

# MINISTRY OF EDUCATION FINANCE MANUAL 2017

Issued by the Permanent Secretary, Education, National Heritage, Culture & Arts  
June, 2017

## AUTHORITY TO ISSUE THE FINANCE MANUAL

In accordance with the authority given to me under Section 28(1) (j) of the Financial Management Act 2004, I hereby authorise the issue of the Finance Manual for the Ministry of Education.



.....  
Permanent Secretary for Education, National Heritage, Culture & Arts

Dated today the <sup>5<sup>th</sup></sup>.....day of.....June.....2017

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## **PART 1: INTRODUCTION**

### **1.1 Legislative Requirement**

Section 28 of the Financial Management Act 2004 outlines my responsibilities as Permanent Secretary (PS) of the Ministry of Education, National Heritage, Culture & Arts, 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 Economy 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 PSs 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 PS 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 PS or the format of a particular statement.

However, although the PS 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 Economy or Office of the Auditor General should be sought if there is any doubt. Each PS should submit a marked-up version of their proposed Finance Manual to the Ministry of Economy 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.).

PSE – Permanent Secretary for Education, National Heritage, Culture & Arts  
Deputy PSE- Deputy Secretary (Admin/ Finance)  
Heads of Units/ Vote Controllers- Directors, Divisional Education Officers,  
District Principal Education Officers  
PAO- Principal Accounts Officer  
PAS- Principal Assistant Secretary- Personnel  
SAO(O)- Senior Accounts Officer (Operations)  
AO(F/L)- Accounts Officer- Finance/ Ledgers  
AAO(L)- Assistant Accounts Officer- Ledgers  
AAO(Rev)- Assistant Accounts Officer- Revenue  
AAO(FNPF)- Assistant Accounts Officer- FNPF  
AO(P)- Accounts Officer- Payments  
AAO(P)- Assistant Accounts Officer- Payments  
AO(Sals)- Accounts Officer- Salaries  
AAO(Sals)- Assistant Accounts Officers- Salaries  
Principals/ Headteachers- Heads of Government Schools  
Bursars- Executive Officers of Government Schools  
COs- Clerical Officers in the respective sections (Salaries, Payments, Ledgers,  
District Officers)

## 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 PSE and Deputy PSE;
- all Heads of Sections/ Vote Controllers;
- the PAO;
- Tender Boards and Evaluation Committees;
- the Tender Board Secretary;
- the Director, Corporate Services;
- Head Teachers/Principals and Bursars of Government Schools;
- SAO (O);
- AO Payments, AO Finance/ Ledgers, AO Salaries;
- AAO Payments, AAO Ledgers, AAO Salaries;
- Clerical Officers
- Designated Officers within the different Units, District Offices and Sections

### 2.1 Authority to Incur Expenditure

2.1.1. The authority to incur expenditures is subject to:

- i. appropriations from Cabinet;
- ii. virements approved by the Minister for Economy or the PSE;
- iii. requisitions to incur expenditure.
- iv. Internal warrant from PSE to vote controllers

#### Appropriations

2.1.2. Each year, the Appropriation Act and Budget Estimates set out details of the appropriations that Cabinet 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 Economy, pending approval by Cabinet.



## Virement Warrants

- 2.1.3. Under Finance Instruction 10-(1), the Minister for Economy has delegated the authority to approve certain virements to Permanent Secretaries. A virement authority must be in writing and must be signed by the PSE. Vote Controllers who may wish to re-arrange or reprioritise their funds through virements must submit their requests to PSE for approval before commitment.
- 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 AO (Finance/ Ledgers) shall allocate a serial number for the virement. The AO (Finance/ Ledgers) shall send a copy of each approved virement form to the Ministry of Economy.
- 2.1.6. The approved virement form shall be sufficient authority for the budget allocation to be transferred.
- 2.1.7. The AO (Ledgers/ Finance) 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 AO (Finance/ Ledgers) or any of her staff in her absence as authorised by SAO(O) shall:
- i. **prepare a requisition form and attach all relevant details required in the RIE checklist issued by the Ministry of Economy;**

- ii. have the form signed by the PSE or Deputy Secretary Corporate Services or any other Deputy Secretaries in their absence;
- iii. submit the form to the Ministry of Economy.

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 Economy.

2.1.10. All Capital Projects or allocations under ‘R’ must ensure that these are used as per instructions by the second Quarter in order to reduce the likelihood of these funds being deployed to other Ministries.

2.1.11. In order that 2.1.10 is safe guarded plans and scopes of works must begin to roll after the Budget announcement in June.

## 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:

<b>Permanent Secretary</b>	<b>\$50,000 &amp; all Indents up to \$50,000</b>
<b>Deputy Secretaries, Director Finance</b>	<b>\$40,000</b>
<b>Principal Accounts Officer</b>	<b>\$30,000</b>
<b>SAO</b>	<b>\$ 20,000</b>
<b>Accounts Officers</b>	<b>\$ 5,000</b>

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 \$50,001 or more, unless a Tender Board has approved an exemption in accordance with Procurement Regulation 30-(1).
- 2.3.2. Competitive quotes, instead of public tenders, may be called for procurements of \$50,000 and less unless, the PSE has approved an exemption in accordance with Procurement Regulation 29-(3).
- 2.3.3. Quotations may be received verbally for the purchase of goods or services estimated to cost less than \$1,000. 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 \$1,000) will be liable for surcharge.
- 2.3.5. Officers must ensure that all quotes/purchases must be made from credible registered companies and not from companies that operate from their residences.

## **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 bidders responses should be presented;
  - iii. the final date and time by which all bids should be received;
  - iv. the way in which the bidding documents should be marked and the address to which it should be delivered;
  - v. any tender deposit required (only where the Director 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 bidders 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 “Request 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 bids delivered/received shall be placed inside the tender box.

### **Opening of Tenders**

- 2.4.6. Bids shall be opened by the Tender Board Secretary and at least one other board member of the Tender Board. All bidders or their representatives of bidders shall be allowed to witness the opening of the tenders but not allowed to read any details of a bid.
- 2.4.7. All bids received must be officially stamped, initialled and recorded in the Tender Register maintained by the Tender Board Secretary and verified by the board member present at the meeting.
- 2.4.8. In cases where the tender requires a tender deposit, the Tender Board Secretary shall issue receipts for the amounts received to the bidders.

### **Consideration and Evaluation of Tenders**

- 2.4.9. The Evaluation Committee appointed shall be responsible for evaluating bids received. An evaluation committee should comprise of representatives from the following Ministries/Departments:
  - i. Host Ministry/Department to provide Chair and Secretarial services for the Evaluation Committee
  - ii. Ministry of Industry and Trade
  - iii. Fiji Procurement Office; and
  - iv. A representative from an agency with relevant technical expertise for technical tenders. For example a representative from ITC for all computer equipment related purchases, or a representative from Works for all infrastructure related contracts.
- 2.4.10. The Chair of the Tender Board or Evaluation Committee must ensure that bids are evaluated in a transparent and fair manner using the evaluation criteria specified in the “Request to tender”.

- 2.4.11. Bids that do not comply with the mandatory specifications or conditions in the “Request to tender” shall be considered invalid.
- 2.4.12. If a bid is unclear in certain areas, the Evaluation Committee may direct the Evaluation Committee Secretary to seek clarifications in writing. However, no alterations shall be made to any tender documents.
- 2.4.13. Upon completion of the evaluations, the Secretary of the Evaluation Committee shall prepare a report including:
- i. a list of all the bids received;
  - ii. the evaluation of each bid against each evaluation criterion;
  - iii. the ranking of bids based on the evaluation criteria – whether on an individual or consensus basis;
  - iv. the approved or recommended bidder.
- 2.4.14. The report must be signed and dated by each member of the Tender Board or Evaluation Committee.
- 2.4.15. The Tender Board appointed under Procurement Regulation 9-(1) shall be responsible for approving the Supplier/Contractor based on the recommendations of the Evaluation Committee.
- 2.4.16. Once a tender has been approved, the Tender Board Secretary must inform all unsuccessful bidders in writing of the outcome of their bid and the name of the successful bidder.
- 2.4.17. The Tender Board Secretary shall publish the name of the successful bidder in the Government Gazette.
- 2.4.18. A written contract or agreement must be entered into with the approved bidder for the supply of the goods, services or works tendered. Legal advice must be sought on the draft contract or agreement.

## **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.
- 2.5.2. All LPOs issued during the year should be cleared by 31<sup>st</sup> July.
- 2.5.2a **All Directors/ Section Heads/ School Heads must now take charge of all purchases from their respective sections and allocations and must ensure that the purchases are approved by them. They are also responsible for on-line approvals of all purchase raised from their sections. They must be accountable for all purchases and ensure that the receipt of the goods is**

**delegated to another person other than their clerks/ bursars/ executive officers and assistant accountants as an internal control measure.**

**2.5.2b All requests for on-line approval by the Deputy Secretaries or PSE must first be checked and endorsed by either SAO (O) or PAO as they are forwarded to them.**

### **Manual LPOs**

2.5.3. The use of manual LPO shall be subject to approval from Director FMIS.

2.5.4. Manual LPOs can only be issued subject to the prior approval of the Ministry of Economy and under the following circumstances:

- i. System downtime for more than a day
- ii. Power outage for more than a day
- iii. During natural disasters

### **Preparation of System Generated Purchase Orders (SGPO)**

2.5.5. The SGPO shall be executed once all relevant documents pertaining to a request for procurement locally has been completed and authorised by the relevant authorising officers.

2.5.6. The officer raising the SGPO in FMIS shall follow the Purchasing Module instructions.

2.5.7. The officer raising the SGPO, after obtaining approval from the delegated authority in clause 2.2.1 or the Tender Board shall then print duplicate copies of the order, have the approvers to sign the PO and register the PO numbers before releasing the PO to the requesting section.

2.5.8. The AO (P) at the end of every month must schedule the following reports:

- (i) **Purchase Order Commitment Report (PO 557) to know the list of purchase orders generated and funds committed against it,**
- (ii) **the non-vouched Receipt History Report (PO881) to verify and ensure that all received purchase orders are vouched.**
- (iii) **Outstanding/ Overdue Shipment Report (PO525) to verify and ensure that all purchase orders generated are received on line.**
- (iv) **Purchase Order Pending Report (PO556) to verify and ensure that all purchase orders generated are successfully invoiced and cleared.**
- (v) **Cancelled Purchase Order Report (PO534) to verify and ensure that all unutilised purchase orders are cancelled.**

- iv. **And provide a report of all open POs to their respective Heads of sections and if the PO are unused must be cancelled on line by AO Payments, SAO (O) or PAO after two months.**

### **Receipt of Goods, Services or Works**

- 2.5.9. Upon receipt of the goods, services or works, the *receiving officer* shall verify that their receipt in good order and that the invoice is in accordance with the LPO.
- 2.5.10. The *receiving officer* must be an officer other than the officer authorising the LPO or raising the PO (Buyer).
- 2.5.11. 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 *Heads of Sections* who shall arrange a claim against the supplier or carrier.
- 2.5.12. 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 *Heads of Section* who shall arrange a claim against the supplier or carrier.
- 2.5.13. All claims on suppliers or carriers should be made within three days of the goods being received.
- 2.5.14. 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 Director of Procurement Office 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.

### **Manual 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 SAO (O). 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 three copies of the indent form are to be forwarded to the Director of Procurement Office and the fifth copy retained.
- 2.6.10. The indent jacket shall be used to file the fifth copy of the indent and other relevant materials.
- 2.6.11. The SAO (O) 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.

#### **Preparation of System Generated Indent (SGI)**

- 2.6.12. The SGI shall be executed once all relevant documents pertaining to request to procure internationally has been completed and signed by authorising officers.
- 2.6.13. The officer preparing the SGI shall follow the Purchasing Module instructions.
- 2.6.14. The officer raising the SGI after approval from delegated authority in clause 2.2.1 , shall then print five copies of the order and register the Indent numbers in the Indent register before retaining one department copy and releasing the original and other three copies to FPO.
- 2.6.15. The manual Indent preparation may be used in an event of electronic (system) or power failure.
- 2.6.16. Other than the event of electronic or system failure, the system generated Indent shall be used at all times.



## Receipt of Goods or Services from Overseas

- 2.6.17. The Director of Procurement Office is generally responsible for the clearance, collection and recording of all goods consigned to the Government arriving in Fiji by sea or air.
- 2.6.18. 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.
- 2.6.19. 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.
- 2.6.20. If the quantity of goods received is less than the quantity shown on the bill of lading, the Director Corporate Services shall arrange a claim against the carrier or supplier.
- 2.6.21. Where goods or packages containing goods have apparently been damaged or tampered with prior to delivery, the Director Corporate Services shall arrange a claim against the supplier or carrier.
- 2.6.22. All claims on suppliers or carriers must be made within three days of the goods being received.
- 2.6.23. 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 Vote Controllers must maintain a Commitment Ledger in which he/she shall record all known commitments as required under Finance Instruction 13.
- 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 voucher number;**
  - vii. **the cheque number**

2.7.3. The Vote Controller must ensure that the Commitment Ledger is entered up to date.

## 2.8 Payments

2.8.1. All official payments are to be made by cheque, through electronic payment credit card or fuel card except where payable from petty cash.

2.8.2. All payments must be processed through payment vouchers prepared by the clerical officers or Bursars and certified by School Heads and Section Heads. Separate vouchers are to be used for separate payees and for the payment of different services.

2.8.3. The clerical officers, executive officers and bursars preparing a payment voucher must ensure that all information required under Finance Instruction 14-(1) has been included on the payment voucher or attached to it, before forwarding to the AAOs for passing the voucher or to the AOs, SAO (O) or PAO for certification.

2.8.4. The AOs, SAO (O) or PAO must not certify a payment as correct unless they are satisfied that:

- i. **it is in accordance with an LPO, indent, contract, invoice, statement or other authorisation;**
- ii. **there is documentation that the goods, services or works have been received or rendered;**
- 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 AOs, SAO (O) or PAO 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 SAO (O) to cancel that voucher before a replacement voucher is issued.

2.8.7. The *AO Payments* must check and sign the cash requirement report for all the vouchers or invoice to be paid before the AAO Payments does the selection of payments.

2.8.8. The *AO Payments* must check the information on the Payment Register report against each cheque leaf before signing the cheques.

2.8.9. Immediately after payment has been effected, the cashier must stamp "paid" on all vouchers and supporting documentation to avoid any double payments.

2.8.10. The *cashier* 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, vouchers number, cheque numbers and the amount paid.

2.8.11. The *AO Payments* must prior to the end of each working day schedule a Disbursement report and print out a copy in the spool folder for filing. Proper scheduling procedures for GL 350 must then be carried out accordingly but not after all journals have been verified as correct.

2.8.12. The *AO Finance/ Ledgers* or *SAO (O)* must check every morning that all transactions from the previous day are updated in GL.

2.8.13. At the end of each month the *AO Payments* must check the following:

- (i) **All invoices for the month have been entered into the Voucher Entry or Rapid Voucher Entry (AP300/ 315)**
- (ii) **All vouchers for the month have been selected and all payments have been run (AP416/ 419)**
- (iii) **All Payments Runs have been matched- cheque numbers printed to control numbers in the Run (AP467)**
- (iv) **All Payment Runs have been accepted (AP419)**
- (v) **The Open Payables and Aged Payable Reports (AP711/ 721) have been verified to ensure that no additional payments have been made in the month**
- (vi) **The General Ledger Interface (AP951) has been run**
- (vii) **The Undisbursed Voucher Report (AP741) has been run and verified to ensure that all Payment data has been moved to General Ledger**
- (viii) **All Payment Journals are posted to the General Ledger (GL350)**

### **Maintaining an Expenditure Ledger**

2.8.14. The *AO Finance/ Ledgers* 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.**

2.8.15. All payments raised during the month must be totalled and the figure noted in the expenditure ledger.

2.8.16. At the end of each month, the AO Finance/ Ledgers shall prepare and maintain 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.**

2.8.16. The statement shall be submitted to the *PAO* for inclusion into the monthly management report.

**2.8.17. All Directors/ Section Heads/ School Principals/ Headteachers must ensure that allocations under their control must be reconciled monthly against the GL Report to authenticate the expenditures appearing under their allocations and make necessary adjustments if not so.**

## 2.9 Encumbrance:

Encumbrance is a term used to refer to committed funds in the FMIS which are formed when the system does not automatically clear a PO or voucher even though that particular PO or voucher has fully completed the payment process. The reason why the system does so varies from system down time to insufficient funds in SEGs and Vat allocations.

### Extracting and Clearing of Encumbrance balances

2.9.1 Within 5 days after the end of the month, the Accounting Head shall schedule a COMPOST report to check all those allocations that are showing outstanding balances.

2.9.2 Details of each outstanding balances can be obtained by a running of GL876 Inquiry on each individual balances.

2.9.3 These details must be entered into a formatted encumbrance report spreadsheet and a copy submitted to Ministry of Economy for clearance of the encumbrance balances from the relevant allocation. The spreadsheet shall outline the following information:

- i. Allocation number;
- ii. Amount;
- iii. Source ID;
- iv. Voucher/PO status;
- v. Invoice Date

- 2.9.4 Where details for a particular balance cannot be obtained, the SAO (O) must still go ahead with the submission of the allocations number and amounts. Reasons as to why relevant details cannot be obtained shall be explained in the prescribed report to FMIS unit.
- 2.9.5 When submitting encumbrance reports to Ministry of Economy, the Accounting Head shall keep in mind that FMIS unit will only clear vouchers or POs that has the following status:
- i. Paid disburse;
  - ii. Paid disburse match;
  - iii. Deleted;
  - iv. Cancel;
  - v. Close complete
- 2.9.6 Any vouchers or PO status other than those mentioned above has to be cleared accordingly by the AO Payments unless the invoice period has been closed.
- 2.9.7 Detailed FMIS procedures/instructions pertaining to clearance of encumbrance balances shall be complied with. The SAO (O) will be held responsible for any encumbrances and commitments outstanding or pending in their Compost Reports during preparation of closing of accounts.

## **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 following sections outline the major procedures the Agency is required to follow to ensure proper management and administration of grants funds/projects.

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

- the PSE and Deputy PSEs for Corporate Services and Primary/ Secondary;
- Director- Asset Monitoring Unit
- Directors- Primary and Secondary
- Director- NHCA
- PEO- Secondary;
- PEO- Development
- Building Supervisor
- District Education Officers;
- the PAO/ SAO (O)
- AO- Payments
- AAO (Secondary)
- XO- AMU.

### **GRANTS**

#### **3.1 Tuition Grants**

##### **3.1.1 Reviewed Formula- Differential Resourcing Model**

**3.1.2** The revised formula is based on the principles of differential resourcing. This model considers and factors in various disadvantage index and variables designed to make the formula distribute grant in a more equitable way. The formula uses the rural classification of schools agreed upon in JEE 1993 and other relevant criterion.

##### **Disadvantaged Indices**

**3.1.3** In order to get a more equitable formula for the distribution of the school grant it is important that we consider the following disadvantaged indices:-

- i. Distance from main towns or city
- ii. Accessibility by boat or road

- iii. Mark up price on materials and transportation costs in view of distance and difficulty of access.
- iv. Regular mode of public transport or availability of public transport or lack of it.
- v. Availability of Telecommunication
- vi. Small isolated island effect
- vii. Socio-Economic Status (SCI)
- viii. Availability of amenities such as Water supply, Electric power and medical facilities.

## Differential Resourcing- Distribution Of School Tuition Grants

### 3.1.4 GRANT FORMULA

- **DF GRANT = Baseline (\$2,000) + (School Roll x Disadvantage Index x Allocation per Student.**

### 3.1.5 Distribution Index

No. of Schools (Primary)	Category	Disadvantage Index	Disadvantaged Index Variation			
			Eastern	Northern	Western	Central
99	A	12	12	12	12	12
202	B	6 & 7	7	7	6 & 7	6 & 7
150	C	5 & 6	6	6	5 & 6	5 & 6
277	D	4.2 & 5	5	4.2 & 5	4.2 & 5	4.2 & 5
728						

12- Remote

6- near urban and 7- Remote

5- near urban and 6- Rural

4.2- near urban and 5- Rural

- i. The Category A, B, C and D remained as the basic classification of primary schools.
- ii. Variations of disadvantage indices are factored into schools in different divisions to capture disadvantages such as of remoteness, transportation costs and ruralness.
- iii. This alternative mode of distribution factors in a range of disadvantaged index and variable to enable the formula to be more equitable in the distribution of the school grant.

## 3.2 Remission of Hostel Fees

- i. Remission of fees is designed to assist students in secondary schools that are unable to pay fees because their parents/ guardians income is low.

- ii. Parental income, number of children per family attending secondary school is taken into consideration before deciding the amount of the award.
- iii. The award and the stipulated parental income may vary from year to year depending upon the amount stipulated in the operating Budget and the number of students who apply for remission.
- iv. Students whose parents/guardians single or joint income exceeds Five Thousand dollars (\$5000.00) do not qualify for any award.
- v. FSLC and FSFE failures do not qualify for any remission unless they have obtained marks stipulated in the guidelines.
- vi. Children of recipients of family assistance allowance are awarded the actual hostel fees charged.
- vii. A student whose father died while serving with peace- keeping force in Sinai or Lebanon is eligible for full exemption of fees.
- viii. A student whose parents are deceased is eligible for full exemption of fees
- ix. All students in Forms 1-7 who qualify in accordance with the criteria set forth in paragraphs 2.1 to 4.1 are eligible for remission.

### 3.2.1 The Criteria

Based on parental income, the following formula is to be used for remission of fees in 2011.

<u>Parental income</u>	<u>Eligibility</u>	<u>Rate</u>
Category A Nil - \$500	Full	\$80
Category B \$501 - \$1500	2/3	\$57
Category C \$1501 - \$ 3500	1/3	\$27
Category D \$3501 - \$ 5000	1/3	\$27 **
Category E \$5001 and over	Nil	Nil

**\*\* if more than one child in school**



### 3.2.2 Application Forms

- a. The application forms for Hostel fee-remission will be forwarded to the secondary schools in November each year.
- b. Principals are requested to send application for remission of fees to the Ministry on or before 28<sup>th</sup> February each year so that they can be processed quickly and the schools can be paid the remission of Hostel fees by the end of Term 1.
- c. Principals must ensure that the applications for remission of Hostel fees are fully and correctly completed prior to sending them to the Ministry. They should also ensure that the forms are signed only by persons authorized to do so.
- d. Late applications will not be considered unless they are exceptional circumstances.
- e. Principals could be reprimanded for their negligence in completing the forms and not sending them on time.

### 3.2.3 Busfare Assistance Scheme

#### 3.2.3a Criteria

- i. Only those students whose family have a total combined income of \$15000 or less will be eligible for the Transport Assistance
- ii. The assistance will only cover the equivalent of three bus stages in terms of distance travelled by students from home to school. Any costs beyond that distance will be borne by themselves and their parents.
- iii. The method of assistance will be through e-cards for those travelling by bus or coupons to students in the rural areas travelling by Rural Service Licence (RSL) vehicles, carriers and boats this coupon is a flat rate of \$0.80 for one way.

#### 3.2.3b Applications

- i. All schools must collect new applications from the students within the two weeks of the first term. These forms are to be verified by the Headteacher/ Principal that information provided are correct and endorse all the application forms which are then forwarded to the District Offices who will then submit them to HQ by 15<sup>th</sup> February every

year to ensure that the forms are processed on time and that the students receive the assistance as early as possible.

- ii All schools that put in applications for transport assistance will receive from the Ministry a list of students by class/ form who are eligible for the transport assistance with the eligible routes that are being approved for them.
- iii The e-cards will be programmed accordingly and when tapped to the console will record the approved stage fare.
- iv Students must put in an application in order to be considered for this assistance if they meet the criteria.

### 3.2.3c E-Tickets (cards)

- i. Students will take responsibility of their e-cards after being explained the proper use of cards by the Heads of Schools
- ii. A form will be issued with the e-card bearing the student's name and the amount of fare provided on a monthly basis (prepaid) by the Ministry.
- iii. Parents will need to top up their child's (children) e-cards **e.g. If a student is provided 35c (one stage) but the actual fare from his home to school is 70c, the parent(s) needs to top up with 70c per day or \$3.50 per week or \$14.00 monthly.**
- iv. The cards are to be used on school buses only.
- v. Students who do not travel on school buses will be charged the full adult fare. **The Ministry of Education will not take responsibility for this.** This simply means that all students must travel by school buses.
- vi. Those who wish to travel early or late and will not be travelling on the school buses will be required to pay adult fare.
- vii. Lost cards will be replaced but at a cost which is to be met by the student/parent.
- viii. Parents will borne the bus fares until the card is replaced.

### 3.2.4 Higher Education Institutions

- i. Ministry of Education administering grant shall enter into an agreement with the grant recipient agency.
- ii. A Memorandum of Agreement shall be drawn between the line agency (MOE) and the grant recipient for \$5000 and above. (USP/FNU/MONFORT BOYS/UOF/NASAAC/CORPUS CHRISTI)
- iii. The grant payable is Vat inclusive and this should be reflected into the Memorandum of Agreement

- iv. Grants must only be paid in accordance with the terms and conditions in the grant agreement.
- v. Grants are released after approval from Ministry of Economy if the item is noted in the Budget Estimates as R "Requisition to Incur Expenditure.

### 3.3 Grant Agreements

#### Assessing Applications for Grant Assistance

- 3.3.1 Applications for grants should be thoroughly scrutinised by the *grant officers* to ensure they contain the required information.
- 3.3.2 Each *grant officer* must ensure that he/she is familiar with the assessment criteria for applications.
- 3.3.3 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.**
- 3.3.4 Request for ad hoc grants shall be in accordance with the Ministry of Economy request for Ad Hoc Grants checklist.
- 3.3.5 Applications for projects must be facilitated by the *PAO* through a written proposal to the Permanent Secretary for Economy.
- 3.3.6 All relevant details should be captured in this written submission and signed by the Permanent Secretary. Approval for release of funds will only be given if the proposal is in line with the strategic plan of Government.
- 3.3.7 All grant monies are VAT inclusive hence the Accounting Head must ensure that that the agency has adequate funds under SEG 6 and/or 10 to meet this vat component on grants.
- 3.3.8 The recipient agency shall construct a budget breakdown of how funds will be utilised and this breakdown should sum up to the total amount requested by the agency.

*During the budget consultations, donor agencies make commitment to the government to provide assistance in particular areas. Such commitments are stated in the budget book under the recipient agency`s budgetary allocation.*

- 3.3.9 These funds shall be accessed upon written request to the donor agency who shall then release the committed funds to Ministry of Economy via the Government Central Account. **All Donor Agency funding will be guided by instructions and directives under 3.4 and 3.5**
- 3.3.10 For grants placed under Requisition, the PAO must ensure that all the requirements under Ministry of Economy RIE checklist have been complied with prior to submitting the agency` s application to the Budget division of Ministry of Economy for processing.

### **Approved Grants**

- 3.3.11 The appraisal report together with supporting documents shall be submitted to the PSE or Deputy PSE Corporate Services for approval.
- 3.3.12 For grants approved over \$5000, a grant agreement must be prepared in accordance with Finance Instruction 16-(1) and signed by the PS or *Deputy PS* and an authorised representative of the recipient before payment is made.
- 3.3.13 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.**
- 3.3.14 All applications and grant agreements must be properly filed.

## **3.4 Payment of Grants**

- 3.4.1 Officers involved in appraising grants are not authorised to approve grant payments.
- 3.4.2 Before a payment voucher for a grant is certified, the AO Payments must ensure that it is adequately supported and where appropriate, payment is in accordance with the conditions in the grant agreement.

- 3.4.3 Grant payments to school or institution should only be made out in the official name of the school or institution and the cheque lodged into the bank account of the school or institution.
- 3.5.3 If lodgements are made into the wrong bank account it is the responsibility of the XO/ AAO of section to enquire at the bank and request for the immediate reversal of the lodgement.
- 3.6.3 On receipt of the bank cheque, the cheque is receipted to the original allocation and the receipt is the authority to prepare another payment and ensure it is re-lodged into the correct bank account of the school or institution.

### **3.5 Monitoring Grant Assistance**

- 3.5.1 Where required under Finance Instruction 16-(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.**
- 3.5.2 All acquittal reports must be signed by the recipient and where relevant, bear the company seal or stamp of the organisation.
- 3.5.3 The SAO (O) shall be responsible for monitoring and reconciling SLG 84 accounts as per the requirements under SLG 84 reporting guide. Monthly reconciliations of SLG 84 account shall be in accordance with the format provided in Part 18 of this manual.
- 3.5.4 All SLG 84 monthly reconciliation shall be submitted to the paying agencies/Budget sections/FMIS unit of the Ministry of Economy (whichever applicable) in the prescribed format.

### **Inspection of Projects**

- 3.5.5 For multi-year projects, the Director- AMU, PEO Development shall inspect project sites at least once a year.
- 3.5.6 The District Education Officers 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.**

3.5.7 The District Education Officers shall prepare an inspection report on each project inspected and submit it to the *Director- AMU*.

### **3.6 RECURRENT GRANTS TO AIDED SECONDARY AND JUNIOR SECONDARY SCHOOLS**

- [a] A Per Capital Grant for Other Recurrent Expenses
- [b] Any Special Grant whom the PSE may make for an item that is to be used in the school.
- [c] Grants made under paragraphs (a) and (b) shall be available for use only during the year in and for which they are made.
- [d] Any aided school which does not send in its audited accounts by 31<sup>st</sup> December, shall not be paid the per Capita Grant and Tuition Grant in the following year as this amount owing to the school has been returned to the Government Consolidated Account.
- [e] The maximum number and minimum number of pupils to be admitted to an aided form shall be as set out in Appendix VII.
- [f] The Principal of an aided school may, when circumstances warrant it, suspend a pupil, but no pupil may be expelled without prior approval of the **PSE**. Disciplinary matters affecting students are to be dealt with in accordance with the disciplinary procedures and guidelines of the Ministry of Education.
- [g] No new form, whether to be aided or not, may be added to an aided school without the prior approval of the PSE.
- [h] All courses of study in an aided school, and any changes proposed therein shall be subject to the prior approval of the **PSE**.
- [i] Tuition and Hostel Fees in an aided school shall be determined from time to time by the Controlling Authority but should not exceed 10% of existing fees and shall be subject to the approval of the **PSE**.
- [j] A Controlling Authority may, in addition to tuition and hostel fees,

levy a School Fee fund or other special fees for such purposes and at such rates as it may determine from time to time, with the approval of the **PSE**.

- [k] Every aided school shall keep such records and books of accounts as the **PSE** may from time to time prescribe, and such books shall, on request, be made available for inspection to the **PSE**, or to any other person authorised by the **PSE**.
- [l] The records and books of accounts of an aided secondary school shall be audited annually by an auditor and audited statements of account for the year, together with any report made by the Auditor, shall normally be submitted to the **PSE** no later than 31<sup>st</sup> March in the following year.
- [m] The audited statements shall include:-
  - (i) a general income and expenditure account clearly disclosing the information.
  - (ii) an income and expenditure account of the school fund and any other special funds.
  - (iii) A balance sheet incorporating the above; and
  - (iv) Such other statements as the **PSE** may require.
- [n] The auditor shall state in his certificate that the statements have been compiled and the school's accounts examined in accordance with the terms of this Circular.
- [o] A Junior Secondary School is required to submit annual statements of account compiled by a person appointed by the Controlling Authority. The statements of account shall be approved and endorsed by the Management and the Treasurer of the school and shall normally be submitted to the **PSE** no later than 31<sup>st</sup> March in the following year.
- (p) The statements for Junior secondary schools shall include:
  - (i) A breakdown of income eg. grants from Ministry, School fees, funds collected, etc.
  - (ii) A breakdown of expenditure eg. purchase of materials, payment of bills, payment of teachers' salaries, contribution to FNPF, Tax payments to Inland Revenue, etc.

- (iii) Net Balance – deficit/surplus.
  
- (q) The **PSE** may, with the approval of the Minister suspend or cancel any grants awarded to an aided school if, after due warning he is satisfied that the school has:-
  - (i) ceased to comply with any of the conditions required of a registered school; or
  - (ii) failed to comply with any or all of the provisions of this Circular;  
or
  - (iii) ceased to be efficient



## 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 *Director Corporate Services*;
- the *PAS (P)*
- the *PAO*
- *SAO (O)*;
- *AO- Salaries*;
- *AO- Payments*
- the *AAO Payments*
- the *AAOs Salaries*
- *Salaries Clerks*
- *Wages Clerk*
- *SCO Reconciliation*;
- the *accounts supervisor*;
- the *salaries officer and wages officer*;
- *SAS(P)* for wages employees.
- *CO (GWE)*

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

## SALARIES

### 4.1 Appointments

4.1.1. The PAS (Personnel) shall provide a contract 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.
- iv. termination date of contract

- 4.1.2. The contract of appointment shall be forwarded to the *AO 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.
- 4.1.4. All new officers appointed as School bursars on contract or on acting capacity will need to spend one week orientation in the Accounts Section to familiarise him/ herself with all the financial procedures and processes from raising purchase orders, to payment processes, requirements and procedures of collection/receipting of government or trust fund revenues and reconciliations of allocations and bank reconciliations of trust fund accounts.

### **Resignations**

- 4.1.4 The teacher must give thirty (30) days resignation notice to the Principal/ Head Teacher of the school he/she is at.
- 4.1.5 The Principal/ Head Teacher must ensure that the PEO of the District Education Office receives the advice within three (3) after he/ she received the resignation letter from the teacher.
- 4.1.6 Upon receiving the advice the PEO should inform the Personnel section immediately, Salaries Section of the resignation and enter the appropriate information into the Fiji Education Staff Appointment (FESA) system.
- 4.1.7 AO Salaries must immediately inform the salaries clerk and ensure that the resignation date is entered into the payroll and salary is terminated in time to avoid overpayment of salary.
- (i) In cases of late notification of termination of salaries the salaries clerk shall arrange for salary reversal if possible and terminate the salary in the next available pay period.
- 4.1.8 The PEO of the District Education Office must update the resignation register/FESA immediately and forward the resignation to Headquarters.

### **Termination of Salaries on Retirements**

- 4.1.9 A list of all teachers retiring during the year must be submitted by SAS(P) to the Salaries Section thirty (30) days prior to retirement.

### **Renewal of Annual and Three (3) Year Contracts**

4.1.10 The list of all teachers whose annual contracts are up for renewal or termination must be forwarded to AO Salaries by the first week of December every year in order to extend the termination date by the grace period of one month to allow for delays in the processing of the contracts and thereafter release will only be done when files are received at the Salaries Section.

### **Deemed Resignation**

4.1.11 All Head Teachers/ Principals/Supervisors are duty bound to report all absence of subordinates for seven (7) consecutive days on the eighth (8<sup>th</sup>) day to respective District Education Offices.

4.1.12 It is the responsibility of the District Education Officer to ensure this information is sent to the Salaries Section within 24 hours from the date of receipt of the information.

4.1.13 AO (Sals) on the recommendation of the Director (Admin/ Finance) must terminate the salary of the officer.

## **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 1/26<sup>th</sup> of an employee's annual salary.

4.2.2. Where payment is for a broken period, salary shall be computed at 1/364<sup>th</sup> 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 Economy) 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 clerks* 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 clerks* and checked and signed by the *AAOs 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 clerks* 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 Economy;
  - 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 clerks* shall submit batched forms to the Ministry of Economy 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 Economy will print an edit report of the inputted data.
- 4.2.11. The *salaries clerks* must collect the edit report and original input forms from the Ministry of Economy.
- 4.2.12. The names of officers' authorised to collect these reports shall be provided to the Ministry of Economy.
- 4.2.13. The *AAOs Salaries* 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 *AAOs Salaries* shall check these corrections before resubmitting them to the Ministry of Economy. An entry shall be made in the Batch Register.
- 4.2.15. The *salaries clerks* must file all processed input forms into the appropriate salary files.

### **4.3 Printing & Collection of Salary Cheques**

- 4.3.1. The *AO Salaries or AAOs Salaries (who must not also be the officer who creates input forms)* shall collect the computer-generated salary cheques from the Ministry of Economy. The cheques must be collected on the dates set by the Ministry.
- 4.3.2. When collecting the cheques, the *AO Salaries, AAOs Salaries* must physically count them and reconcile the total to the recorded balances in the Cheque Payments Schedule kept by the Ministry of Economy before acknowledging their receipt.
- 4.3.3. The *AO Salaries or AAOs Salaries* must ensure that the original Cheque Payments Schedule is attached to the printed cheques.
- 4.3.4. The cheques shall be handed to the *AAO Salaries (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 PSE and the Chief Accountant, Ministry of Economy. 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 Economy.
- 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 Economy 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 *AAO Salaries* (*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 clerks* 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 *AO Salaries* 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 *AO Salaries*.

### **Direct Deposits**

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

## **Manual Payments**

- 4.5.8. No manual payment of salary is permitted except upon written approval from the *PS Economy*.
- 4.5.9. A manual payment shall be effected through the agency's Drawings Account.
- 4.5.10. The *salaries clerks* 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.
- 4.5.11. The input form must be checked and signed by the *AO Salaries* before submission to the Ministry of Economy.

## **4.6 Reconciliation of Salary Payments**

- 4.6.1. The officers authorised to collect payroll reports from the Ministry of Economy 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 *AAO Salaries; CO 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 *AO Salaries* and forwarded to the *PAO* with a copy to the Ministry of Economy, within one week from the pay date.

## **4.7 Accounting for Salary Payments**

### **Salary Payments & Deductions Made by Ministry of Economy**

- 4.7.1. No salaries expenditure shall be debited until an advice has been received from the Ministry of Economy advising of the salary charges posted to respective agencies expenditure allocation.

- 4.7.2. The *Salaries clerk* 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 clerks shall process such payments after preparing the appropriate input form.
- 4.8.3. If the Chief Accountant, Ministry of Economy 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 *PAO* 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 *AAO Salaries* shall receipt any unclaimed salary that is not paid out within forty-eight hours as specified in Finance Instruction 17-(6).
- 4.9.2. Where the unclaimed salary is a system-generated cheque, it must be presented to the Chief Accountant, Ministry of Economy for endorsement before being receipted.



4.9.3. Where the unclaimed salary is the agency's drawings account cheque, the *authorised signatories* shall endorse it before receipting.

#### **Register of Unclaimed Salaries**

4.9.4. The *AO Salaries* (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 *AO Salaries* shall update the register.

4.9.6. Likewise, when the unclaimed salary is paid to the employee, the *AO Salaries* 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 *AAOs Salaries* must immediately advise the Ministry of Economy in writing.

4.10.2. The *salaries clerk* 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 Economy.

4.10.4. The *Salaries clerk* shall submit the input form and journal voucher (except in the case above) to the Ministry of Economy.

4.10.5. For deductions controlled by the Ministry of Economy, the journal adjustment shall be credited to the agency's IDC account.

4.10.6. Once the Ministry of Economy advises of the credit that has been posted to the agency's IDC and returns the duplicate voucher, the *salaries clerk* shall raise

another journal voucher to clear the IDC account and credit the actual expenditure account.

#### **4.11 Salary Reports**

4.11.1. The *AAO Salaries* shall collect salary reports from the Ministry of Economy 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. pay run allowance & deduction reports;
- iii. allowance reports;
- iv. status reports;
- v. salary advice slips;
- vi. P4-1 slips.

4.11.3. The *AAO Salaries* must verify all reports to be collected against a reports list provided by the Ministry of Economy.

#### **Distribution of P4-1 Slips**

4.11.4. The *salaries clerks* must collect P4-1 slips from the Ministry of Economy.

4.11.5. After receiving the P4-1 slips, the *salaries clerks* 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.

#### **Distribution of Salary Slips**

4.11.7 All salary slips shall be issued to the employees only. No third party requests for salary slips/ P4-1 slips will be entertained except upon written approval from the respective employee.

4.11.8 Salary slips can now be obtained from Divisional/ District Offices.

## 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 clerk* must prepare payment vouchers for authorisation by the *AO Salaries* and submission to the Ministry of Economy.
- 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 Economy has prepared the gratuity cheque, the *AAO Salaries (who must not also be the officer who prepares input forms)* shall collect the cheque, P4-1 slip and payment voucher. The *AAO Salaries* must ensure that the cheque corresponds to details on the payment voucher.

## WAGES

### 4.13 Appointments

- 4.13.1. The *PAS (HR)* 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 *CO (GWE)* 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 *SAS (HR)* 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 clerk* shall prepare appropriate input forms.
- 4.14.6. Different input forms (specified by the Ministry of Economy) 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 clerk* 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 clerk* and checked and signed by the *AAO Payments*.
- 4.14.9. The *wages clerk* 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 Economy;
- 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 clerk* must submit batched forms to the Ministry of Economy 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 clerk* 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 Economy.

#### **Reconciling Edit Reports**

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

4.14.14. The *wages clerk* must ensure that details in the edit report corresponds to details in the input forms.

4.14.15. The *wages clerk* shall correct any errors by raising new input forms. The *AAO Payments* must check the corrections before they are loaded into the payroll system.

4.14.16. The *wages clerk* 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 clerk* 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.

### **Cheque Payment**

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

### **Manual Payment**

- 4.16.6. No manual payment is permitted.

### **Payment by Direct Bank Deposit**

- 4.16.7. Where employees are paid through their bank accounts, a direct credit schedule shall be printed from the payroll system.
- 4.16.8. The schedule includes details relating to:
- i. employee's name and FNPF number;
  - ii. bank account number;
  - iii. net wages.
- 4.16.11. The *wages clerk* shall prepare a cheque for each bank according to the details on the schedule and for any applicable bank transaction fees.
- 4.16.12. The AAO Payments must deposit the cheques on time at the respective banks to ensure that employees receive their wages on the pay date.
- 4.16.13. 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 *wages clerk*.

4.16.14. The Ministry of Economy 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 Cheque Payments**

4.17.1. Employees paid by cheque must provide proper identification when collecting their wages. In case of doubt, the CO (GWE) must identify their employees.

4.17.2. SAS (HR) may issue pay identification cards for each wage employee who must hand it to the AAO Payments. The pay card shall state the FNPF number of the employee and be signed by the AAO Payments.

#### **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 AAO Payments.

4.17.4. The *wages clerk* must ensure that the total of the pay cards collected and the remaining pay envelopes agree to the total number shown on the cheque payments schedule.

#### **Lost Pay Envelopes**

4.17.5. If a pay envelope for distribution is lost, the *wages clerk* must submit a loss report to the AO payments and the SAO (O) or PAO.

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 *CO Wages* 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 17-(6), shall be receipted and banked.
- 4.19.2. Where the unclaimed wages is a cheque payable to the employee, the *authorised signatories* shall endorse it before receipting.
- 4.19.3. The *AO Payments* 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 *AO Payments* shall update the unclaimed wages register to reflect relevant details.
- 4.19.5. Likewise, when unclaimed wages are paid to an employee, the *AO Payments* 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 *CO Wages*) must collect wages reports from the Ministry of Economy 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 *CO Wages* must verify the reports against a reports list provided by the Ministry of Economy (*or kept by the agency*).

## Distribution of P4-1 Slips

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

4.20.6. The *CO Wages* 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.

## **4.21 Early Childhood Education (ECE) Teachers Payroll**

4.21.1 A new payroll will be created for the benefit of the ECE teachers around the country who will be receiving a salary grant approved by the Ministry.

4.21.2 The payroll will be on a monthly basis and the salary grant would be deposited into the teacher's account. If the teacher does not have a personal account, arrangements can be made for personal collection of cheques on demand of personal IDs for verification by SEO (ECE).

4.21.3 The calculation of the salary grant will be on the date the teachers assume duty of each term after a confirmation note has been received from the kindergarten management and will cease at the end of each term.

4.21.4 All ECE teachers are required to register with both Fiji National Provident Fund (FNPF) and Fiji Revenue and Customs authority for Tax Identification Number (TIN).

- 4.21.5 The only deduction that will be activated from the ECE payroll is only FPNF deduction any other deductions will be the responsibility of the individual teacher.
- 4.21.6 The categories of the salary grant are as follows:
- (i) **\$5,330 per annum for FNU and USP Graduates in B.Ed in Early Childhood with Teaching Certificate or LTC/FNU Advanced Certificate in ECE (\$6.50 an hour)**
  - (ii) **\$3,280 for diploma & certificate holders from USP, APTC and MLTC (\$4.00 an hour)**
  - (iii) **\$2,460 for non-certificate holders or basic training (\$3.00 an hour)**
- 4.21.7 A Memorandum of Agreement (MOA) will be drawn up between the kindergarten Management and each teacher every year.
- 4.21.8 Since the funding of Salary Grant for ECE teachers is placed under Requisition, the Accounting Head must ensure that all the requirements under Ministry of Economy RIE checklist have been complied with prior to submitting the agency` s application to the Budget division of Ministry of Economy for processing. A copy of the ECE Teachers Payroll will be attached as acquittal purpose.
- 4.21.9 Other issues relating of salary grants inputs, reversals, losses etc will be handled in accordance with salaries and wages instructions in this manual by SEO (ECE) and her team.- in the ECE Section.

## 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 PS and Deputy PSE Corporate Services;
- the PAO;
- the SAO (O);
- AAO Revenue;
- AO Finance/ Ledgers
- AAO Ledgers
- revenue collectors;
- mail opening officers;
- banking clerks;
- the Cashier;
- the AO Payments; AO Salaries.

### 5.1 Authority to Collect Revenue

5.1.1. Where officers are authorised to collect revenue (*revenue collectors*), the SAO (O) 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 *AO Finance/ Ledgers*.

5.1.3. The SAO (O) shall forward a list of all appointed *revenue collectors* and any changes to the list, to the Chief Accountant, Ministry of Economy 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 Economy for receipt books should not exceed 3 months requirements.

### **Requests to Chief Accountant**

- 5.2.3. The *AAO Revenue* or *AAO Ledgers* (or other specified officer who is not responsible for collecting money) is responsible for issuing requisitions to the Chief Accountant, Ministry of Economy and for maintaining the stock register. The *AAO Revenue*/ *AAO Ledgers* 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 *AAO Revenue* and returned to the Chief Accountant. Before signing the receipt, the *AAO Revenue* must physically check that the stock received corresponds to the amount stated on the receipt.

### **Recording of Receipt Books Received**

- 5.2.6. The *AAO Revenue* 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 *AAO Revenue* 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 *AAO Revenue* 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 *AAO Revenue* 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 *AAO Revenue*.
- 5.2.15. The original receipt shall be kept with the distribution register. The *AAO Revenue* 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 *AAO Revenue*;
  - 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 *PAO* has given approval.
- 5.2.19. The *AAO Revenue* 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 cash analysis sheet.
- 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*( *XO Records Management Unit (RMU) and registry clerk*) should be present at all times when official mail is opened.
- 5.3.7. The *XO RMU or registry clerk* 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 *XO RMU or registry clerk* 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 *XO RMU or registry clerk* 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 *SAO (O)* shall inform the responsible agency through the appropriate advice form within one week of collection.
- 5.3.12. After receiving the advice form, the *SAO (O)* 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 PSE Corporate Services*.

- 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. All foreign bank drafts and money orders are to be converted into Fiji dollars prior to receipting and banking.
- 5.4.2. The *banking clerk* shall bank money received on a daily basis at least. The lodgement form shall be prepared in triplicate detailing the deposits to be made.
- 5.4.3. The lodgement forms shall be checked and signed by the *AAO Payments, School Principals/ Headteachers and Education Officers (who must not also be responsible for collecting revenue)*. Cash to be deposited shall be counted before the *accounts supervisor* signs the lodgement forms.
- 5.4.4. When the *banking clerk* 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.
- 5.4.5. The *revenue collector* shall keep one lodgement form and attach the other form to the cash analysis book.
- 5.4.6. 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.
- 5.4.7. The *AO Payments/ AAO Payments, School Principals and Headteachers and Education Officer*, 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 *AO Payments/ AAO*

*Payments, School Principals and Headteachers and Education Officers and revenue collector* must sign the safe register when cash is removed from the safe.

5.4.8. Revenue cash collections must not be mixed with petty cash.

## **5.5 Accounting for Revenue**

5.5.1. The *revenue collector* shall maintain a cash/cheque register 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 register at the end of the day and give it to the *AAO Payments, School Principals/ Headteachers and Education Officers* for checking. The *AAO Payments, School Principals/ Headteachers and Education Officers* 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 register, the *AAO Payments* shall submit the register, duplicate receipts and lodgement forms to the *data entry clerk* for posting into the General Ledger.

5.5.4. Monthly reconciliation of the Consolidated Fund Accounts shall be carried out by *AAO Revenue* upon receipt of the extraction of Bank Statements from Ministry of Economy.

### **Posting into the General Ledger System**

5.5.5. The *AAO Revenue* 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 *AO Finance/ Ledgers* 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 *AAO Revenue* 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 *AAO Revenue*. Immediately after signing the advice form, the *AAO Revenue* must forward it to the agency concerned.

### **Monthly Revenue Reports**

- 5.5.10. At the end of each month, the *AAO Revenue* 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 18 of the Manual.
- 5.5.12. Within five working days of the Ministry of Economy issuing the monthly General Ledger Reports, the *AAO Revenue* 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 *AAO Revenue* shall inform the Chief Accountant in writing within 7 days of receiving the GL reports.
- 5.5.15. Accounting Head shall ensure that the Ministry of Economy (FMIS) is consulted before collecting a totally new revenue type Finance Instruction 21-(1).

## **5.6 Monitoring Revenue Collection**

- 5.6.1. The *AAO Revenue* 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 *AAO Revenue* (or *other responsible officer*) shall immediately notify the *PAO* 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 *PAO*.
- 5.7.3. The *PAO* or *SAO* may direct the *AAO Revenue* 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 *PAO/ SAO* 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 *PAO* 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 *PAO* 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 *PAO* and retain the duplicate list.
- 5.8.3. The *PAO* must forward the list and surplus stock to the Chief Accountant, Ministry of Economy 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 *PAO*'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 *PAO* must immediately be informed in writing.
- 5.8.6. The *PAO* 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.
- 5.8.7. If a Receipt book is missing, the AO Finance/ Ledgers 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 receipt book. The advertisement must be placed within two days of notification of the loss.

## **5.9 State Revenue**

- 5.9.1. When applying for new revenue items, agencies must first seek Ministry of Economy approval.
- 5.9.2. Agencies should provide all the details required under Section 25-(2) of the Finance Instructions to the Ministry of Economy, when seeking approval for new revenue items.

5.9.3. The Ministry of Economy will provide advice after evaluation and agency must process mandatory endorsement as required under Section 25-(3) & (4) of the Finance Instructions.

5.9.4. Agencies shall take action to increase charges each year by the rate of inflation and revise charges for goods and services must be processed under Section 25-(5) & (6).

#### 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 CFA SAG 52 Allocation  
CR Appropriate Revenue Allocation  
(accounting for revenue received)

##### Situation 2: Revenue Received on Behalf of Other Departments

###### Treasuries Entries

DR CFA SAG 52 Allocation  
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)

##### 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

DR    Miscellaneous Refund Expenditure

      CR    Drawing

(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 and submit to Ministry of Economy a draft business plan documenting the planned performance and profit target of each TMA activity for the planned year and for the following 3 years.
- 6.1.2. The *TMA Manager* shall also prepare an Annual Corporate Plan (ACP) to be part of the Business Plan and it should be in line with the CAPEX in the Business Plan.
- 6.1.3. The *TMA Manager* shall make a presentation of the draft business plan to the PS and senior management of the agency in the first week of November.
- 6.1.4. Upon endorsement of the business plan, the PS shall submit a copy of the business plan to the Ministry of Economy by 30 November.
- 6.1.5. 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 monthly stocktakes on TMA stocks.

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 *PAO*. The report must outline:
- iv. any discrepancies between actual stock and supporting records;
  - v. whether any stock is obsolete or unserviceable;
  - vi. 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.
- 6.3.8. Within 8 days after the end of each month, the TMA Manager shall prepare and submit to Ministry of Economy, a stock certificate to certify ownership of the stated number of stock for the month.
- 6.3.9. TMA Managers shall ensure that monthly closing of accounts is undertaken within 15 days after the end of the month.

#### **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 Economy to Cabinet for approval unless there is a revenue retention arrangement with the Minister for Economy.
- 6.4.3 If there is a revenue retention arrangement, fees may be increased in accordance with Finance Instruction 23-(7).

#### **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 PS**

- 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 PS. A copy of the report shall also be forwarded to the Ministry of Economy within 15 days after the end of the quarter.
- 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;
  - iii. An explanation of variance between budgeted and actual amounts

### **TMA Profits/Loss**

- 6.5.3. After the close of each year, the *PAO* shall transfer profits realized from the trading and manufacturing activity to the Consolidated Fund, unless there is a revenue retention arrangement with the Minister for Economy.
- 6.5.4. The *TMA Manager* shall submit any losses incurred for write-off each year in accordance with Part 14 of the Manual.

### **TMA Bank Reconciliation Statement**

- 6.5.5. The *TMA Manager* shall be responsible for preparing and submitting to Ministry of Economy a monthly bank reconciliation statement within 15 days

after the end of the month. A standard Bank Reconciliation format is provided in Part 18 Schedule 6 of the Manual.

### **Audit of TMA Operations**

- 6.5.6. *TMA accounts staff* must provide the necessary information requested during an audit of the TMA.
- 6.5.7. 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**

- 6.5.8. 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

	\$	\$
<b><u>Manufacturing Account</u></b>		
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>
<b>Cost of Manufactured Goods Transferred to Trading A/C</b>		<b><u>xxx</u></b>
		<b><u>          </u></b>
<b><u>Trading Account</u></b>		
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)	
		<u>          </u>
Cost of Finished Goods Sold		xxx
		<u>          </u>
<b>Gross Profit/(Loss) Transferred to P&amp;L A/C</b>		<b><u>xxx</u></b>
		<b><u>          </u></b>

**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/>	
<b>Total Income</b>		<b>xxx</b>
<u>Expenses</u>		
Depreciation	xxx	
Administrative Costs	xxx	
	<hr/>	
<b>Total Expenses</b>		<b>(xxx)</b>
<b>Net Profit/Loss</b>		<b>xxx</b>
		<hr/> <hr/>

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

	\$	\$	\$
<u>Equity</u>			
Net Profit/(Loss)			xxx
<b>TOTAL EQUITY</b>			<b>xxx</b>
			<hr/> <hr/>
<u>Current Assets</u>			
Bank	xxx		
Inventories	xxx		
	<hr/>		
		xxx	
<i>Less: <u>Current Liabilities</u></i>			
Accounts Payable		<hr/>	
<b>Working Capital</b>			<b>xxx</b>
<u>Non-Current Assets</u>			
Property & Equipment	xxx		
<i>less</i> Accumulated Depreciation	<u>(xxx)</u>	<u>xxx</u>	
<i>Less: <u>Non-Current Liabilities</u></i>			
Others		<hr/>	
			<b>xxx</b>
<b>TOTAL NET ASSETS</b>			<b>xxx</b>
			<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 *PAO*;
- the *SAO*;
- the *AO Payments*;
- the *AAO Payments*;
- *AAO Ledgers*;
- *revenue collectors*;
- *Vote Controllers*;
- *School Principals*;
- *School Bursars*

### 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 *AAO Payments* and *revenue collectors* shall be responsible to the *PAO* for the safekeeping of cash and other valuables.

7.1.3. The *AAO Payments* 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 *Cashier/ AAO Payments* shall be the only officers with access to the safe.

7.1.5. Safes shall be obtained from the Ministry of Economy 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 *PAO* must obtain approval from the Chief Accountant, Ministry of Economy before transfer.

### **Loss of a Key**

- 7.1.8. The *AO Payments* 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 *AO Payments* loses the safe key, he/she must immediately inform the *PAO* who shall report the matter to the Chief Accountant.
- 7.1.10. The Chief Accountant will advise the *PAO* of the cost of replacing the key, which the *AO Payments* must bear.

### **Record of Valuables in the Safe**

- 7.1.11. The *AAO Payments* 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 *AAO Payments* 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 *AAO Payments*.

### **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 *PAO*. Such officer shall assume all the responsibilities of the *AO Payments*.
- 7.1.15. The *AO Payments* 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 *AO Payments*.
- 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 *AO Payments*.

7.1.18. A copy of the handing over statement shall be forwarded to the SAO (O).

## **7.2 Cash Survey**

### **Annual Board of Survey**

- 7.2.1. The Deputy PSE Corporate Services or SAO(O) 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 Deputy PSE Corporate Services.
- 7.2.3. *AO Payments, AAO Payments, revenue collectors, and* 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 SAO (O) must provide the PSE with a written explanatory report and put in place measures to ensure that losses are recovered or written off.
- 7.2.6. The PAO must also present stock take reports during Board of Survey meetings.

### **Surprise Cash Counts**

- 7.2.7. At each office at which money is collected, the *Vote Controller* shall conduct a surprise cash count at least twice a year.
- 7.2.8. After cash or safe contents have been physically verified to cashbooks, receipts and other supporting documents, the *Vote Controller* shall sign and date the cashbook and petty cash book and state whether the balance corresponds to the actual cash on hand.
- 7.2.9. Similarly, the *Vote Controller* must sign and date the safe register balances after verifying the actual contents in the safe.
- 7.2.10. The *Vote Controller* shall provide a report of the cash count to the PAO, 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 PAO 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 AO Payments 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 officer*. Chequebooks should be obtained from the bank concerned.
- 7.3.5. To open a new petty cash account, the SAO (O) shall direct the *AO Payments* 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 PAO/ SAO (O) 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 officer* 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.
- 7.3.13. 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*.
- 7.3.14. The *petty cash officer* shall enter details of payments made into the petty cash record and attach duplicate vouchers.

### **Replenishing the Imprest**

- 7.3.15. It is the responsibility of the *petty cash officer* to ensure sufficient cash is available.
- 7.3.16. When the petty cash needs replenishing, the *petty cash officer* shall total the payments in the petty cash record that have not been reimbursed and raise a reimbursement voucher.
- 7.3.17. The reimbursement voucher, a copy of the petty cash record and duplicate petty cash vouchers shall be forwarded to the *AO Payments*.
- 7.3.18. The *AO Payments* must verify the correctness of payments made before approving the reimbursement voucher.
- 7.3.19. Once the reimbursement voucher has been approved and signed by the *AO Payments*, the *AAO Payments* shall prepare a reimbursement cheque and send it to the *petty cash officer* together with the signed reimbursement voucher.
- 7.3.20. Upon receiving the reimbursement cheque, the *petty cash officer* shall replenish the petty cash and update the cash record accordingly.
- 7.3.21. The *CO (Wages)* shall post details of the reimbursement voucher to the relevant expenditure accounts.

### **Preparing Monthly Reconciliation**

- 7.3.22. Where petty cash is kept in a bank account, a bank reconciliation statement shall be prepared on a monthly basis by the Petty Cash officers and submitted to the *CO Wages* within 5 days of the end of the month.
- 7.3.23. The *AAO Payments* shall verify the balances of the petty cash record and bank statements and check the supporting vouchers before certifying and dating the bank reconciliation statement.

7.3.24. Within five days after the issue of the monthly General Ledger report by the Ministry of Economy, the *CO Wages* shall prepare a petty cash reconciliation to reconcile the petty cash record balance to the General Ledger balance. The reconciliation must be forwarded to the Ministry of Economy by the date set by the Ministry.

### **Retiring Petty Cash**

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

7.3.26. Petty cash shall be retired by submitting the cashbook, petty cash vouchers and any cash on hand balance to the *CO Ledgers* for journalising.

7.3.27. 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 *AO Payments* together with the petty cashbook and other vouchers.

## **7.4 Operating Bank Accounts**

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

7.4.2. The *SAO (O)* 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.

### **Closure of Bank Account**

7.4.4. Closure of a bank account for public money, other money or trust money must only be carried out with the approval of the Chief Accountant. Prior to closure of public bank accounts, all monies must be transferred to the Consolidated Fund Account, and Chief Accountant must be advised accordingly.

### **Banking Security**

7.4.5. The *AO Payments* or *SAO (O)* must ensure that two officers make deposits or withdrawals at the bank.

- 7.4.6. Cash must be carried to the bank in a locked strong box.
- 7.4.7. 'The *AO Payments or SAO (O)* is responsible for arranging additional security measures such as a police escort, whenever cash deposits or withdrawals are significantly large.

### **Preparing Monthly Bank Reconciliations**

- 7.4.8. The *AO Payments* shall prepare a bank reconciliation within 5 days after the end of the month.
- 7.4.9. Details of unpresented cheques and other reconciling items should be attached to the reconciliation statement.
- 7.4.10. Once the bank reconciliation is prepared, it should be signed and dated by the *AO Payments* and submitted to the *PAO*.
- 7.4.11. The *PAO* 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.
- 7.4.12. A copy of the certified bank reconciliation shall be forwarded to the Ministry within 10 days after the end of the month and submission shall be in accordance with the form outlined in Part 18 Schedule 3 of this manual.

## **7.5 Accounting for Cheques**

### **Stale Cheques**

- 7.5.1. If cheques remain in the unpresented cheque list for more than 3 months, the *AO Payments* must attempt to locate the payees and have their cheques presented before they become stale.
- 7.5.2. The *AO Payments* 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 *AO Payments* 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 *AO Payments* 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 *PAO* may authorise that a replacement cheque be issued after obtaining a Statutory Declaration.
- 7.5.8. If the *AO Payments* or any other officer loses a cheque, he/she must prepare a report to the *PAO*. 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 *PAO* 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 *PAO* 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 *PAO* 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 Cash flow 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 PAO. This information must be further broken down into monthly forecasts.

7.6.2. The SAO (O) is responsible for collating such information in the form specified in the Finance Instructions.

7.6.3. The SAO (O) must liaise closely with other Section Heads to ensure that the forecast information provided is reliable.

7.6.4. Regular analysis 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 Economy at least 2 working days before the start of the following week.

## **7.7 Daily Cash Flow Management**

7.7.1 It shall be the responsibility of the AO Payments to ensure that the Agency Duly abides by the daily cash flow limit (\$50,000 or \$100,000 whichever is applicable) set by Ministry of Economy.

7.7.2 Anything in excess of this limit must first be approved by Debt and Cash Flow Management (DCFMU), Ministry of Economy prior to release of funds from the Chief Accountant Treasury.

7.7.3 DCFMU is not admissible for any liabilities for the payments approved as it's approval is sought specifically for Cash Flow Management purpose.

### **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 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.

<b>HANDING OVER STATEMENT</b>	
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 SAO (O);
- the storeman;
- SCO (Supplies)
- Vote Controllers;
- 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 clerks and storemen* shall record them in the inventory register.

#### Recording Inventories

8.1.3. The *clerks and storemen* 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 *clerks and storemen* 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 *clerks and storemen* 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 *storemen*. The *storemen* 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 *storeman*. All other officers shall be restricted from entering storage facilities unless approval is granted by the *storeman*.

## 8.3 Inventory Stocktakes

- 8.3.1. The *SAO (O)* 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 *SAO (O)* together with the stocktake sheets.
- 8.3.5. The inventory register shall be adjusted only after the *SAO (O)* 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 PSE*;
- the *PAO*;
- the *credit officer*.
- *AAO Revenue*

### 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 *school bursars*.

9.1.2. A register of debtors shall be maintained to record details of people or organisations that 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 *PAO*.
- 9.2.4. If a final notice had been issued to one of the debtors listed, the *PAO* 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 *PAO* shall take action to write-off irrecoverable debts in accordance with Part 14 of the Manual.

### 9.3 Reporting

- 9.3.1. The *AAO Revenue* 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 PSENHCA.
- 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
'	0-3 months	4-6 months	7-9 months	10-12 months	

## 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 PSE Corporate Services*;
- *all staff*;
- the *PAO*;
- *the SAO (O)*
- the *AO Payments & CO (Claims)*.

### 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 PSE or *Deputy PSE* shall approve all overseas travel advances.

10.1.3. The *PAO* 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. It shall be the responsibility of the *PAO* to ensure that a travel advance for an officer is not 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 *CO Claims* 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 *PAO* 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 *CO Claims* 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 *PAO* shall effect recovery through a salary deduction from the concerned officer's salary within six (6) fortnights.
- 10.1.15. Interest on all advances will accrue at the rate set by the Minister of Economy from time to time. The current rate is 12 % per annum.
- 10.1.16. Upon clearance of the advance, the *AO Payments/ CO Claims* 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 45-(1), securities for such loans shall be stored securely.
- 10.2.2. The *SAO (O)* 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.

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

10.2.4. The *PAO* 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.

### **10.3 Credit Card**

10.3.1. Authorised officers on official trip abroad may use corporate credit cards for expenditure related to approve overseas trips only.

10.3.2. To acquire credit cards, Section 5.0 of the Credit Card Policy (2009) provides detailed process that needs to be adhered by agencies.

10.3.3. All users shall adhere to the terms and conditions specified under Section 6.0, Part 11 of the Credit Card Policy (2009). Non compliance and disobedience with procedures of the policy will be grounds for revocation of cards and individual card user privileges.

10.3.4. The Chief Accountant, Ministry of Economy may revoke a credit card or card user privileges at any time if it is in the government's best interest.

10.3.5. Credit cards shall be returned to the bank, after consultation with the Chief Accountant, when there is a rotation of staff and or changes to the authorised users and if the card is damaged.

10.3.6. All credit cards, other than that of the Prime Minister will have a maximum limit of FJD5, 000.

10.3.7. The *PAO* shall be responsible for card maintenance and monitoring and shall ensure that the credit card is retained upon return from any official trip abroad.

10.3.8. The *PAO* shall review the statement and receipts and certify that all transactions are in accordance with financial regulations and procedures and must ensure that all reconciliations are properly kept for auditing purposes.

### **10.4 Board Membership Fees**

10.4.1. Officers appointed to represent the government on any board in an official capacity must pay Board fees received into the Consolidated Fund Account.

## 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 PSE Corporate Services*;
- the *PAO*;
- the *SAO (O)*;
- *Directors/ Principals/ Headteachers*;
- *Vote Controllers*
- the *accounts officers*.

### 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 the assets module of the FMIS or a fixed assets register for those without the FMIS.

### 11.2 Recording of Assets

11.2.1. The *AAOs/ Bursars/ Vote Controllers* 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 *Vote Controllers* 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 *Vote Controllers* 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 *Vote Controllers* 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 PSE Corporate Services*.
- 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 Board of Survey of Fixed Assets & Expendable Items**

- 11.4.1. The SAO (O) shall nominate two board of survey *officers* to undertake an annual board of survey of fixed assets and expendable items at a specified date as required by Procurement Regulations 24-(1)-(4).
- 11.4.2. The board of survey *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 board of survey must be entered on the appropriate board of survey sheets and signed by the board of survey *officers*.
- 11.4.3. After the board of survey has been completed, the board of survey *officers* shall prepare and sign the board of survey report and submit it to the SAO (O). 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. *Any officer* who has custody of an asset at the time of the board of survey 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 *Officer* may be surcharged if found to be responsible for the loss of an asset.

11.4.6. The *Vote Controller* shall update the fixed asset register after the *Heads of Units* has endorsed the recommendations of the board of survey report and after any necessary write-offs have been approved in accordance with Part 14 of the Manual.

11.4.7. All Directors, Heads of Sections and School Heads must ensure that all Boards of Survey are carried out and BOS reports forwarded to SAO(O) by the end of November each year so that further action and approvals could be obtained from the Ministry of Economy as the losses detected during the BOS must be included in the Ministry's Annual Financial Statements.

## **11.5 Disposal of Fixed Assets**

11.5.1. The *Permanent Secretary for Economy* has authority to approve the disposal of any "agency asset" using approved disposal methods in Finance Instruction 51-(1).

11.5.2. Where the written approval of the Ministry of Economy has been obtained, for the disposal of any state asset, the *Permanent Secretary for Economy* may dispose of these assets using an approved disposal method in Finance Instruction 51-(1).

11.5.3. The *Vote Controller* 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 PSE Corporate Services* 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 PSE Corporate Services* 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 PSE Corporate Services* approves that a tender be used.

11.5.8. The public auction shall be organised by the Director of Procurement Office. The *Vote Controller* must provide the Director of Procurement Office 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 7 (52) of the Procurement Regulation.

#### **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 *Vote Controller* 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 PSE Corporate Services* 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 PSE Corporate Services*.

#### **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.*

<b>ASSET CLASS</b>	<b>DESCRIPTION</b>
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 #: 2654Cost price: \$2,500\*Serial #: 000219566687-02*\*List individual cost price where applicable***DISPOSAL DETAILS**

Date of disposal:

*(Fill in details where applicable)*Method of disposal:  
(gift, sale, transfer, scrap, write-off)

Sale price:

Receipt #:

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

Donated to:

Approval 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 PSE Corporate Services*;
- the *AO Payments*;( *transport officer*);
- the *SCO (Supplies)*
- *drivers*;
- *PAO/ SAO (O)*.

### 12.1 Responsibility for Overseeing Transport

12.1.1. It shall be the responsibility of the *AO (Payments)* to oversee all matters relating to vehicle usage.

12.1.2. The *SCO (Supplies)* 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 as well as the Transport policy;
- vi. Necessary training on general maintenance and upkeep of vehicles are provided to drivers and officers.
- vii. reporting requirements are adhered to on time.

### 12.2 Authority to Drive

12.2.1. The *PSE* shall authorise an officer to drive government vehicles under the care of the agency by issuing them a letter of authority. The *Deputy PSE Corporate Services* shall notify the *AO Payments* of the names and designations of all such drivers. The *SCO (Supplies)* shall keep these authorisations in a file.

12.2.2. Under no circumstance shall the *AO Payments* permit unauthorised persons to drive any vehicle.

12.2.3. No officer shall be allowed to drive unless he has met all the initial requirements under section 22 (1) of the Transport policy.

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

- a) The driver must possess a legal valid license (full license holder);
- b) The driver must have a valid Certificate of Defensive Driving Course with 3 or more years of experience;
- c) The road rules under the Land Transport Act are to be strictly adhered to;
- d) The Driver must exercise proper care when driving;
- e) All drivers shall be responsible to the Supervisor of Transport who shall recommend surcharge action where a loss is caused by a driver;
- f) That procedures in the Finance Manual and Transport policy are complied with;

12.2.5. All drivers shall be responsible to the *AO Payments*, 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 PSE Corporate Services* 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/ AO Payments* to make the necessary arrangements for transport.

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

12.3.4. Assigning a vehicle to an officer other than the *Permanent Secretary* is strictly prohibited. Vehicle will be assigned to the Unit or Division only where necessary.

12.3.5. Use of official vehicle to transport officers to participate in sporting activities and social gatherings are prohibited unless approved by the Ministry of Civil Service.

- 12.3.6. Officers other than the *Permanent Secretary* are not allowed to be picked up and/or dropped off home during normal working hours unless working overtime, involved in urgent and priority work assigned, or with prior approval of the *PSE* or the *PS, Ministry of Economy*.
- 12.3.7. An “Official Vehicle Pass” will need to be obtained from the *PSE* or *Deputies PSE* for use of Government vehicles beyond normal working and odd hours. Arrangements for the official pass are the responsibility of the driver and transport officer.
- 12.3.8. Officers found using official vehicles for unauthorized purposes are liable to pay private hire rates (in accordance with section 520 Rates for Motor Vehicle: G.O. 2011), be surcharged, and/or disciplined, depending upon the circumstances in which the vehicle was used.

### **Driver’s Running Sheets**

- 12.3.9. Each driver must keep daily running sheets, in the form approved by the *PSE*, 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.
- 12.3.10. Separate running sheets must be kept for each vehicle.
- 12.3.11. 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.
- 12.3.12. If the driver stops at various locations before returning to the office, details of each stop must also be entered onto the running sheet.
- 12.3.13. Where another driver uses the same vehicle, a separate running sheet for that vehicle shall be used to record the journey.
- 12.3.14. All drivers must ensure that their running sheets are properly filled in before signing and submitting them to the *transport officer* at the end of the day. Vehicle keys must also be handed over to the *transport officer*.
- 12.3.15. The *transport officer* shall check the accuracy of all running sheets for the day and certify each sheet.

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

### **Refill of Fuel for Vehicles**

12.3.17. All vehicles must only refill with the approved Petroleum Company (Total (Fiji)). This may not be applicable to Ministries and Department who operate their own fuel depots. It shall be the responsibility of drivers to ensure that vehicles have adequate fuel at all times.

12.3.18. In order to obtain fuel cards, criteria listed under Section 12.0 of Fuel card Policy must be fulfilled. Fuel cards shall be returned to Ministry of Economy (VCU) when there is a rotation of staff and or changes to the authorised users and if the card is damaged.

12.3.19. All users shall adhere to the terms and conditions as specified under Section 6.0, Part 1 of the Fuel card Policy (2009). Non compliance and disobedience with procedures of the policy will be grounds for revocation of cards and individual card user privileges.

12.3.20. The *VCU of Ministry of Economy* will be responsible for overall administration of the Fuel Card system thereby granting approval and termination of the fuel card.

12.3.21. The *AO Payments* shall identify authorised card users, assure card training, notify VCU of Ministry of Economy of any changes in card users or issues concerning fuel card. Prompt payment of invoices each month, card re-ordering and fuel card maintenance and monitoring.

12.3.22. The *AO Payments* shall ensure that procedures for use of the fuel card, required under Part IV of the Policy have been complied with.

12.3.23. The *Transport officer* shall review the monthly account statement and timely prepare and submit all required documents to the VCU of Ministry of Economy.

### **Transport Officer's Logbook**

12.3.24. The *AO Payments* 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.
- 12.3.25. When a driver's running sheet is handed to the *transport officer* at the end of the day, the total mileage for the day will be recorded in the logbook.
- 12.3.26. At the end of each month, the *transport officer* shall check the driver's running sheets and reconcile it to the monthly mileage summary in the logbook, before signing the summary.
- 12.3.27. 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 car park at the end of each business day and at weekends.
- 12.4.2. The *Deputy PSE Corporate Services* shall notify the *AO Payments* in writing if the vehicle must be parked elsewhere for a specific duration. The *Deputy PSE Corporate Services* 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.
- 12.4.4. Garaging of government vehicles at driver's home is forbidden unless with the prior approval in writing from the *PS Economy* and this will only be given in exceptional circumstances.

## **12.5 Maintenance of Vehicles**

### **Servicing & General Repair Costs**

- 12.5.1. The *transport officer, School Bursars and clerks* 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 *transport officer, school bursars and clerks* shall obtain at least three quotes for servicing or repair works. Once quotes have been obtained, the *transport officer/school bursars and clerks* shall submit a requisition to the *AO Payments/ Vote Controllers* for approval to meet servicing or repair costs.

12.5.3. Pursuant to LTA regulations all Government vehicles over one (1) year are to be subjected to Road Worthiness test and those vehicles that fail the test should be taken off the road.

12.5.4. The *transport officer/ school bursars and clerks* shall enter details of repairs or service costs in the relevant logbooks.

### **Unserviceable Vehicles**

12.5.5. If a vehicle undergoing servicing or a 'Road Worthiness Test' is found to be road-unworthy and uneconomic to repair, it may be disposed of the Disposal of Assets stipulated in the Procurement Regulations 2010.

12.5.6. The *transport officer/ bursars/ clerks* 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.

12.5.7. This report must be submitted to the PSE together with the request for a new or replacement vehicle.

12.5.8. 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 *transport officer and AO Payments*.

12.6.2. Details of the accident shall not be given to 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 addressed of witnesses;**

**vii. any other relevant information.**

12.6.5. The accident report shall be submitted to the *AO Payments*. The *AO Payments* 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 PSE Corporate Services* who shall forward copies to the PS, Ministry of Economy 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 *AO Payments* 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 *AO Payments* 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 number and model;**
- ii. type and model**
- iii. station/location of vehicle;**
- iv. date of vehicle acquisition;**
- v. age of vehicle;**
- vi. Total mileage covered for beginning and end of current quarter;;**
- vii. Odometer reading end of current quarter;**
- viii. Fuel and oil cost current quarter;**
- ix. Repair and maintenance cost current quarter;**
- x. Total maintenance and repair cost for entire life till the end of current quarter;**
- xi. Date of accident current quarter;**
- xii. Estimated cost of accident damage**

12.7.3. The *AO Payments* must sign and date the vehicle report before forwarding it the *PAO* for inclusion into the quarterly management report.

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

## **12.8 Useful Life of Government Owned Vehicles**

12.8.1 Supervisors of Transport shall in writing request for vehicle replacement from Permanent Secretary for Economy when:

a) Accumulated mileage reaches 200,000 km; or

b) Six (6) years has lapsed since date of acquisition, whichever comes earlier.

c) Pursuant LTA Regulations, all Government vehicles over year (1) year are subject to road worthiness test.

## 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 PAO
- the SAO (O)
- AO Payments;
- AAO Payments
- Payment clerks.
- AS (HR)4
- Leave clerks

### 13.1 Accounts Payable

13.1.1. When invoices or claims for payments are received, the *clerks, bursars, XOs/ AAOs in sections and schools* 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 *clerks, bursars, XOs/ AAOs in sections and schools* 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 *clerks, bursars, XOs/ AAOs in sections and schools* and included in a report to the *AO Payments*. 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 Economy 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 SAO (O) shall maintain a register of contingent liabilities in accordance with Finance Instruction 56.
- 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 PSE Corporate Services*;
- the *PAO*;
- *SAO (O)*
- the *AO Finance/ Ledgers*;
- the *SCO Operations*..

### 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 Ministry of Civil Service, Ministry of Economy & Auditor General.
- 14.1.4. The *SAO (O)* 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 *SAO (O)* 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 *SAO (O)* shall update the register accordingly. The *SAO (O)* 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 *SAO (O)* for inclusion in the agency's annual financial statements as and when required and will also include losses incurred from the Boards of Survey reports.
- 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 *Head of Unit* 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 PSE Corporate Services* 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 *SAO (O)* shall, with the approval of the *Deputy PSE Corporate Services*, 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 *PAO* shall, with the approval of the *Deputy PSE Corporate Services* 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 PSE Corporate Services* shall propose to the Ministry of Economy 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	Abandonment of Claim (up to) <sup>1</sup>	Loss of Livestock <sup>2</sup> (up to)	Loss of Assets <sup>3</sup> (up to)	Loss of Money <sup>4</sup> (up to)
PS	\$1000	\$1000	\$500	\$500
<i>Deputy PS</i>	\$500	\$500	\$300	\$100
<i>Accounting Head</i>	\$100	\$100	\$100	Nil
<i>Director</i>	\$100	\$100	\$100	Nil

14.2.11. Any write-offs above these limits but less than \$50,000 must be submitted through the PSE, to the PS, Ministry of Economy for approval.

14.2.12. Write-offs losses in excess of \$50,000 must be referred to the Minister for Economy

14.2.13. 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.

<sup>B</sup>To voluntarily disclaim monies owed to the agency where the debtor/vendor has gone bankrupt passed away or retired.

<sup>2</sup> As a result of natural deaths; thefts; exposure to unfavourable weather conditions; poisoning; predator's attacks etc.

<sup>3</sup> Loss of assets could be due to theft; fire; natural disasters; through accidental events etc.

<sup>4</sup> Loss of monies could be due to theft; or fire.

- 14.2.14. All write-off applications, approved or otherwise, must be properly filed by the SAO (O).
- 14.2.15. Once write-off approval has been obtained, the SAO (O) shall ensure that the losses register is updated and that, where required, losses are cleared from the respective accounts.
- 14.2.16. One (1) week after the end of each quarter, the SAO (O) shall forward a write-off report to the Ministry of Economy 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 *School Principals/ Head teachers*;
- *Bursars/ clerks of Government Schools*
- *Trust Fund clerk*
- AAO Ledgers;
- AO Finance/ Ledgers.

### 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 Economy 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.

#### Operating Government Schools Trust Fund Accounts

15.1.4 These Trust Fund accounts do not hold government funds hence PSE is the only authority who will decide its disbursement and use other than those stipulated in the Trust Fund Guidelines.

15.1.5 Trust Fund Guidelines shall be applicable to all Head Teachers/ Principals /Bursars/ Clerks of all Government Primary and Secondary Schools for operation of respective trust accounts:- Caution and General Purpose Trust Accounts.

- 15.1.6 All purchases made under the Trust Fund Accounts above \$100 must be accompanied with three (3) quotes.
- 15.1.7 All purchases over \$2,000 and less than \$50,000 and purchases not within the Trust Fund Guidelines must be approved by PSE prior to purchase.
- 15.1.8 All Head Teachers and Principals of Primary and Secondary Government schools who deliberately breach Trust Fund Guidelines will be disciplined a percentage of the total cost of purchase to be determined by PSE and which will be recovered from his/her salary.
- 15.1.19 All purchases in Schools whether through trust fund or budgetary allocation must be approved by the School Principal before a payment voucher or purchase order is raised.

## **15.2 Receipt and Payment of Trust Money**

### **Receiving Trust Money**

- 15.2.1. When trust money is received, the *Bursar/ school clerk* 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 *school bursars/ clerks* 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 *Bursar* shall properly file correspondences, reports, trust agreements and other relevant trust documents. Each trust account shall have its own file.

- 15.3.2. The *Bursar* 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.

### **School Trust Fund Accounts Reconciliation**

- 15.3.3 Within 10 days after the end of each month, the Bursar shall prepare a trust reconciliation to reconcile trust account balances to the ledger total and the trust bank account.
- 15.3.4 Details of balances must be attached to the reconciliation statement.
- 15.3.5 The Head Teacher/Principal shall certify and date the reconciliation statement after ensuring that all balances in the statement are verified to supporting documents.
- 1.3.6 The Bursar must submit the reconciliation of the Trust Bank Account to the AAO Ledgers by the 15<sup>th</sup> of the following month for verification and filing.

## **15.4 Trust Reports (Operating Trust Accounts)**

### **Trust Reconciliation**

- 15.4.1. Within 10 days after the end of each month, the *AAO Ledgers, CO Wages, AO Salaries and AAO FNPF* shall prepare a trust reconciliation to reconcile trust payment balances to the General Ledger balance.
- 15.4.2. Details of balances must be attached to the reconciliation statement.
- 15.4.3. The *AAO Ledgers, CO Wages, AO Salaries and AAO FNPF* shall certify and date the reconciliation statement after ensuring that all balances in the statement are verified to supporting documents.
- 15.4.4. The *AAO Ledgers, CO Wages, AO Salaries and AAO FNPF* must submit the trust reconciliation to the *SAO (O)* within 20 days after the end of the month. The Trust reconciliation shall be in accordance with the format provided in Schedule 6. A duplicate must also be submitted to Ministry of Economy.

15.4.5 The SAO (O) and AO Finance/ Ledgers must also ensure that FNPF and VAT reconciliations are carried out monthly with the General Ledger balances.

#### **Annual Trust Receipts & Payments Statement**

15.4.6. Each year the *AO Finance/ Ledgers* shall prepare an annual trust receipts & payments statement within two weeks of the end of the year.

15.4.7. The statement must be certified and dated by the *AO Finance/ Ledgers*. It shall include supporting notes providing details of outstanding balances or adjustments. The *AO Finance/ Ledgers* shall submit the statement to the SAO (O).

15.4.8. The *AO Finance/ Ledgers* shall make available for the audit the necessary trust documents supporting the transactions and balances of the trust account.

15.4.9. The audited financial statement of trust balances shall be included in the agency's annual report.

## PART 16: LEDGER ACCOUNTS

The *PAO* 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 *PAO*;
- the *SAO (O)*
- the *AO Payments, AO Finance/ Ledgers, AO Salaries*;
- the *AAO Payments, AAO Ledgers*
- *CO Ledgers*.

### 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 *PAO, SAO (O), AO Payments, AO Finance/ Ledgers, AO Salaries* 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 *AO Finance/ Ledgers* 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 *CO Ledgers* 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 *CO Ledgers* 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 *CO Ledgers/ AAO Revenue* authorised by the *PAO/ SAO (O)* shall input transactions into the general ledger system.

16.2.3. When inputting using journal entry input forms, the *CO Ledgers* must check that details on the input form correspond to the attached batch of source documents.

16.2.4. The *CO Ledgers* 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 Economy.

## **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, and 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 Economy, the *AAO Ledgers* 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 *AO Finance/ Ledgers*

16.3.6. The ledger reconciliation statement shall be forwarded to the *SAO (O)*. The *SAO (O)* 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 *PAO* shall certify and date the reconciliation. If required by the Ministry of Economy, the reconciliation statement shall be forwarded to them by the date specified by the Ministry.

## **PART 17: INTERNAL CONTROLS**

An effective and cost effective system of internal control will ensure that wastage of funds, over expenditure and abuse of system, processes and resources do not occur.

The procedures in this Part assign specific responsibilities to:

- the *Deputy PSE Corporate Services*;
- *All Heads of Units*
- the *PAO*;
- *SAO (O)*
- *AO Payments, AO Finance/ Ledgers, AO Salaries*
- *All compliance officers.*

### **17.1 Design and Operation of Internal Control**

17.1.1. The *Deputy PSE Corporate Services, PAO, SAO (O), Heads of Units* are responsible for the effective design and operation of internal control of the agency.

17.1.2. The *Deputy PSE Corporate Services, PAO, SAO (O), Heads of Units* are responsible for designing a system of internal control for any new initiative or projects undertaken by the agency.

17.1.3. The compliance officer is to properly document all system of internal control implemented by the agency.

### **17.2 Internal Control Procedures**

#### **Separation of Duties**

17.2.1 Accounting Heads must ensure that payments documents are processed correctly by having different officers involved in the process. He/she must make sure that different officers are assigned to:

- i. raise orders;
- ii. approve purchases;
- iii. receive ordered goods;
- iv. approve invoices for payments;
- v. review and reconcile financial records before payments are done;
- vi. signs cheques

17.2.2 Where a particular FMIS user is absent from office, arrangements shall be undertaken with Director FMIS that a suitable officer is given the necessary permission/access to use the FMIS.

### **Payments**

17.2.3 AO Payments and AAO Payments must make sure the following checks are done before authorising any payment:

- i. Review vendor invoices for accuracy by comparing charges to purchase order.
- ii. Verify that the goods and services purchased have been received.
- iii. Perform monthly reconciliation of operating ledgers to ensure accuracy and timeliness of expenses.
- iv. Make sure that the expenses accounts used have enough funds and are correct.
- v. Make sure that invoices are paid in a timely manner.

### **Reconciliation**

Reconciliation is an internal control mechanism established to ensure the accuracy of financial reports being produced not only at ministry/department level and/but most importantly at whole of government level.

17.2.4 The *AO Payments and AO Finance/ Ledgers* must reconcile all accounts to be submitted to Ministry of Economy within two weeks after the closing of each monthly account.

17.2.5 The PAO must verify all the reconciliations before signing and submitting it to Ministry of Economy.

17.2.6 Accounting Heads must make sure that all FMIS users under his or her agency abide by the Govnet ITC Password policy.

## **17.3 Review of Internal Control System**

17.3.1 The Deputy PSE Corporate Services must ensure that the agency internal control system is reviewed on a regular basis to ensure that they are meeting the intended purposes.

17.3.2 The Ministry of Economy is empowered under the FI to review and analyze agencies' internal control system to determine their effectiveness.

17.3.3 The PAO is responsible for rectifying all discrepancies identified in the review by the Ministry of Economy within one month after the review.

## PART 18: 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 PSE Corporate Services*;
- *Directors*;
- the *TMA Manager*;
- the *PAO*;
- the *SAO (O)*
- *compliance officers*.

### 18.1 Monthly Management Reports

18.1.1. The *Deputy PSE Corporate Services* 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.
- v. AP 741 and AP 711 reports

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

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

18.1.3. The monthly management report will be discussed at the executive management meeting to be chaired by the PSE.

#### Service Delivery Performance

18.1.4. Within 1 week of the end of each month, each *Director* shall submit to the *Deputy PSE Corporate Services, Deputy PSE Professional and Deputy PSE Primary/Secondary*, 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**

18.1.5 Within 2 weeks of the end of each month, the *PAO* shall submit to the *Deputy PSE Corporate Services* a financial performance report providing an analysis of the financial and budget position of the agency. A copy of the monthly financial performance report shall be submitted to all Directors for the analysis of their sections performance against their budget.

18.1.6 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**

18.1.7 The internal control report provides the PSE with assurance that internal controls within the agency are effective.

18.1.8 The *PAO* shall appoint two *compliance officers*; AO Finance/ Ledgers and AAO Internal Inspection to conduct monthly reviews of the existing internal controls associated with accounting functions within the agency.

18.1.9 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 *PAO* who shall sign and date the report.

18.1.10 Within 1 week of the end of each month, the *PAO* shall submit to the *Deputy PSE Corporate Services* the internal control report.

18.1.11 The report shall provide the following information;

- i. whether all reconciliations are up to date;**
- ii. whether financial information required by the Ministry of Economy 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 has been implemented or are proposed.**

## 18.2 Annual Reports

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

18.2.2. The PAO 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

18.2.3. 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.

18.2.4. 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.

18.2.5. The IDC account must be cleared and brought to a nil balance within this period

## 18.3 Reports to Ministry of Economy

18.3.1. The Accounting Head shall certify all financial reports that must be submitted to the Ministry of Economy and must ensure that these are submitted within the timeframes set by the Ministry:

Reports to MoF	Basis of submission			Remarks
	Weekly	Monthly	Quarterly	
Cash Flow Forecast	Yes			Cash flow forecast must outline necessary information outlined under FI 35 (1) and shall be submitted prior to commencement of the budgetary year.
Drawings reconciliation statement		Yes		Drawings Reconciliations shall be in accordance with the format provided in schedule 3 below, and must be submitted within 5 days after the end of the month.
Revolving Fund account		Yes		Refer to Schedule 4 below
IDC clearance		Yes		Refer to Schedule 5 below

a/c

TMA Performance report			Yes	Report shall include performance statements required under 6.5.2 of this manual
TMA Bank ac reconciliation statement		Yes		Reconciliation format outlined in Schedule 6 below
Write off reports			Yes	Report should outline type and amount of losses written off during the quarter
Salaries and Wages reconciliation		Yes		Format provided in Schedule 7 below
SLG84 Reconciliations		Yes		Prescribed format provided in Schedule 8 below
Trust reconciliation statement		Yes		Schedule 9 provides a guide on preparation of Trust Reconciliation
Imprest Reconciliation Statements		Yes		Prescribed format provided in Schedule 10 below
TMA closing of accounts		Yes		Accounting Head should follow the same procedures used when preparing year end closing of accounts for TMAs.
Arrears of Revenue			Yes	Prescribed format provided in Schedule 11 below
Vehicle returns			Yes	Format provided in Schedule 12 below
Vehicle reports		Yes		Report should show individual vehicle mileage for the concerned month.

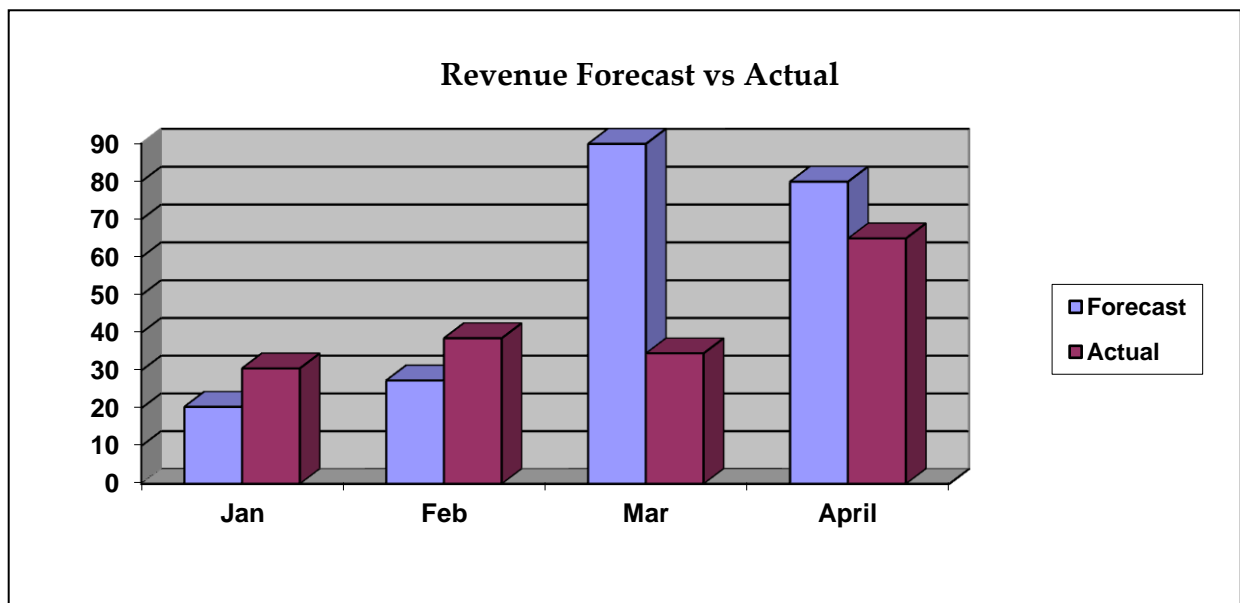


## Schedule 1: Financial Performance Report

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

### Schedule 3: Drawings Reconciliation Statement

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

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

Unpresented Cheques brought forward		_____
Add: Cheques issued during the month		
<u>Less: Cheques presented during the month</u>	(xxx)	
Add: Bank charges/fees	<u>xxx</u>	
		xxx
Balance as per cash book*		<u>xxx</u>
Opening Balance as per GL		xxx
Add: Receipts		xxx
Less: Payments		(xxx)
Closing Balance as per GL*		<u>xxx</u>
<p>*Closing Balance as per GL should agree to the cashbook balance.</p>		

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 5: 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:

- re-allocation of costs;
- Reversal of salaries.

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 issue an Indent of \$1,000 to Fiji Procurement Office (FPO) for purchase of items from overseas. FPO will process the Indent and make arrangement for the payment. A journal voucher will be raised by FPO and posted in the following manner:

DR	IDC Department E	1000	
	CR	FPO Drawings Account	1000

An advice form was also sent to Department E informing of the Debit entry.

Once Department E receives the debit entry into their IDC of \$1,000, the following entry was raised and posted into the GL system:

DR	Expenditure Allocation	1000	
	CR	IDC Department E	1000

A reconciliation statement was prepared as follows:

### **IDC Reconciliation for the month ended 31/6/2010**

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

Schedule 6: Bank Reconciliation Statements (TMA)

TRADING & MANUFACTURING ACCOUNTS BANK RECONCILIATION STATEMENT

<i>TMA NAME</i> Bank Reconciliations Statement for the month of <i>April</i>		
<b><u>Bank Statement Reconciliation</u></b>		
Closing Balance as per Bank Statement		Xxxxxx
<b>Add:</b> Lodgement not Credited	xxxx	xxxx
		xxxxxxxxxxx
<b>Less:</b> Unpresented Cheques	(xxxxx)	(xxxxx)
<b>Reconciled Balance</b>		<b>xxxxx</b>
<b><u>Cash Book Reconciliation</u></b>		
Opening Balance as per Cash Book		xxxxx
<b>Add:</b> Receipts		xxxxxxx
		xxxxxxxxxxxxx
<b>Less:</b> Payments		(xxxxxxxxx)
Closing Balance as per Cash Book		xxx
<b>Adjustment</b>		
<b>Add:</b> Direct Deposit to Bank	xx	xxx
: Cancel Cheques/Stale Cheques	x	xxxxxxx
<b>Less:</b> Direct Deduction by Bank	(x)	(x)
<b>Reconciled Balance</b>		<b>xxxxx</b>
<b><u>GL Reconciliations</u></b>		
Opening Balance as per GL		xxxxx
<b>Add:</b> Posted Receipts		xxxxxxx
		xxxxxxxxxxxxx
<b>Less:</b> Posted Payments		(xxxxxxxxx)
Closing Balance as per GL		xxx
<b>Adjustment</b>		
<b>Add:</b> Unposted Receipts	xx	xxxxx
: Cancel Cheques/ Stale Cheques	xx	xxxxxxx
<b>Less:</b> Unposted Payments	(xx)	(xx)
<b>Reconciled Balance</b>		<b>xxxxx</b>

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Preparer Signature

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Supervisor Signature

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Permanent Secretary's Signature

## Schedule 7: Salary Reconciliation

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

<b>MINISTRY OF ECONOMY</b>		
<b>SALARY RECONCILIATION FOR PAY 22/10,</b>		
<b>14/10/10 – 28/10/10</b>		
Number brought forward:	.....	
Opening balance:		\$.....
Add: <u>Increases</u>	<u>Amount</u>	
	.....	\$.....
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
<b>Prepared by:</b> .....		<b>Checked by:</b> .....
(Name & Designation)		(Name & Designation)



## Schedule 8 SLG 84 Reconciliations

*The following shall be adopted when preparing SLG 84 Reconciliations.*

<b>Aging Summary Report</b>	<b>Monthly Balance</b>	<b>Accumulative Balance</b>
<b>Opening Balance</b>	<b>\$(115.00)</b>	<b>\$(115.00)</b>
Add January Debits		
Less January Credits \$150.00	\$(150.00)	\$(265.00)
Add Feb Debits \$200.00	\$200.00	\$ (65.00)
Less Feb Credits		
Add March Debits \$15.00	15.00	\$ (50.00)
Less March Credits		
	\$ (65.00)	\$ (50.00)

## Detail Report

Opening Balance

\$ (115.00)

Phase 3/Project  
carryover from 2012

Date	Credits	Debits					Balance	Remarks
		Salary	Transportation	Logistic	Procurement	Sundry		
11/2/13		\$100.00					\$100.00	Pmnt. for Casual workers FNPF
		\$100.00					\$ (15.00)	

Phase 4/ Project 2  
undertaken in 2013

Date	Credits	Debits					Balance	Remarks
		Salary	Transportation	Logistic	Procurement	Sundry		
1/1/13	\$(150.00)						\$(150.00)	Funding Received from Finance
11/2/13		\$100.00					\$(50.00)	Payment of Wages
15/3/13			\$15.00				\$(35.00)	Payment of Airfare
	\$(150.00)	\$100.00	\$15.00				\$(35.00)	

Closing Balance

\$(50.00)

\*.The categorized Debits will depend on the Projects undertaken. The categories are to be more in line with what is in the Project Plan.

## Schedule 9: True Trust Monthly Reconciliation Statement

The following format is adopted when preparing a true trust 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	(xxx) _____	(xxx)
<u>Add:</u> Lodgement not credited	xxx	
Bank charges/fees	xxx _____	xxx
Balance as per cash book*		xxx
Opening Balance as per GL		xxx
<i>Add:</i> Receipts		xxx
<i>Less:</i> Payments		(xxx)
Closing Balance as per GL*		xxx
*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 10 Imprest Reconciliation Statements

*This format is adopted when preparing Imprest Reconciliations.*

**Name of Account – Account Number**

**Reconciliation Statement for the month of May 200x**

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	\$
<b>Warrant NO/Year</b>	<b>210.00</b>
<b>Balance Brought Forward</b>	<b>Nil</b>
<b>Add Debits</b>	<b>210.00</b>
<b>Less Credits</b>	<b>Nil</b>
<b>GL Balance as at 31<sup>st</sup> May 200x</b>	<b><u>210.00</u></b>

Prepared by: (*preparer` s name*)

Checked by: (*Supervisor` s name*)

Date:

Date:

## Schedule 11: Arrears of Revenue Quarterly Returns

*This format must be adopted when preparing quarterly returns on arrears of revenue*

<b>Agency:</b> _____  <b>Report for Quarter ending</b> _____ <b>Year: 2010</b>
--

1. Quarterly Arrears Reported by Your Agency				
Arrears Reported as at 31/12/09	Arrears Reported as at 31/03/10	Arrears Reported as at 30/06/10	Arrears Reported as at 30/09/10	Arrears Reported as at 30/12/10
\$	\$	\$	\$	
2. Composition of Arrears and reasons for outstanding amounts.				
Revenue Type	Amount	% of Total	Comments	
3. Provide the Aging of Debtors				
Age of Debts	Amount	% of Total	Reasons for Non Recovery	
Less than 1 year				
1-2 years				
2-5 years				
More than 5 yrs				
4. Distribution of Arrears by Centres /Divisions/ Districts				
Centre	Amount owed	% of total	State Actions Taken by the Agency	

5. Has the Agency Identified Arrears Deemed Irrecoverable? Provide details and Justification.			
Nature of Revenue	Amount	Debtor (s)	State recovery measures undertaken by the agency and the outcomes.
6. What are the constraints/challenges faced by your agency regarding the administration of revenue and recovery of arrears.			
7. Additional Information or Comments			
<b>Please ensure that all supporting documentation is provided to substantiate the information provided.</b>			
Prepared By _____		_____	
<b>Accounting Head</b>		<b>Permanent Secretary / Head of Department</b>	

**To be submitted to:**

Debt and Cash flow Management Unit  
Level 6 West Wing Ro Lalabalavu House  
**Ministry of Economy**



## PART 19: MISCELLANEOUS

### 19.1 Use of Proper Forms

- 19.1.1 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.
- 19.1.2 Particulars on any required form must be fully completed and signed by the preparing officer and supervisor before it is processed.

### 19.2 Accounting Records

- 19.2.1 The *PAO* is responsible for the safekeeping and proper maintenance of all accounting records or documents.
- 19.2.2 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. Approval must first be obtained from the Chief Accountant Ministry of Economy prior to destruction of such records as per the requirements under the FI.
- 19.2.3 The *PAO* shall prepare a list of all records or documents to be destroyed and forward it to the Chief Accountant Ministry of Economy for approval. The *PAO* shall also indicate whether these records have been audited and the year of audit.
- 19.2.4 The Chief Accountant Ministry of Economy shall consult with the Auditor General before approving the destruction of records.
- 19.2.5 If approved for destruction, the *PAO* shall destroy such records by the most appropriate method.
- 19.2.6 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.



- 19.2.7 The original certificate shall be submitted to the *PAO* and the duplicate forwarded to the Ministry of Economy. The *PAO* shall file the certificate together with the approved list of records to be destroyed.
- 19.2.8 If the *PAO* 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.

## **PART 20: INTERNAL AUDIT**

Auditing is carried out not only to determine the accuracy of financial records of an agency but also to ascertain that documented systems and processes are being adhered to.

### **20.1 Authority to Carry Out Audit**

- 20.1.1 The Permanent Secretary of Economy under FI 72 (1) has the authority to authorize the conduct of any audit of an agency for the purposes specified in the FI.
- 20.1.2 The Permanent Secretary of an agency must allow full, free and unrestricted access to all functions, premises, assets, personal records, accounting records, returns and other documentation and information to officers conducting audit of an agency.
- 20.1.3 It is the responsibility of the *PAO* to authenticate any letter or certificate of appointment by officers carrying out the audit before the audit commences.