager* shall conduct a stocktake on TMA stocks at least once a year.
- 6.3.2. The *stocktaking officers* must ensure that:
- i. stocks are properly stored;
 - ii. actual stock corresponds to supporting records;
 - iii. records are properly maintained and up to date.
- 6.3.3. The *stock-keeper* must be present when the *stocktaking officers* are verifying stock under his/her care.
- 6.3.4. The actual stock on hand shall be listed on the stocktake sheet. This sheet shall provide the following details:
- i. name of TMA and date of stocktake;
 - ii. identity and number of stock physically verified;
 - iii. cost price of verified stock.
- 6.3.5. Each stocktake sheet must be dated and certified by the *stocktaking officers*

- 6.3.6. Within 3 days after the end of the stocktake, the *stocktaking officers* must prepare and sign a stocktake report and submit it to the *TMA Manager*, with a copy to the *Accounting Head*. The report must outline:
- i. any discrepancies between actual stock and supporting records;
 - ii. whether any stock is obsolete or unserviceable;
 - iii. explanations from the *stock-keepers* if relevant.
- 6.3.7. The *TMA Manager* must submit any losses of stock for recovery or write-off action in accordance with Part 14 of the Manual

6.4 Sale of Goods or Services

- 6.4.1 Goods or services shall only be sold at the prices set out in the Schedule of Prices.
- 6.4.2 Any proposed changes in prices must be submitted through the Ministry of Finance to Cabinet for approval unless there is a revenue retention arrangement with the Minister for Finance.
- 6.4.3 If there is a revenue retention arrangement, fees may be increased in accordance with Finance Instruction 4.2.5.

Credit Policy

- 6.4.4 Where goods or services are sold on credit, the *credit officer* must ensure the customer meets the following criteria:
- i. provision of contact addresses;
 - ii. valid identification (as a representative of the company);
 - iii. no previous arrears;
 - iv. provision of guarantor or referees.
- 6.4.5 Credit information shall be kept and properly filed by the *credit officer*. Credit approval shall only be given by the *credit officer*.
- 6.4.6 For credit sales, the *sales officer* shall prepare a sales invoice and delivery docket (if delivery is required). The original invoice shall be handed to the purchaser and the copies retained.
- 6.4.7 For local sales, the credit period will be a maximum of 20 days from the issue of the sales invoice. For overseas sales, the *credit officer* may approve that the credit period be extended to 40 days.

6.4.8 The *credit officer* must maintain a debtors register and adhere to the debt recovery procedures in accordance with Part 9 of the Manual.

6.5 Monitoring Implementation of Business Plan

TMA Performance Report to CEO

6.5.1. A quarterly performance report shall be prepared and signed by the *TMA Manager* and submitted to the *Accounting Head* for inclusion into the quarterly management report to the CEO. A copy of the report shall also be forwarded to the Ministry of Finance.

6.5.2. The report shall provide the following information:

- i. TMA financial statements comprising of a trading and manufacturing account and profit & loss statement;
- ii. a comparison of performance to date with the business plan targets.

TMA Profits/Loss

6.5.3. After the close of each year, the *Accounting Head* shall transfer profits realized from the trading and manufacturing activity shall be transferred to the Consolidated Fund, unless there is a revenue retention arrangement with the Minister for Finance.

6.5.4. The *TMA Manager* shall submit any losses incurred for write-off each year in accordance with Part 14 of the Manual.

Audit of TMA Operations

6.5.5. *TMA accounts staff* must provide the necessary information requested during an audit of the TMA.

6.5.6. It is the responsibility of the *TMA Manager* to answer any queries that may arise from the auditor's Management Letter or Audit Report on the TMA.

TMA Annual Report

6.5.7. The TMA annual report shall be prepared by the *TMA manager* for inclusion into the agency's annual report. The report shall include:

- i. a copy of the audited TMA annual financial statements comprising a profit & loss statement and balance sheet;
- ii. actual performance compared to the business plan targets.

Schedule 1: TMA Annual Financial Statements

The TMA annual financial statements are in three parts; the Trading & Manufacturing Statement, Profit & Loss Statement and Balance Sheet.

Trading & Manufacturing Account for the year ended 31/12/00

	\$	\$
<u>Manufacturing Account</u>		
Raw Materials (1/1/00)	xxx	
Purchases	xxx	
	<u>xxx</u>	
Raw Materials (31/12/00)	(xxx)	
	<u> </u>	
Raw Materials Used		xxx
<u>Add</u> Work in Progress (1/1/00)		xxx
Direct Costs		
Direct Labour		xxx
Indirect Costs		
Factory Overheads	xxx	
Indirect Labour	<u>xxx</u>	
		xxx
<u>Less</u> Work in Progress (31/12/00)		(xxx)
		<u> </u>
Cost of Manufactured Goods Transferred to Trading A/C		xxx
		<u> </u>
<u>Trading Account</u>		
Sales		xxx
Stock of Finished Goods (1/1/00)	xxx	
<u>Add</u> Cost of Manufactured Goods	<u>xxx</u>	
	xxx	
<u>Less</u> Stock of Finished Goods (31/12/00)	(xxx)	
		xxx
Cost of Finished Goods Sold		xxx
		<u> </u>
Gross Profit/(Loss) Transferred to P&L A/C		xxx
		<u> </u>

TMA Profit & Loss Statement
for the year ended 31/12/00

	\$	\$
<u>Income</u>		
Gross Profit transferred from Trading A/c	xxx	
Other Revenue	xxx	
	<hr/>	
Total Income		xxx
<u>Expenses</u>		
Depreciation	xxx	
Administrative Costs	xxx	
	<hr/>	
Total Expenses		(xxx)
Net Profit/Loss		xxx
		<hr/> <hr/>

TMA Balance Sheet
for the year ended 31/12/00

	\$	\$	\$
<u>Equity</u>			
Net Profit/(Loss)			xxx
			<hr/>
TOTAL EQUITY			xxx
			<hr/> <hr/>
<u>Current Assets</u>			
Bank	xxx		
Inventories	xxx		
	<hr/>		
		xxx	
<u>Less: Current Liabilities</u>			
Accounts Payable		xxx	
		<hr/>	
Working Capital			xxx
<u>Non-Current Assets</u>			
Property & Equipment	xxx		
less Accumulated Depreciation	(xxx)	xxx	
	<hr/>	<hr/>	
<u>Less: Non-Current Liabilities</u>			
Others		—	
		<hr/>	
			xxx
TOTAL NET ASSETS			xxx
			<hr/> <hr/>

PART 7: CASH MANAGEMENT

Responsible cash management practices reduce the risk of losses through theft and fraud and also Government's borrowing costs. The following procedures ensure that effective internal controls are in place.

The policies and procedures in this Part assign particular responsibilities to:

- the *Accounting Head*;
- the *accounts supervisor*;
- the *safekeeper*;
- *revenue collectors*;
- *petty cash officers*;
- *Office Managers*;
- the *accounts officer*.

7.1 Safe Custody of Cash

7.1.1. All cash, cheques and documents of value shall be kept in a safe or strong room.

Responsibility for Safekeeping of Cash

7.1.2. The *safekeeper* and *revenue collectors* shall be responsible to the *Accounting Head* for the safekeeping of cash and other valuables.

7.1.3. The *safekeeper* shall be responsible for:

- i. keeping the safe key;
- ii. maintaining a safe register which is a record of all money and other valuables in the safe;
- iii. conducting a stocktake of items in the safe at least once every week.

7.1.4. The *safekeeper* shall be the only officer with access to the safe.

7.1.5. Safes shall be obtained from the Ministry of Finance using the appropriate requisition form. The original form shall be forwarded to the Ministry while the duplicate copy shall be retained.

7.1.6. Details of the delivered safe shall be recorded in a stock register, which shall outline the identification numbers of the safe and its location.

7.1.7. If a safe needs to be transferred to another agency, the *Accounting Head* must obtain approval from the Chief Accountant, Ministry of Finance before transfer.

Loss of a Key

- 7.1.8. The *safekeeper* shall be responsible for holding the safe key. Under no circumstance should any other officer make or hold a duplicate of the key.
- 7.1.9. If the *safekeeper* loses the safe key, he/she must immediately inform the *Accounting Head* who shall report the matter to the Chief Accountant.
- 7.1.10. The Chief Accountant will advise the *Accounting Head* of the cost of replacing the key, which the *safekeeper* must bear.

Record of Valuables in the Safe

- 7.1.11. The *safekeeper* shall maintain a safe register which should contain the following information:
- i. date and amount of cash/cheques deposited into or withdrawn from the safe;
 - ii. type of cash deposited, whether petty cash or revenue collection;
 - iii. date, cheque numbers and value of cheques in the safe;
 - iv. other valuables such as unused or partly-used receipt books or cheque books and their serial numbers.
- 7.1.12. At any time there is movement of money or other items in and out of the safe, the *safekeeper* shall conduct a physical stocktake of the items in the safe and reconcile them to the safe register.
- 7.1.13. Removal of any item from the safe shall be immediately noted in the safe register by the *safekeeper*.

Handing Over Responsibility for the Safe

- 7.1.14. Responsibility for the safe can only be handed over to another officer with the approval of the *Accounting Head (or Office Manager)*. Such officer shall assume all the responsibilities of the *safekeeper*.
- 7.1.15. The *safekeeper* shall prepare and sign a handing over statement on each occasion when responsibility is handed over. The statement shall outline what items are being handed over to the officer for safekeeping.
- 7.1.16. The officer shall verify each item on the list to the actual stock on hand. This must be done in the presence of the *safekeeper*.

7.1.17. After checking all the items, the officer shall sign the handing over statement, accept the safe key and assume responsibilities of the *safekeeper*.

7.1.18. A copy of the handing over statement shall be forwarded to the *Accounting Head (or Office Manager)*.

7.2 Cash Survey

Annual Board of Survey

7.2.1. The CEO shall appoint three officers to be part of a Board of Survey to conduct a physical stocktake of all money on hand and other stock held in safes.

7.2.2. If a selected officer is unable to serve on the Board, he/she must immediately inform the CEO.

7.2.3. *Safekeepers, revenue collectors, petty cash officers* or other officers handling cash must be present during the survey of cash or safe valuables under their charge.

7.2.4. If the survey takes more than one day, the Board shall seal the unverified portion of the stock. No officer apart from members of the Board shall open the seal.

7.2.5. If any discrepancies are found during the survey, the *Accounting Head* must provide the CEO with a written explanatory report and put in place measures to ensure that losses are recovered or written off.

Surprise Cash Counts

7.2.6. At each office at which money is collected, the *Office Manager* shall conduct a surprise cash count at least twice a year.

7.2.7. After cash or safe contents have been physically verified to cashbooks, receipts and other supporting documents, the *Office Manager* shall sign and date the cashbook and petty cash book and state whether the balance corresponds to the actual cash on hand.

7.2.8. Similarly, the *Office Manager* must sign and date the safe register balances after verifying the actual contents in the safe.

7.2.9. The *Office Manager* shall provide a report of the cash count to the *Accounting Head*, whether or not any discrepancies are detected.

7.3 Petty Cash

Approval to Hold Petty Cash

- 7.3.1. If it is necessary for an officer to hold petty cash for incidental payments, an application shall be made to the Chief Accountant.
- 7.3.2. The application shall be signed by the Accounting Head and shall provide details on:
- i. holding officer's name, designation and station;
 - ii. justification for the request;
 - iii. amount of petty cash requested.
- 7.3.3. The Accounting Head shall file all applications.
- 7.3.4. If the Chief Accountant has approved that petty cash be kept in a bank account, an account shall be opened in the official title of the *petty cash holder*. Chequebooks should be obtained from the bank concerned.
- 7.3.5. To open a new petty cash account, the *Accounting Head* shall direct the *accounts officer* to issue a cheque in the official title of the *petty cash officer*.
- 7.3.6. *Petty cash officers* must maintain a petty cash book and use the appropriate vouchers when making payments or replenishing funds.
- 7.3.7. If petty cash is held at the office, it must be kept in a safe or strong box. It is the responsibility of *petty cash officers* to safeguard money and records in their possession.
- 7.3.8. The *Accounting Head (or Office Manager)* must be notified when arrangements are made to hand over responsibility for keeping petty cash. Where notification has not been made, the officer handing over retains joint responsibility for any losses incurred during his/her absence.
- 7.3.9. When handing over, the *petty cash officer* shall prepare a handing over statement which sets out details of cash and vouchers handed over. The statement shall be signed and dated by the *petty cash officer* and certified correct by the officer taking over.

Making Payments

- 7.3.10. All payments made from petty cash must be authorised by the *petty cash holder* and supported by a petty cash voucher.

7.3.11. Immediately upon payment, all vouchers must be stamped “paid”.

7.3.12. The petty cash voucher shall provide the following details:

- i. name of payee and reason for payment;
- ii. expenditure account code;
- iii. voucher date and number.

7.3.14. The recipient must sign the voucher upon payment. The original voucher shall be given to the recipient and the duplicate retained by the *petty cash officer*.

7.3.15. The *petty cash officer* shall enter details of payments made into the cashbook and attach duplicate vouchers.

Replenishing the Imprest

7.3.16. It is the responsibility of the *petty cash officer* to ensure sufficient cash is available.

7.3.17. When the petty cash needs replenishing, the *petty cash officer* shall total the payments in the cashbook that have not been reimbursed and raise a reimbursement voucher.

7.3.18. The reimbursement voucher, a copy of the petty cashbook and duplicate petty cash vouchers shall be forwarded to the *Accounting Head*.

7.3.19. The *Accounting Head* must verify the correctness of payments made before approving the reimbursement voucher.

7.3.20. Once the reimbursement voucher has been approved and signed by the *Accounting Head*, the *accounts officer* shall prepare a reimbursement cheque and send it to the *petty cash officer* together with the signed reimbursement voucher.

7.3.21. Upon receiving the reimbursement cheque, the *petty cash officer* shall replenish the petty cash and update the cashbook accordingly.

7.3.22. The *accounts officer* shall post details of the reimbursement voucher to the relevant expenditure accounts.

Preparing Monthly Reconciliation

7.3.23. Where petty cash is kept in a bank account, a bank reconciliation statement shall be prepared on a monthly basis by the *petty cash officer* and submitted to the *Accounting Head* within 5 days of the end of the month.

7.3.24. The *Accounting Head* shall verify the balances of the petty cash book and bank statements and check the supporting vouchers before certifying and dating the bank reconciliation statement.

7.3.25. Within five days after the issue of the monthly General Ledger report by the Ministry of Finance, the *accounts officer* shall prepare a petty cash reconciliation to reconcile the petty cashbook balance to the General Ledger balance. The reconciliation must be forwarded to the Ministry of Finance by the date set by the Ministry.

Retiring Petty Cash

7.3.26. All *petty cash officers* must retire their petty cash before the end of the financial year i.e. by the first week of December.

7.3.27. Petty cash shall be retired by submitting the cashbook, petty cash vouchers and any cash on hand balance to the *accounts officer* for journalising.

7.3.28. If the *petty cash officer* is also a *revenue collector*, he/she may receipt such cash and record relevant details in the petty cashbook. A copy of the bank lodgement and receipt shall be submitted to the *Accounting Head* together with the petty cashbook and other vouchers.

7.4 Operating Bank Accounts

7.4.1. The *Accounting Head* shall keep an up-to-date file of the names, designations and signatures of officers authorised to operate bank accounts.

7.4.2. The *Accounting Head* shall only nominate such officers after obtaining the approval of the Chief Accountant.

7.4.3. The “Drawings Account” will be operated for all payments except for those payable from petty cash bank accounts, TMA bank accounts and trust bank accounts.

Banking Security

7.4.4. The *Accounting Head* must ensure that two officers make deposits or withdrawals at the bank.

7.4.5. Cash must be carried to the bank in a locked strong box.

7.4.6. The *Accounting Head* is responsible for arranging additional security measures such as a police escort, whenever cash deposits or withdrawals are significantly large.

Preparing Monthly Bank Reconciliations

7.4.7. The *accounts supervisor* shall prepare a bank reconciliation within 5 days of the end of the month.

7.4.8. Details of unpresented cheques and other reconciling items should be attached to the reconciliation statement.

7.4.9. Once the bank reconciliation is prepared, it should be signed and dated by the *accounts supervisor* and submitted to the *Accounting Head*.

7.4.10. The *Accounting Head* must verify balances in the bank reconciliation to the cashbook, bank statements, unpresented cheque list and the previous month's bank reconciliation before certifying it.

7.4.11. If required by the Ministry of Finance, a copy of the certified bank reconciliation shall be forwarded to the Ministry by the date specified by them.

Maintaining Cash Clearance Accounts

7.4.12. The *accounts supervisor* shall prepare a cash clearance (CCA) reconciliation for the drawings account each month within 5 days of the end of each month. The CCA reconciliation is prepared to reconcile the presented cheques in the drawings account to the amounts reimbursed from the relevant consolidated fund bank account.

7.4.13. When the monthly General Ledger report is issued from the Ministry of Finance, the *accounts supervisor* shall reconcile the relevant account balances to the CCA.

7.4.14. Details of any unreconciled items should be attached to the CCA reconciliation statement.

7.4.15. The CCA reconciliation statement shall be signed and dated by the *accounts supervisor* and certified by the *Accounting Head*.

7.4.16. The CCA reconciliation must be submitted to the Chief Accountant within the timeframe set by the Ministry of Finance.

7.5 Accounting for Cheques

Stale Cheques

7.5.1. If cheques remain in the unpresented cheque list for more than 3 months, the *Accounting Head* must attempt to locate the payees and have their cheques presented before they become stale.

7.5.2. The *Accounting Head* shall review the unpresented cheque list and determine whether a replacement cheque should be issued for cheques that are stale.

7.5.3. If a replacement cheque is not required, the *Accounting Head* shall clear the stale cheque using either of the two adjusting entries:

DR Drawings Account (or Bank ledger account)

CR Expenditure Account

(to clear cheques issued in the current year that have become stale)

DR Drawings Account (or Bank ledger account)

CR RFA – Recoveries of Overpayments in Previous Years

(to clear cheques issued from previous year that have become stale)

Replacement Cheques

7.5.4. If a replacement cheque is issued, the *accounts officer* shall prepare a payment voucher listing the following details:

- i. cheque number, amount and date of the cheque being replaced;
- ii. circumstances under which the replacement cheque is required.

7.5.5. The unpresented cheque number shall be cancelled from the unpresented cheque list with a note stating that it is being replaced. The replacement cheque number should be entered on the unpresented cheque list.

7.5.6. The number of the replacement cheque should also be entered in the cashbook with the amount omitted.

Lost or Destroyed Cheques

7.5.7. If a payee loses or destroys his/her cheque and requests for a replacement, the *Accounting Head* may authorise that a replacement cheque be issued after obtaining a Statutory Declaration.

7.5.8. If the *accounts officer* or any other officer loses a cheque, he/she must prepare a report to the *Accounting Head*. The matter shall be dealt with in accordance with Part 14 of the Manual.

Dishonoured Cheques

7.5.9. Where the bank dishonours a cheque, it shall be the responsibility of the *revenue collector (or other receiving officer)* to recover the amount of the cheque and the dishonour fee.

7.5.10. The *revenue collector* must provide the *Accounting Head* with an explanation in writing stating reasons for accepting the cheque and the attempts that have been made toward recovery.

7.5.11. If the *Accounting Head* finds that the cheque should not have been accepted because it was not properly completed or was a personal cheque, and that the amount cannot be recovered within 2 months of being dishonoured, the *Accounting Head* shall recommend that disciplinary or surcharge action be taken.

7.5.12. Surcharge action shall be initiated in accordance with Part 11 of the Finance Instructions.

7.5.13. To account for the dishonoured cheque, a journal voucher shall be raised adjusting the following accounts:

DR RFA – Dishonoured Cheques

CR Drawings Account

(to account for cheques received and dishonoured by the bank)

7.5.14. The dishonoured cheque shall not be returned to the payer until the amount can be recovered at which point, the following adjustment shall be made:

DR IDC – Department

CR RFA – Dishonoured Cheques

(to account for recovery of dishonoured cheque amount)

7.6 Cashflow Forecasting

7.6.1. At least one month before the start of the financial year, all Section Heads that control a budgetary allocation or revenue collection must submit a forecast of expenditure or revenue for the entire year to the *Accounting Head*. This information must be further broken down into monthly forecasts.

- 7.6.2. The *Accounting Head* is responsible for collating such information in the form specified in the Finance Instructions.
- 7.6.3. The *Accounting Head* must liaise closely with other Section Heads to ensure that the forecast information provided is reliable.
- 7.6.4. Regular analyses must be carried out between actual figures and forecasts. The analysis shall focus on:
- i. payment patterns and rate of collection for outstanding debts and revenue;
 - ii. availability of funds to meet outstanding commitments.
- 7.6.5. Any revisions to forecast information shall be submitted to the Ministry of Finance at least 2 working days before the start of the following week.

Schedule 1: Accounting for Petty Cash

Situation A: Approving Petty Cash

DR RFA – Imprest
CR Drawings Account
(to account for approved petty cash)

Situation B: Retiring Petty Cash (where there is a cash balance remaining)

Department Entries

DR IDC Department
CR RFA – Imprest
(to retire petty cash held during the year)

Treasury Entries

DR Bank Account
CR IDC Department
(to account for cash on hand balance lodged into the consolidated bank account)

Department Entries

DR Expenditure Account
CR RFA – Imprest
(to account for petty cash paid out)

Situation C: Retiring Petty Cash (where the petty cash is fully disbursed)

DR Expenditure Account
CR RFA - Imprest
(to retire petty cash held during the year)

Schedule 2: Bank Reconciliation Statement

The following example may be adopted or modified if required when preparing a bank reconciliation statement.

NAME OF ACCOUNT
Bank Reconciliation Statement for the month
of June 200x

	\$	\$
Balance as per bank statement		xxx
<u>Less:</u> Unpresented cheques	(xxx)	
Direct debits	<u>(xxx)</u>	(xxx)
<u>Add:</u> Lodgement not credited	xxx	
Bank charges/fees	<u>xxx</u>	xxx
Balance as per cash book*		<u>xxx</u>
Opening Balance as per GL		xxx
<i>Add:</i> Receipts		xxx
<i>Less:</i> Payments		(xxx)
Closing Balance as per GL*		<u>xxx</u>
*Closing Balance as per GL should agree to the cashbook balance.		

I certify that the above balances together with the attached details of balances are accurate and adequately supported.

Signed: _____ (Officer who prepares this statement)

Date:

The balances in this statement have been verified against supporting documents.

Signed: _____ (Supervising Officer)

Date:

Schedule 3: Handing Over Statement

A handing over statement should outline details of what is being handed over and may be set out in the following manner.

HANDING OVER STATEMENT	
The items listed below are handed over to (name & designation of officer) for safekeeping.	
<i>Safe lock and key</i>	
<i>Petty cash</i>	- \$xxx
<u>Revenue Collections</u>	
<i>Cash</i>	- \$xxx
<i>Cheques</i>	- \$xxx
<u>Unused Books</u>	
<i>Receipt Books</i>	- 0100-0200 (Serial number of books)
<i>Cheque Books</i>	- 0001-1000 (cheque book numbers)
<u>Other Valuables</u>	
These items have been verified by physical stocktake and reconciled to the safe register.	
_____ (Signature of officer handing over) (Date of hand over)	_____ (Signature of officer taking over) (Date of hand over)

PART 8: INVENTORY MANAGEMENT

Inventory purchasing, storage and recording should be efficiently managed to ensure that there is a sufficient level of inventories when needed, while minimising the cost of holding inventory and the risk of stock becoming obsolete or damaged.

The policies and procedures in this Part assign particular responsibilities to:

- the *Accounting Head*;
- the *storekeeper*;
- the *inventory bookkeeper*;
- *stocktake officers*.

8.1 Maintaining an Inventory Register

Purchasing Inventories

8.1.1. Inventory purchasing must be carried out in accordance with the *procurement procedures* in Part 2 of the Manual.

8.1.2. When inventory items are purchased, the *inventory bookkeeper* shall record them in the inventory register.

Recording Inventories

8.1.3. The *inventory bookkeeper* shall maintain the inventory register to record incoming and outgoing inventories. The inventory register shall provide the following information:

- i. date of acquisition and order number reference;
- ii. number of items received and cost price;
- iii. supplier details;
- iv. date of issue of inventory and nature of issue (for example, transfer or for processing);
- v. issue reference (authority such as requisition order);
- vi. quantity issued.

8.1.4. The *inventory bookkeeper* shall ensure that the register is kept up to date at all times.

Valuation of Inventories

8.1.5. Costs assigned to inventory items shall be determined using the '*first-in, first-out*' inventory costing method.

- 8.1.6. The *storekeeper* shall keep an inventory card for each inventory item to determine the value of items. Each card must provide the following details:
- i. date and description of each item purchased;
 - ii. quantity purchased and cost price;
 - iii. quantity sold and at which price;
 - iv. quantity remaining and price.

8.2 Storage of Inventories

- 8.2.1. Storage of inventories shall be the responsibility of the *storekeepers*. The *storekeeper* must ensure that:
- i. adequate storage space is available for incoming stock as and when required;
 - ii. storage facilities are properly secured;
 - iii. stocks are kept in an orderly manner allowing for safe access;
 - iv. stocks are handled with care and well stored so as to reduce the risk of damage;
 - v. quantity of stock is closely monitored to avoid excess holdings or shortages.
- 8.2.2. Access to the inventory stores shall be limited to the *storekeeper*. All other officers shall be restricted from entering storage facilities unless approval is granted by the *storekeeper*.

8.3 Inventory Stocktakes

- 8.3.1. The *Accounting Head* shall appoint two *stocktake officers*, one of whom is independent of the inventory function, to undertake a stocktake of all inventories at least once a year.
- 8.3.2. The *stocktake officers* shall count the stock and verify it to the inventory register. Details of the stocktake must be recorded on inventory stocktake sheets, which must be signed by the *stocktake officers* after completing the stocktake.
- 8.3.3. The *stocktake officers* shall prepare their stocktake report noting any surplus, damaged, obsolete or unaccounted stock and their recommendations.
- 8.3.4. The stocktake report shall be signed by the *stocktake officers* and submitted to the *Accounting Head* together with the stocktake sheets.
- 8.3.5. The inventory register shall be adjusted only after the *Accounting Head* has endorsed the recommendations and approval has been given for any write-offs or write-ons.

PART 9: ACCOUNTS RECEIVABLE

An accounts receivable (or debtor) generally arises after a sale of goods or services where payment is not immediately received. It is important to have in place a stringent credit policy and debt recovery procedures to counter the risk of losses from irrecoverable debts.

The policies and procedures in this Part assign particular responsibilities to:

- the *Deputy CEO*;
- the *Accounting Head*;
- the *credit officer*.

9.1 Register of Debtors

9.1.1. Goods or services shall only be provided on credit to a customer who has been approved by the *credit officer*.

9.1.2. A register of debtors shall be maintained to record details of people or organisations who have been approved to buy goods or services on credit from the agency.

9.1.3. The *credit officer* shall record the following information in the register:

- i. name of debtor and address;
- ii. date credit extended and name of *credit officer* approving credit;
- iii. description of goods or services to be supplied on credit;
- iv. credit terms extended;
- v. details of overdue amounts and recovery action taken.

9.1.4. The *credit officer* must ensure that the register is kept updated.

9.2 Recovery Measures

9.2.1. The *credit officer* must promptly follow up accounts that fall due. If recovery is unsuccessful after one month, the following actions shall be taken:

- i. no further credit shall be extended to the debtor;
- ii. a demand notice for payment shall be sent to the debtor after his/her debt has been overdue for more than one month;
- iii. if the account still remains unpaid after the first demand notice was issued, a final notice shall be issued demanding payment within fourteen days.

- 9.2.2. Within the first week of each month, the *credit officer* shall prepare a list of debts that are not yet due and that are overdue.
- 9.2.3. The list of debts shall also include recovery measures undertaken. The list must be forwarded to the *Accounting Head*.
- 9.2.4. If a final notice had been issued to one of the debtors listed, the *Accounting Head* may approve that the case be referred to the Solicitor General or the Small Claims Tribunal, after considering the cost implications and the probability of recovery.
- 9.2.5. The debtors register shall include details of cases handed to the Solicitor General or the Small Claims Tribunal. The register shall contain the following information:
- i. particulars of recovery action taken;
 - ii. date of referral to Solicitor General or Small Claims Tribunal;
 - iii. result of referral.
- 9.2.6. The *Accounting Head* shall take action to write-off irrecoverable debts in accordance with Part 14 of the Manual.

9.3 Reporting

- 9.3.1. The *Accounting Head* shall prepare a quarterly report on the level of outstanding and overdue debts.
- 9.3.2. This report shall be included in the quarterly management report to the CEO.
- 9.3.3. The report must outline:
- i. the amount outstanding but not yet due;
 - ii. the total for each overdue age category;
 - iii. name of each debtor within each age category;
 - iv. the recovery actions taken for each overdue debt.
- 9.3.4. The aging of overdue debts shall be within the following categories:

Not Due	Yet Overdue	Overdue	Overdue	Overdue	Overdue	Overdue
	0-3 months	4-6 months	7-12 months	1-2 years	Over 2 years	

PART 10: LOANS & ADVANCES

Loans or advances may be provided to staff to assist in carrying out their official duties or as part of their approved remuneration. The repayment of these advances must be actively pursued to reduce the risk of losses from irrecoverable debts.

The policies and procedures in this Part assign particular responsibilities to:

- the *Deputy CEO*;
- *travelling officers*;
- the *Accounting Head*;
- the *accounts supervisor & accounts officer*.

10.1 Travel Advances to Staff

Applying for an Advance

10.1.1. Officers travelling to outer stations or overseas for official purposes (*travelling officers*) may apply for a travel advance.

10.1.2. The CEO or *Deputy CEO* shall approve all overseas travel advances.

10.1.3. The *Accounting Head* shall approve all local travel advances.

10.1.4. When applying for a travel advance, the *travelling officer* must provide the following information:

- i. travel itinerary;
- ii. estimated costs of travel including accommodation and meals;
- iii. purpose of travel & officer who approved the travel.

10.1.5. The *travelling officer* shall attach supporting documents (for example, airfare quotes, hotel rates, etc.) to the application.

10.1.6. A travel advance for an officer will not be approved if he/she had taken an earlier advance and it has not yet been cleared.

Accounting for Advance

10.1.7. Once approval has been obtained, the application shall be sent to the *accounts officer* for processing of the advance payment in accordance with *payment procedures* in Part 2 of the Manual.

10.1.8. The payment voucher shall include a signed statement from the *Accounting Head* requesting the *travelling officer* to submit an acquittal together with supporting documents within seven days after returning from travel.

10.1.9. The travel advance shall be charged to the advances account until cleared through submission of the acquittals.

10.1.10. The *accounts officer* must also record the travel advance in the debtors register in accordance with Part 9 of the Manual.

Recouping Advance

10.1.11. A *travelling officer* shall recoup the travel advance within seven days of completing travel by submission of an acquittal report with supporting documents.

10.1.12. If an advance has not been fully expended, the *travelling officer* must repay the balance within seven days of completing travel.

10.1.13. If actual expenses incurred were more than the advance, the *travelling officer* may be refunded the additional amount. The refund shall only be paid after supporting documents substantiating the additional expenses have been provided.

10.1.14. Where an advance has not been acquitted within seven days of travel, the *Accounting Head* shall effect recovery through a salary deduction after having obtained the approval of the *Deputy CEO*.

10.1.15. Upon clearance of the advance, the *accounts officer* shall update the debtors register, offset the advance account and debit the appropriate expenditure account.

10.2 Other Approved Loans

10.2.1. Where other loans are approved in accordance with Finance Instruction 6.5.2, securities for such loans shall be stored securely.

10.2.2. The *accounts supervisor* shall keep a register for these approved loans. The loans register shall include information on:

- i. purpose of loan and amount requested;
- ii. name of person seeking loan;
- iii. term of loan and nature of repayment;
- iv. bill of sale particulars;
- v. insurance policies including term of policy;
- vi. other forms of security provided.

10.2.2. Once the relevant details are included in the loans register, the *accounts supervisor* shall file all supporting documents in a secure place.

10.2.3. The *Accounting Head* shall examine the loans register at least once each quarter to ensure that the insurance and other security provided has not expired or become invalid during the period of the loan.

PART 11: PROPERTY, PLANT & EQUIPMENT

Physical assets provide a vital resource base that supports the delivery of outputs by the agency. Therefore it is important to ensure that:

- assets are safeguarded and properly maintained;
- assets are used for official purposes only;
- all assets held by the agency are used efficiently.

The policies and procedures in this Part assign particular responsibilities to:

- the *Deputy CEO*;
- the *Accounting Head*;
- *Office Managers*;
- the *accounts officer*.

11.1 Acquiring Physical Assets

11.1.1. Assets shall be purchased in accordance with *purchasing procedures* in Part 2 of the Manual.

11.1.2. The total cost price of an asset shall include all expenses relating to its purchase and may include costs necessary to have the asset ready for use (for example, installation costs).

11.1.3. All assets acquired with a cost in excess of \$2000, shall be recorded in a fixed assets register.

11.2 Recording of Assets

11.2.1. The *accounts officer* shall be responsible for maintaining the fixed assets register.

The fixed assets register shall provide the following details:

- i. date of acquisition (including if asset was acquired by transfer, gift or second-hand) and cost;
- ii. description;
- iii. serial number and model;
- iv. location;
- v. other relevant information (e.g. if asset is sold or written off).

11.2.2. The *accounts officer* must ensure that the fixed assets register is kept updated.

- 11.2.3. Expenditure to increase the capacity or extend the useful life of an asset shall be regarded as capital expenditure and the amount included in the fixed assets register against the original asset.
- 11.2.4. Repair and maintenance costs of a regular nature shall be treated as an expense and shall not add to the value of the asset.
- 11.2.5. The *accounts officer* shall record items valued at less than \$2000 but more than \$200, in an expendable items register. The register shall contain the following information:
- i. date of purchase (including if it was acquired by transfer, gift or second-hand);
 - ii. purchase reference number;
 - iii. description of items and quantity;
 - iv. disposal method (whether written off, sold, etc.) and reference number.
- 11.2.6. The *accounts officer* must ensure that the register is kept updated.
- 11.2.7. Expendable items must only be used for official purposes and is subject to stocktakes in the same manner as fixed assets.

11.3 Use of Fixed Assets

- 11.3.1. Fixed assets shall only be used for official purposes unless prior approval has been obtained from the *Deputy CEO*.
- 11.3.2. All staff operating or utilising any fixed asset under the care of the agency must ensure that they are aware of the safety procedures necessary to operate it.

11.4 Stocktake of Fixed Assets & Expendable Items

- 11.4.1. The Accounting Head shall nominate two *stocktake officers* to undertake an annual stocktake of fixed assets and expendable items at a specified date.
- 11.4.2. The *stocktake officers* shall physically identify each item, note its working condition and verify its existence to the fixed assets register and expendable items register. Details of the stocktake must be entered on the appropriate stocktake sheets and signed by the *stocktake officers*.
- 11.4.3. After the stocktake has been completed, the *stocktake officers* shall prepare and sign the stocktake report and submit it to the *Accounting Head*. The report shall include:
- i. any items that were unaccounted;
 - ii. damaged, obsolete or surplus items;
 - iii. other discrepancies;
 - iv. recommendations on fixed assets or expendable items that should be disposed off.

11.4.4. *Office Managers* who have custody of an asset at the time of the stocktake shall be responsible for responding to any issues raised in the report. If an asset has been lost while in the care of that officer, he/she shall take appropriate measures to recover the asset.

11.4.5. The *Office Manager* may be surcharged if found to be responsible for the loss of an asset.

11.4.6. The *accounts officer* shall update the fixed asset register after the *Accounting Head* has endorsed the recommendations of the stocktake report and after any necessary write-offs have been approved in accordance with Part 14 of the Manual.

11.5 Disposal of Fixed Assets

11.5.1. The *Deputy CEO* has authority to approve the disposal of any “agency asset” using approved disposal methods in Finance Instruction 6.7.10.

11.5.2. Where the written approval of the Ministry of Finance has been obtained, the *Deputy CEO* has authority to approve the disposal of any “state asset” using an approved disposal method in Finance Instruction 6.7.11.

11.5.3. The *accounts officer* shall update the fixed assets register to reflect assets that have been disposed of.

Sale of Assets

11.5.4. Where a fixed asset is to be disposed of by sale, the *Deputy CEO* shall determine which of the following methods of sale to use:

- i. public auction
- ii. trade-in
- iii. tender process
- iv. direct dealing

11.5.5. The *Deputy CEO* shall determine the most cost-effective method of sale taking into account factors such as the condition of the asset, its value and the likely number of potential buyers

11.5.6. A direct sale may only be made where the asset is valued at less than \$100.

11.5.7. For obsolete, partly damaged or deficient assets valued in excess of \$1,000, sale shall be by way of a public auction unless the *Deputy CEO* approves that a tender be used.

11.5.8. The public auction shall be organised by the Controller of Government Supplies. The *accounts officer* must provide the Controller with the list of items for sale, their cost price and their date of acquisition. The auctioneer shall be responsible for determining the minimum auction price for each item.

11.5.9. Assets sold by way of a tender process must be in accordance with the tender procedures outlined in Part 3 of the Finance Instructions and Part 2 of the Manual.

Transfer of Asset

11.5.10. An asset may be disposed of by transferring to another agency.

11.5.11. Before an asset is transferred, the *accounts officer* must ensure that there is a written agreement for transfer with the other agency.

Gift to Non-Government Organisation

11.5.12. Where the *Deputy CEO* has given written approval, assets may be given as a gift to a non-government organisation provided it contributes to the outcomes of government.

Disposal of Assets as Scrap

11.5.13. Assets that are damaged and cannot be used shall be disposed of as scrap once approval is obtained for their write-off in accordance with Part 14 of the Manual.

11.5.14. The destruction or dumping of such assets shall be carried out in a safe manner approved by the *Deputy CEO*.

Writing Off Losses of Assets

11.5.15. In cases where a loss of an asset occurs through theft, fraud or negligence, the asset may be written off.

11.5.16. Any loss or write off shall be dealt with in accordance with Part 14 of the Manual.

Schedule 1: Recording of Assets

Each agency is required to maintain an asset register for assets valued at \$2000 and above. Assets that are similar in nature may be grouped under a specific class of assets. Classes of assets are set out in the following table.

ASSET CLASS	DESCRIPTION
Furniture & Fittings	Conference Tables & Chairs Cupboards
Office Equipment	Computers Printers Photocopiers Audio-Visual Equipment
Plant & Machinery	Tractors Mechanical Equipment

The description in the asset register should include the total quantity of assets and where applicable, the individual and total cost.

Other items that cost less than \$2000 shall be recorded in an expendable items register.

On the following page is a sample of what an asset register may record. A similar format may be used for recording expendable items.

ASSET CLASS: OFFICE EQUIPMENT

DESCRIPTION OF ASSET

- 1 only HP Laserjet Printer 8150DN (list total quantity of asset)

ACQUISITION DETAILS

Date of acquisition: 25/10/2003 *(If asset acquired by other means, this should be noted in the register in this column)*

Purchase order #: 996502 Acquisition type: gift, transfer, trade-in

Supplier: Bondwell Fair value: where cost price cannot be determined

Invoice #: 2654

Cost price: \$2,500*

Serial #: 000219566687-02

**List individual cost price where applicable*

DISPOSAL DETAILS

(Fill in details where applicable)

Date of disposal:

Method of disposal: Sale price:
(gift, sale, transfer, scrap, write-off) Receipt #:

Condition of asset: Donated to:
(obsolete, serviceable but unused, etc.)* Approval reference:
(stocktake report date & reference #) Transferred to:
Approval reference:

**taken from the most recent stocktake report* Written off:
Approval reference:

PART 12: VEHICLES

The maintenance and replacement of government vehicles is a significant cost to Government. The behaviour of drivers, usage of vehicles for private purposes and lack of proper care all contributes to the cost of maintaining vehicles.

The policies and procedures in this Part assign particular responsibilities to:

- the *Deputy CEO*;
- the *Supervisor of Transport*;
- the *transport officer*;
- *drivers*;
- the *accounts officer*.

12.1 Responsibility for Overseeing Transport

12.1.1. It shall be the responsibility of the *Supervisor of Transport* to oversee all matters relating to vehicle usage.

12.1.2. The *Supervisor of Transport* must ensure that:

- i. vehicle records are properly maintained and up to date;
- ii. fuel & oil usage is closely monitored;
- iii. servicing of vehicles is regularly carried out;
- iv. vehicles are properly secured when parked or garaged;
- v. drivers understand vehicle procedures as outlined in this section;
- vi. reporting requirements are adhered to on time.

12.2 Authority to Drive

12.2.1. The *Deputy CEO* shall authorise an officer to drive government vehicles under the care of the agency by issuing them a letter of authority. The *Deputy CEO* shall notify the *Supervisor of Transport* of the names and designations of all such drivers. The *Supervisor of Transport* shall keep these authorisations in a file.

12.2.2. Under no circumstance shall the *Supervisor of Transport* permit unauthorised persons to drive any vehicle.

12.2.3. The letter of authority issued to authorised drivers must outline the following conditions:

- i. that drivers exercise proper care when driving;
- ii. that road rules are strictly adhered to;
- iii. that drivers licenses are kept current;
- iv. that procedures in the Finance Manual are complied with.

12.2.4. All drivers shall be responsible to the *Supervisor of Transport*, who shall recommend surcharge action where a loss is caused by a driver.

12.3 Use of Vehicles

Official Runs

12.3.1. Vehicles must only be used for official purposes unless approved in writing by the *Deputy CEO* or permitted under an officer's term of employment.

12.3.2. Any officer requiring transport for official purposes must inform the *transport officer*. It shall be the duty of the *transport officer* to make the necessary arrangements for transport.

12.3.3. Drivers are not allowed to transport any officer unless informed by the *transport officer*.

Driver's Running Sheets

12.3.4. Each driver must keep daily running sheets to record details of each run undertaken in any of the agency's vehicles. The running sheet shall document:

- i. vehicle registration number;
- ii. date and mileage at the start of the day;
- iii. runs during the day and reasons for each run;
- iv. arrival and departure times including mileage during each separate run;
- v. fuel details if vehicle is filled during the day.

12.3.5. Separate running sheets must be kept for each vehicle.

12.3.6. Before the start of each run, the driver shall enter onto the running sheet, the current mileage reading. This must also be done at the end of that run.

12.3.7. If the driver stops at various locations before returning to the office, details of each stop must also be entered onto the running sheet.

12.3.8. Where another driver uses the same vehicle, a separate running sheet for that vehicle shall be used to record the journey.

12.3.9. All drivers must ensure that their running sheets are properly filled in before signing and submitting them to the *Supervisor of Transport* at the end of the day. Vehicle keys must also be handed over to the *Supervisor*.

12.3.10. The *Supervisor of Transport* shall check the accuracy of all running sheets for the day and certify each sheet.

12.3.11. Running sheets for each vehicle must be kept in a separate file in chronological order.

Refill of Fuel for Vehicles

12.3.12. All vehicles must refill only at a Public Works fuel depot. It shall be the responsibility of drivers to ensure that vehicles have adequate fuel at all times.

12.3.13. Drivers shall complete fuel orders made on the appropriate fuel order form. The form shall provide the following details:

- i. date fuel ordered;
- ii. vehicle number and type of fuel ordered;
- iii. quantity of fuel ordered, cost and from which depot.

12.3.14. Separate fuel order forms must be used for each vehicle.

12.3.15. When a driver issues a fuel order, the original form shall be handed to the officer at the fuel depot. The duplicate shall be retained by the driver and handed to the *Supervisor of Transport* before the close of official business. Before handing over, the driver must ensure that relevant refill details are entered onto the running sheet.

12.3.16. The *accounts officer* shall enter details of the fuel order forms into a fuel order register. Once the fuel charges advice has been submitted by the Public Works Ministry, the cost shall be entered into the register against the relevant entry.

12.3.17. The *accounts officer* shall ensure that fuel order balances corresponds to the balances advised by the Public Works Ministry before processing the fuel charges.

Transport Officer's Logbook

12.3.18. The *Supervisor of Transport* shall keep separate logbooks for each of the vehicles under the agency's care. The logbooks shall provide details of:

- i. total mileage per day totalled up to each month;
- ii. the date, cost and location of repairs;
- iii. the date, cost and location of servicing;
- iv. fuel costs totalled each month;
- v. other maintenance costs.

12.3.19. When a driver's running sheet is handed to the *Supervisor of Transport* at the end of the day, the total mileage for the day will be recorded in the logbook.

12.3.20. At the end of each month, the *Supervisor of Transport* shall check the driver's running sheets and reconcile it to the monthly mileage summary in the logbook, before signing the summary.

12.3.21. If a vehicle is transferred to another agency, the logbook shall also be transferred.

12.4 Garaging of Vehicles

12.4.1. Drivers shall park vehicles at the agency's official garage or carpark at the end of each business day and at weekends.

12.4.2. The *Deputy CEO* shall notify the *Supervisor of Transport* in writing if the vehicle must be parked elsewhere for a specific duration. The *Deputy CEO* may also request that the vehicle keys be given to another officer for safekeeping during that period.

12.4.3. In such cases, the other officer must ensure that the vehicle is properly secured.

12.5 Maintenance of Vehicles

Servicing & General Repair Costs

12.5.1. The *Supervisor of Transport* must ensure that all vehicles are regularly serviced and properly maintained. Drivers must also ensure that vehicles are kept in a clean condition.

12.5.2. The *Supervisor of Transport* shall obtain at least three quotes for servicing or repair works. Once quotes have been obtained, the *Supervisor of Transport* shall submit a requisition to the *accounts supervisor* for approval to meet servicing or repair costs.

12.5.3. The *Supervisor* shall enter details of repairs or service costs in the relevant logbooks.

Unserviceable Vehicles

12.5.4. If a vehicle undergoing servicing or a 'Road Worthiness Test' is found to be unroad-worthy and uneconomic to repair, it may be disposed of through trade-in.

- 12.5.5. The *Supervisor of Transport* shall prepare a report on the unserviceable vehicle outlining the history of vehicle use, maintenance costs, results of the test or servicing and the estimated costs of replacing the vehicle.
- 12.5.6. This report must be submitted to the CEO together with the request for a new or replacement vehicle.
- 12.5.7. If the request for a new vehicle is approved and budgetary provision is available, a vehicle may be purchased through the normal procurement process.

12.6 Accidents Involving Vehicles

- 12.6.1. In the event of an accident involving a government vehicle, the driver must immediately report the accident to the Police and inform the *Supervisor of Transport*.
- 12.6.2. Details of the accident shall not be given anyone other than the Police or agency staff.
- 12.6.3. If permitted by the Police, the driver shall drive the vehicle to the official garage.
- 12.6.4. Within 24 hours after the accident, the driver shall prepare an accident report. The report must outline the following information;
- i. time and date of accident;
 - ii. driver's name and vehicle registration number;
 - iii. extent of damage and physical injuries suffered;
 - iv. description of how accident occurred;
 - v. details of other vehicle involved (as in i-iv above);
 - vi. names and contact addresses of witnesses;
 - vii. any other relevant information.
- 12.6.5. The accident report shall be submitted to the *Supervisor of Transport*. The *Supervisor* shall scrutinise the report, interview the driver and contact the other driver or witness if necessary, before recommending a course of action.
- 12.6.6. A copy of the accident report shall be submitted to the *Deputy CEO* who shall forward copies to the CEO, Ministry of Finance and the Solicitor General.

Penalties/Surcharging

- 12.6.7. A driver involved in an accident may be surcharged if the surcharging authority believes the driver was at fault.

12.6.8. The accident report, Police report (if available), Solicitor General's advice and the *Supervisor's* recommendations will all be taken into consideration by the surcharging authority before any surcharge is imposed.

12.6.9. If a surcharge is imposed, the driver shall be informed in writing. The Solicitor General shall also be notified of the surcharge action.

12.7 Vehicle Quarterly Reports

12.7.1. The *Supervisor of Transport* shall prepare a quarterly vehicle report on all agency vehicles. The vehicle report must be prepared no later than one week after the end of the quarter.

12.7.2. The vehicle report shall provide the following information:

- i. vehicle registration and model;
- ii. location of vehicle;
- iii. age of vehicle;
- iv. mileage at the beginning and end of the quarter;
- v. road worthiness certificate number and date;
- vi. accident dates and cost of repairs;
- vii. fuel and general maintenance costs;
- viii. any recommendations to improve cost-effectiveness.

12.7.3. The *Supervisor of Transport* must sign and date the vehicle report before forwarding it the *Accounting Head* for inclusion into the quarterly management report.

12.7.4. A copy of the report shall be forwarded to the Ministry of Finance no later than two weeks after the end of the quarter.

PART 13: LIABILITIES

Liabilities represent the amounts the agency owes and is expected to pay at some time in the future. It is important to be fully aware of commitments and the resources that will be required to settle these obligations in future. Funds need to be appropriately managed to enable liabilities to be paid on time.

The policies and procedures in this Part assign particular responsibilities to:

- the *Accounting Head*;
- the *payables officer*.

13.1 Accounts Payable

13.1.1. When invoices or claims for payments are received, the *payables officer* shall record details in an accounts payable ledger. The accounts payable ledger shall record all claims for payment except for procurement invoices, which shall be recorded in the commitment ledger.

13.1.2. The Accounts Payables Ledger shall have the following details:

- i. the date and invoice/claim reference number;
- ii. name of supplier or claimant;
- iii. the amount payable;
- iv. date amount paid;
- v. the payment/journal voucher number and cheque details;

13.1.3. At the end of each month, the *payables officer* shall review the accounts payable ledger to ensure that all invoices and claims do not become overdue.

13.1.4. A list of all invoices and other claims overdue for payment shall be prepared by the *payables officer* and included in a report to the *Accounting Head*. The report shall also set out reasons why the payments are overdue.

13.2 Employees Leave Entitlements

13.2.1. A proper record shall be maintained and updated for all employees' leave entitlement. This shall include employee cards or files to store information regarding leave entitlements and other personal information.

13.2.2. A separate register shall be kept for annual leave for each employee. The register shall record:

- i. dates and number of leave days taken;
- ii. the date leave becomes due;
- iii. balance of accumulated leave.

13.2.3. The register shall be regularly updated to ensure any changes to leave entitlements are recorded.

13.3 Leases

13.3.1. A cost-benefit analysis shall be carried out before entering into any lease arrangement.

13.3.2. The analysis must consider the:

- i. cost implications of entering into such an arrangement;
- ii. the benefits that may be derived from the lease;
- iii. the risks involved;
- iv. feasibility of applying other financing options.

13.3.3. Where leasing is the preferred option, a proposal outlining the conclusions found in the analysis report shall be submitted to the Ministry of Finance for approval.

13.3.4. All lease documents and records shall be properly kept. A lease register shall be maintained to record all relevant particulars of the lease arrangement.

13.4 Contingent Liabilities

13.4.1. The *Accounting Head* shall maintain a register of contingent liabilities in accordance with Finance Instruction 7.4.1.

13.4.2. Any contingent liability that arises must be promptly recorded in the register.

PART 14: LOSSES

Losses may occur as a result of a number of factors such as:

- normal wear and tear of assets;
- ineffective internal controls;
- uncontrollable circumstances e.g. weather conditions;
- wasteful and fraudulent activities.

The policies and procedures in this Part assign particular responsibilities to:

- the *Deputy CEO*;
- the *Accounting Head*;
- the *Office Manager*;
- the *losses officer*.

14.1 Incurring Losses

Loss Reports

- 14.1.1. Officers responsible for managing assets, revenue collection or cash shall prepare a loss report whenever a loss is incurred.
- 14.1.2. The loss report shall outline the nature of the loss, circumstances leading to it and recovery measures taken.
- 14.1.3. Any loss arising from theft or fraud shall be reported immediately to the Police. A copy of the report should also be provided to the Public Service Commission, Ministry of Finance & National Planning & Auditor General.
- 14.1.4. The *Office Manager* shall initiate an internal investigation when any loss over the value of \$50 occurs or if fraud or theft is suspected. An officer not connected with the area in which the loss occurred shall conduct the investigation.

Recording Losses in a Loss Register

- 14.1.5. A copy of the loss report must be submitted to the *losses officer* who shall record details of each loss in the Losses Register.
- 14.1.6. Where any loss recorded in the register is recovered or written-off, the *losses officer* shall update the register accordingly. The *losses officer* shall regularly follow up losses and recovery action with the relevant officers who shall supply copies of relevant documents.

Annual Losses Report

- 14.1.7. An annual losses statement shall be prepared by the *losses officer* for inclusion in the agency's annual financial statements as and when required by Finance Instruction 8.1.2.
- 14.1.8. The losses statement shall provide information on losses written-off during the financial year and the status of recoveries of losses.

14.2 Recovery Measures

- 14.2.1. Each *Director* of the area that has incurred a loss shall ensure that the following actions are taken where applicable, to recover losses:
- i. issue of reminder notices;
 - ii. legal action initiated by the Solicitor General's Office;
 - iii. repossessing items where applicable;
 - iv. investigations and recovery by the Police;
 - v. salary deductions for government officials;
 - vi. surcharging officers responsible for the loss.

Legal Action

- 14.2.2. The *Deputy CEO* shall approve any legal action to recover a loss. Before any legal action is taken, the practicality of pursuing this option together with legal costs must be weighed against the probability of success and the timeframes involved.

Repossessing Items

- 14.2.3. For secured loans overdue, the *losses officer* shall, with the approval of the *Deputy CEO*, effect recovery by repossessing items stated in the bill of sale or other security for the loan.
- 14.2.4. Recovery action shall be carried out in accordance with the loan agreement and other relevant documents.

Salary Deductions for Government Officers

- 14.2.5. Where losses arise from overpayments to government officers or overdue loan or advance repayments, the *Accounting Head* shall, with the approval of the *Deputy CEO* effect recovery through direct salary deduction. Officers must be informed of the overpayment and the rate of deduction from their salary before the deduction is carried out.

14.2.6. Where an officer is surcharged, the surcharge amount may be recovered through direct salary deductions.

Surcharging Officers Responsible for the Loss

14.2.7. The *Deputy CEO* shall propose to the Ministry of Finance the surcharging of officers responsible for a loss that cannot be recovered. Other recovery options must be taken into account before surcharging is proposed.

14.2.8. Surcharging shall be carried out in accordance with Part 11 of the Finance Instructions.

Writing off Losses

14.2.9. Writing off losses shall be considered after all practical and cost-effective recovery measures have been undertaken.

14.2.10. Where avenues of recovery have been exhausted, the relevant officer shall seek approval to write off losses, in accordance with the following delegations of authority:

Authority	Unserviceable Item (up to)	Abandonment of Claim (up to)	Loss of Assets (other than money) (up to)	Loss of Money (up to)
CEO	\$6000	\$1000	\$1000	\$500
<i>Deputy CEO</i>	\$4000	\$500	\$500	\$100
<i>Accounting Head</i>	\$2000	\$100	\$100	Nil
<i>Director</i>	\$2000	\$100	\$100	Nil

14.2.11. Any write-offs above these limits must be submitted through the CEO, to the CEO, Ministry of Finance for approval.

14.2.12. The application for write-offs must include the following information:

- i. nature of loss and recovery measures undertaken;
- ii. date of loss and loss amount;
- iii. existence of budgetary funds where applicable for write-offs.

14.2.13. All write-off applications, approved or otherwise, must be properly filed by the *losses officer*.

14.2.14. Once write-off approval has been obtained, the *losses officer* shall ensure that the losses register is updated and that, where required, losses are cleared from the respective accounts.

14.2.15. 1 week after the end of each quarter, the *Accounting Head* shall forward a write-off report to the Ministry of Finance outlining the type and amount of losses that were written off during that quarter.

PART 15: TRUST ACCOUNTS

Trust money is money that the agency is holding in trust (it does not include creditor payments such as salary deductions or money that is held in a separate “trust fund” which is not a true trust) As stipulated in the Act and Finance Instructions, trust money is to be kept in a separate bank account and accounted for separately from “public money” and “other money”.

The policies and procedures in this Part assign particular responsibilities to:

- the *Accounting Head*;
- a *trust officer*;
- an *accounts officer*.

15.1 Operating a Trust Account

15.1.1. Where the agency becomes responsible for managing trust money, an application shall be made to the Chief Accountant, Ministry of Finance seeking approval to open a separate trust bank account and detailing the nature of the trust and of any beneficiaries.

15.1.2. Names, signatures and designations of officers nominated to operate the bank account shall also be submitted with the application.

15.1.3. Relevant procedures in Part 7 of the Manual relating to cheque signatories, cash books, bank reconciliations, and custody of cash on hand also apply to trust accounts.

15.2 Receipt and Payment of Trust Money

Receiving Trust Money

15.2.1. When trust money is received, the *trust officer* shall issue an official trust receipt to the payer. Details of receipts shall be entered into the trust cashbook.

15.2.2. Procedures in Part 5 of the Manual relating to receiving and banking money shall also be complied with.

Trust Payments

15.2.3. All payments from the trust account shall be adequately supported and made only for the purpose of the trust.

15.2.4. No payment may be made unless it has been properly authorised.

15.2.5. The *accounts officer* shall be responsible for raising payment vouchers for trust payments.

15.2.6. Payment procedures outlined in Part 2 of the Manual must be complied with.

15.3 Keeping Proper Trust Records

15.3.1. The *trust officer* shall properly file correspondences, reports, trust agreements and other relevant trust documents. Each trust account shall have its own file.

15.3.2. The *trust officer* shall keep a trust ledger to record movement of trust money. The ledger shall record the following information:

- i. name of trust account;
- ii. date and amount of receipts and payee;
- iii. date, amount paid and payer including reference number;
- iv. balance to date.

15.4 Trust Reports

Trust Reconciliation

15.4.1. Within 5 days after the end of each month, the *trust officer* shall prepare a trust reconciliation to reconcile trust account balances to the ledger total and the trust bank account.

15.4.2. Details of balances must be attached to the reconciliation statement.

15.4.3. The *trust officer* shall certify and date the reconciliation statement after ensuring that all balances in the statement are verified to supporting documents.

15.4.4. The *trust officer* must submit the trust reconciliation to the *Accounting Head* within 10 days of the end of the month.

Annual Trust Receipts & Payments Statement

- 15.4.5. Each year the *trust officer* shall prepare an annual trust receipts & payments statement within two weeks of the end of the year.
- 15.4.6. The statement must be certified and dated by the *trust officer*. It shall include supporting notes providing details of outstanding balances or adjustments. The *trust officer* shall submit the statement to the *Accounting Head*.
- 15.4.7. The *trust officer* shall make available for the audit the necessary trust documents supporting the transactions and balances of the trust account.
- 15.4.8. The audited financial statement of trust balances shall be included in the agency's annual report.

PART 16: LEDGER ACCOUNTS

The *Accounting Head* is responsible for maintaining ledgers and reconciling balances in such ledgers to ensure the accuracy of financial information and the timeliness of management reports.

This Part assigns specific responsibilities to:

- the *Accounting Head*;
- the *accounts supervisor*;
- *data entry officers*.

16.1 Raising Journal Vouchers

16.1.1. Journal vouchers shall be used to correct accounting errors and make other required transfers between accounts.

16.1.2. Only the *Accounting Head* or *accounts supervisor* shall approve journal adjustments.

16.1.3. Journal vouchers must be numbered in sequential order. Supporting documents shall be attached to the voucher.

16.1.4. The *Accounting Head* or *accounts supervisor* must check that:

- i. all relevant details are included on the voucher;
- ii. balances are adequately supported;
- iii. the correct accounts have been debited or credited.

16.1.5. Once the journal voucher has been approved, it shall be posted into the appropriate ledger and the general ledger system.

16.1.6. A journal voucher register must be maintained by the *Accounting Head* or *accounts supervisor* to record all journal vouchers raised during the year. The register shall provide the following information:

- i. date and voucher number;
- ii. purpose of raising voucher;
- iii. amount on voucher;
- iv. account codes debited or credited.

16.1.7. Once the relevant ledgers have been updated, the journal vouchers together with the supporting documents shall be forwarded to the *Accounting Head* or *accounts supervisor* for filing.

16.2 Posting into the Automated Information System

- 16.2.1. Financial transactions shall be posted into the automated information system (General Ledger System) using journal entry input forms or directly from source documents such as journal vouchers or payment vouchers.
- 16.2.2. Only *data entry officers* authorised by the *Accounting Head* shall input transactions into the general ledger system.
- 16.2.3. When inputting using journal entry input forms, the *data entry officer* must check that details on the input form correspond to the attached batch of source documents.
- 16.2.4. The *data entry officer* must input data on a daily basis and ensure all transactions for the month are posted before the monthly cut-off date set by the Ministry of Finance.

16.3 Maintaining Ledgers

- 16.3.1. A ledger shall be maintained for advances, petty cash, accounts payable, revolving fund accounts, inter-departmental clearance accounts, cash clearance accounts, expenditure and commitment accounts.
- 16.3.2. Any transaction raised affecting these accounts shall be entered in the appropriate ledger.

Reconciling Ledgers

- 16.3.3. Within 3 days of receiving the monthly general ledger reports from the Ministry of Finance, the *accounts supervisor* shall reconcile the ledger balances to the general ledger reports and prepare a ledger reconciliation statement.
- 16.3.4. Any errors or misallocations must be immediately adjusted by way of journal vouchers.
- 16.3.5. A ledger reconciliation statement shall be signed and dated by the *accounts supervisor*.
- 16.3.6. The ledger reconciliation statement shall be forwarded to the *Accounting Head*. The *Accounting Head* must ensure that:
 - i. all balances are accurate and adequately supported;
 - ii. any misallocations or outstanding balances from the previous month have been dealt with.
- 16.3.7. The *Accounting Head* shall certify and date the reconciliation. If required by the Ministry of Finance, the reconciliation statement shall be forwarded to them by the date specified by the Ministry.

Schedule 1: Inter-Departmental Clearance Accounts (IDC)

The IDC is maintained to record transactions effected by one department on behalf of another. The type of transactions referred to include:

- revenue collections,
- payment of salaries,
- re-allocation of costs.

Transactions are charged to the agency's IDC pending clearance by that agency. Balances in the IDC should always be zero. The following scenario is an example of how the IDC may be used.

Scenario A

Department E collected \$1000 in revenue earnings which was receipted and banked. Receipts were forwarded to the accounting officer for posting. A journal voucher was raised and posted in the following manner:

DR	IDC Department E	1000	
	CR	Revenue Allocation	1000

For receipt of cash, recognition is not at the time it was received but after the Ministry of Finance verifies deposits in the bank statements. Thus the IDC was debited pending clearance from the Ministry of Finance. Once the Ministry of Finance noted a deposit of \$1000 on the bank statement, the following entry was raised and posted into the GL system:

DR	Bank	1000	
	CR	IDC Department	1000

An advice form was also sent to Department E informing of the credit entry, which was then entered into the department's IDC manual ledger. After the printed General Ledger reports were received, a reconciliation statement was prepared as follows:

IDC Reconciliation for the month ended 31/6/2004

Opening balance as per manual ledger	0
Debits for the month	1000
Credits for the month	(1000)
Closing balance as per general ledger	<u>0</u>

Schedule 2: Cash Clearance Accounts (CCA)

A cash clearance account is maintained for the purpose of recording the cheques presented in the drawings account, which is reimbursed daily from the relevant Consolidated Fund bank account. Treasury will reverse the credit to the CCA after verifying the transfers to the drawings accounts. The following is an example of how the CCA is used.

Scenario B

After receiving the daily bank statement of the Drawings Account, Department C noted \$8000 worth of cheques presented during the day. This amount was entered into payments cashbook and noted as cheques presented. A journal voucher was raised in the following manner:.

DR	Drawings	8000	
	CR	CCA	8000

After receiving the Government bank statement, the Ministry of Finance verified that \$8000 was reimbursed to Department C's drawings account from the Consolidated Fund bank account. A journal voucher was raised:

DR	CCA	8000	
	CR	Bank	8000

After receiving the general ledger printouts, a reconciliation statement was prepared as follows:

CCA Reconciliation for the month ended 31/6/2004

Opening balance as per general ledger	0
Cheques presented during the month	(8000)
Cheques reimbursed from C/Fund bank account	8000
Closing balance as per general ledger	<u>0</u>

PART 17: REPORTING

The preparation of management reports allows senior management to analyse the standing of the agency for a particular period and assists in meeting the management responsibilities imposed by the Act. Timely and accurate management are necessary for effective management decisions.

As well, annual reports and financial statements act as an accountability tool for external stakeholders to assess the operations and performance of the agency.

The procedures in this Part assign specific responsibilities to:

- the *Deputy CEO*;
- *Directors*;
- the *TMA Manager*;
- the *Accounting Head*;
- *compliance officers*.

17.1 Monthly Management Reports

17.1.1. The *Deputy CEO* is responsible for coordinating the preparation of a monthly management report outlining the performance of the agency. The management report shall focus on:

- i. service delivery performance;
- ii. financial performance;
- iii. TMA performance;
- iv. internal controls.

17.1.2. Each quarter, the management report will also include:

- i. the outstanding and overdue debts report;
- ii. the TMA performance report.

17.1.3. The monthly management report will be discussed at the executive management meeting to be chaired by the CEO.

Service Delivery Performance

17.1.4. Within 1 week of the end of each month, each *Director* shall submit to the *Deputy CEO*, a service delivery performance report comparing actual levels of service against the targets in their business plan or their part of the corporate plan.

Financial Performance Report

- 17.1.5. Within 1 week of the end of each month, the *Accounting Head* shall submit to the *Deputy CEO* a financial performance report providing an analysis of the financial and budget position of the agency.
- 17.1.6. The financial performance report shall include the following information:
- i. actual revenue collected against forecast;
 - ii. actual expenditure to date against budget for each activity/output and each SEG;
 - iii. actual expenditure to date and commitments against budget for each output/activity and each SEG.

Internal Controls Report

- 17.1.7. The internal control report provides the CEO with assurance that internal controls within the agency are effective.
- 17.1.8. The *Accounting Head* shall appoint two *compliance officers* to conduct monthly reviews of the existing internal controls associated with accounting functions within the agency.
- 17.1.9. The *compliance officers* must be independent of the accounting function that is being reviewed. The *compliance officers* shall prepare an internal control report and submit it to the *Accounting Head* who shall sign and date the report.
- 17.1.10. Within 1 week of the end of each month, the *Accounting Head* shall submit to the *Deputy CEO* the internal control report.
- 17.1.11. The report shall provide the following information;
- i. whether all reconciliations are up to date;
 - ii. whether financial information required by the Ministry of Finance has been submitted on time;
 - iii. whether stocktakes of physical assets, inventory and money have been carried out as and when required;
 - iv. the status of unresolved audit issues;
 - v. improvements in internal control, such as rotation of duties between staff, that have been implemented or are proposed.

17.2 Annual Reports

- 17.2.1. The annual report of the agency shall consist of a consolidation of the information in the monthly performance reports.

17.2.2. The *Accounting Head* shall provide the necessary financial statements and reports for inclusion in the annual report as and when required by the Finance Instructions.

Annual Financial Statements

17.2.3. The financial statements must be prepared in accordance with the format specified in *Schedule 1* of the Finance Instructions and audited by the Auditor General. The financial statements shall include the Auditor General's opinion.

17.2.4. To ensure that the financial statements are prepared on time, all "end of the year" adjustments must be carried out within the first two weeks of the following financial year.

17.2.5. The IDC and CCA accounts must be cleared and brought to a nil balance within this period.

17.3 Reports to Ministry of Finance

17.3.1. The Accounting Head shall certify all financial reports that must be submitted to the Ministry of Finance. These reports include:

- i. weekly & monthly cashflow forecasts;
- ii. monthly drawings reconciliation statements;
- iii. monthly expenditure & commitment reports;
- iv. revolving fund, inter-departmental clearance and cash clearance reports;
- v. quarterly TMA performance reports;
- vi. quarterly overdue debt reports;
- vii. quarterly write-off reports;
- viii. quarterly vehicle reports

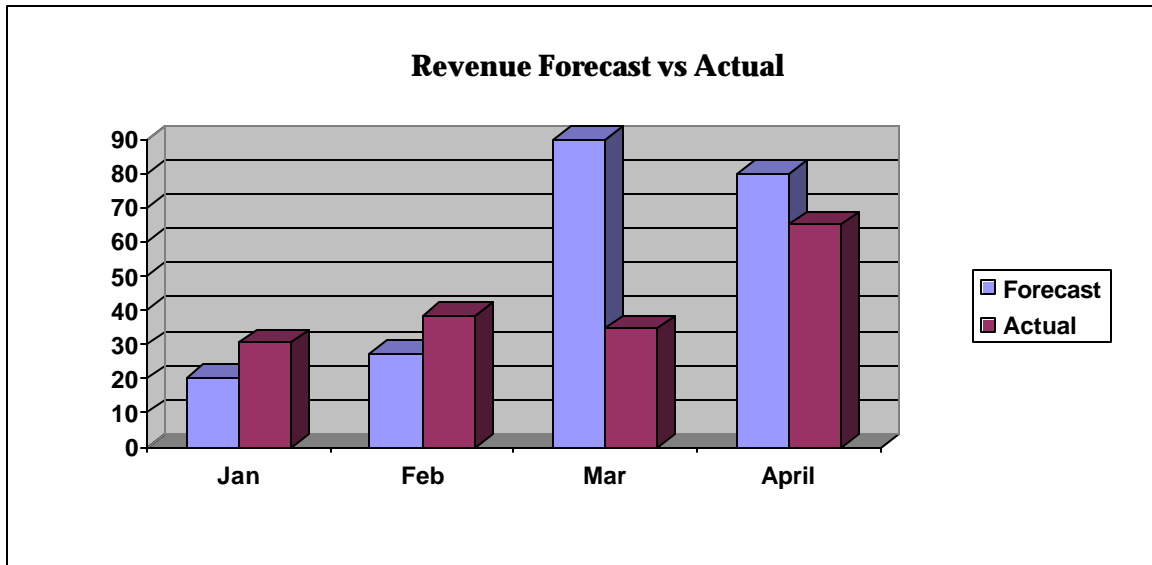
17.3.2. These reports must be submitted to the Ministry of Finance within the timeframe set by the Ministry.

Schedule 1: Financial Performance Report

The following is an example of how revenue performance may be reported in the financial performance report .

Revenue Performance for the month of April

Revenue Type	Monthly Revenue Forecast (\$)	Actual Collection for the Month (\$)	Variance (\$)	Variance (%)	Reason for Variance
Fees	8000	6500	1500	18.75%	Shortfall is due to the number of students that have not been able to pay their fees. Other options are now being pursued to recover the outstanding amount.
Rates, Etc.					



Overall, actual revenue collections over the first four months of the year were inconsistent with revenue projections. This was mainly due to the inability of debtors to pay their dues within the period it was due. The three staff in the debt recovery unit had looked at other feasible repayment options to enable these debtors to pay. Collections in April have improved primarily because we have allowed split repayments for the total amounts due.

However, some debts have not been recovered since January. We have discovered that 10% of these debts will not be recoverable due to the demise of these debtors. These debts total \$250. It is best that they be written off instead of remaining in the accounts receivable register.

Schedule 2: Internal Control Report

The following example outlines how an internal control report may be structured.

Internal Control Report for the month of April

The following table outlines the internal controls that are operating satisfactorily and those that are not. It also provides a progress report on resolving audit issues raised in the previous year's audit report.

Control	Implementation	Remarks
Controls That Are Operating Satisfactorily		
Daily Reconciliation for: <ul style="list-style-type: none"> Independent check of receipts & banking Independent certification of payment vouchers 	<ul style="list-style-type: none"> Up to April Up to April 	Daily reconciliations have been carried out on a consistent basis.
Cashflow forecasts: <ul style="list-style-type: none"> On a weekly basis On a monthly basis 	<ul style="list-style-type: none"> Up to April Up to April 	Weekly and monthly forecasts have been consistently prepared and submitted to Ministry of Finance on time.
Monthly Reconciliation for: <ul style="list-style-type: none"> Bank reconciliation IDC, CCA, RFA accounts Petty cash Commitments TMA Monthly Stocktakes for: <ul style="list-style-type: none"> Cash counts & other valuables 	<ul style="list-style-type: none"> Up to April Up to April Up to April Up to April Up to April <ul style="list-style-type: none"> Once this month 	<p>All monthly reconciliations are prepared and submitted to Ministry of Finance on time and are checked and certified by an independent officer.</p> <p>Cash held at all stations have been counted.</p>
Controls That Are Not Operating Satisfactorily		
<ul style="list-style-type: none"> Annual inventory stocktakes 	<ul style="list-style-type: none"> Not Done 	Stocktake has not been carried out this year although it should have been done in March. Will carry out the stocktake in June.
Progress on Resolving Audit Issues		
<ul style="list-style-type: none"> Two officers signed LPOs beyond their limit 	<ul style="list-style-type: none"> Raised by internal audit last month 	Those officers have been advised to comply with their limits. Authority may be taken away if they persist with this action.

Overall it should be noted that internal controls are operating effectively with all accountable officers performing their tasks in accordance with the Finance Instructions and Finance Manual.

PART 18: MISCELLANEOUS

Use of Proper Forms

- 18.1.1. All relevant staff shall ensure that the correct official forms are used in the following areas:
- i. purchasing & payments;
 - ii. receipting and banking;
 - iii. asset & liability recording;
 - iv. stocktaking;
 - v. vehicle usage.
- 18.1.2. Particulars on any required form must be fully completed and signed by the preparing officer and supervisor before it is processed.

Accounting Records

- 18.1.3. The *Accounting Head* is responsible for the safekeeping and proper maintenance of all accounting records or documents.
- 18.1.4. Accounting records may be destroyed after a period of six years provided that these records are not required for audit purposes or have already been audited.
- 18.1.5. The *Accounting Head* shall prepare a list of all records or documents to be destroyed and forward it to the Ministry of Finance for approval. The *Accounting Head* shall also indicate whether these records have been audited and the year of audit.
- 18.1.6. The Ministry of Finance shall consult with the Auditor General before approving the destruction of records.
- 18.1.7. If approved for destruction, the *Accounting Head* shall destroy such records by the most appropriate method.
- 18.1.8. A certificate of destruction shall be prepared outlining the items that were destroyed. The certificate must be signed by two of the officers present during the destruction.
- 18.1.9. The original certificate shall be submitted to the *Accounting Head* and the duplicate forwarded to the Ministry of Finance. The *Accounting Head* shall file the certificate together with the approved list of records to be destroyed.
- 18.1.10. If the *Accounting Head* decides to retain records over six years old, he/she may forward such items to the Archivist for retention or transfer into a more convenient form of record-keeping.