

Interim Financial Instructions

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1. Definitions & Abbreviations

PF&A is the Public Finance and Audit Act, 1978, as amended

PFMA is the Public Financial Management Act 2013.

SIG is the ‘Solomon Islands Government’.

PSF is the ‘Permanent Secretary, Finance and Treasury’.

AO is both an ‘Accountable officer and Accounting Officer’.

Definition from the Constitution - "statutory expenditure" means expenditure charged on the Consolidated Fund or on the general revenues and assets of Solomon Islands by virtue of any of the provisions of this Constitution or by virtue of any provision of any other law for the time being in force in Solomon Islands.

For the purposes of this Chapter a “senior officer” is the next most senior officer, to the officer referred to in the instruction, who is presently available in an officer’s division or Ministry.

2. Constitutional Provisions

The **Constitution** includes the requirements that:

100(1) All revenues or other moneys raised or received by or for the purposes of the Government (not being revenues or other moneys that are payable by or under any law into some other fund established for any specific purpose or that may, by or under any law, be retained by the authority that received them for the purpose of defraying the expenses of that authority) shall be paid into and form one Consolidated Fund.

100(3) The receipts, earnings and accruals of Special Funds established under this section and the balance of such funds at the close of each financial year shall not be paid into the Consolidated Fund but shall be retained for the purposes of those funds.

101(1) No money shall be issued from the Consolidated Fund except upon the authority of a warrant under the hand of the Minister of Finance.

101(2) No warrant shall be issued by the Minister of Finance for the purpose of meeting any expenditure unless -

(a) the expenditure has been authorised for the financial year during which the issue is to take place by an Appropriation Act;

(b) the expenditure has been authorised in accordance with the provisions of section 103 or 104 of this Constitution; or

(c) it is statutory expenditure.

The **PF&A** includes the requirements that:

Section 35(1)(f) “that adequate Regulations and Instructions exist for the guidance of accounting officers”

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The PFMA includes the requirement that:

Section 90 (1) “Any acts performed or agreements entered into under the repealed parts of the *Public Finance and Audit Act* (Cap. 120) shall continue to have force as if they had been performed or entered into under this Act”

Section 90 (2) “The following shall continue to apply until such time as new order and regulations are made under this Act-“

Section 90 (2) (c) “the financial instructions made under the repealed Act subject to such modification and adaption as may be necessary for conformity with this Act.”

3. Ministerial Financial Instructions - Background

These ‘Revenue and Expenditure’ Interim Financial Instructions are issued by the Minister for Finance in accordance with the PFMA, (hereinafter referred to as a Ministerial Financial Instructions) for the better carrying out of the provisions and purposes of the PFMA. Refer to the ‘Introduction, principles, security, record-keeping and compliance instruction’ for a full explanation and aims of Ministerial and Permanent Secretary Instructions.

Hereinafter the collection of Ministerial and Permanent Secretary Instructions described in the PFMA will be simply referred to as the ‘Financial Instructions’ (FIs). Ministerial Financial Instructions numbering are preceded with an ‘M’ and the number of the Chapter; e.g. M2; and Permanent Secretary Instructions numbering are preceded with a ‘P’ and the number of the Chapter; e.g. P2.

It should be noted that ultimate accountability for compliance with the PFMA rests with the Accountable Officer. They are responsible for the actions of the accounting Officer and all staff within their ministry in performing their duties under this and all the Chapters making up the Financial Instructions as if they had performed the tasks themselves

4. Ministerial Financial Instructions

M5 1 Observation of Financial Instructions

- 1.1 All Officers must observe these Financial Instructions and apply them to achieve the six central principles whenever they are acting on behalf of SIG. Any instances of failing to observe any instruction will be dealt with in accordance with the ‘Non-compliance, Misconduct and Penalties’ section of Chapter 1.

M5 2 Minister of Finance Instruction to PSF

- 2.1 The PSF must issue instructions, and may amend and augment those instructions as changing circumstances require, for the effective management of SIG cash receipts, revenue and payment of public monies (expenditure).

M5 3 Duties of the PSF

- 3.1 Approve ‘other circumstances’ for acceptance of value by Circular **P5 1.5**
- 3.2 Approve the disposal of currency other than Solomon Islands Dollars **P5 1.3** below
- 3.3 Authorise collections be recorded on a separate collection list **P5 2.5** below

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- 3.4 Approve the form of Treasury receipts and licenses **P5 4.1** below
- 3.5 Determine the format of receipts and licences **P5 5.1**
- 3.6 Authorise alternative copy distribution **P5 5.4** below
- 3.7 Approve the form of the cash book **P5 7.1** below
- 3.8 Directions to pay-over of collected revenue **P5 8.1** below
- 3.9 Specify the form pay-over slip and receipts schedule **P5 9.1** below and **P5 9.6** below
- 3.10 Authorise revenue directly into a bank or bank agency **P5 15.1** below
- 3.11 Appoint officers as a Revenue Collector **P5 17.4** below **21.2** below and **53.1** below
- 3.12 Set a receipt/licence replacement fee **P5 19.4** below
- 3.13 Allow reduction, discount or counterclaim **P5 20.1** below
- 3.14 Authorise a refund of the surplus **P5 22.3** below
- 3.15 Authorise collected revenue to repay Imprest Funds at remote locations **P5 23.4** below
- 3.16 Approve the format of the return of arrears of revenue **P5 45.1** below
- 3.17 Abandon or determine further action to be taken to recover arrears **P5 49.3** below
- 3.18 Authorise refunds **P5 42.1**
- 3.19 Authorisation to make refunds **P5 51.3** below
- 3.20 Account code for refunds **P5 51.4** below
- 3.21 Determine alternative deadline for annual fee review report **P5 52.2** below
- 3.22 Advise Auditor-General of Revenue Collector changes **P5 53.3** below
- 3.23 Determine form of loose-leaf journals **P5 76.2** below
- 3.24 Alternative Officer to approve journal entries **P5 79.5** below
- 3.25 Authorise the creation of new account codes **P5 85.3 below**

5. Permanent Secretary Financial Instructions - Background

These instructions relate to revenue receipt, collection and custody; and payment of public monies in terms of the Ministerial instruction.

6. Permanent Secretary Financial Instructions

Collection and receipt of revenue:

P5 1 Legal tender

- 1.1 The legal tender of the Solomon Islands is the Solomon Islands Dollar.
- 1.2 Defaced or mutilated notes or coins should not be accepted.
- 1.3 An Accountable Officer must not accept any currency other than Solomon Islands Dollars without the written approval of the PSF, and instructions on how to dispose of the currency. For transactions outside Honiara, electronic mail, facsimile, or phone instructions from the PSF will be acceptable.
- 1.4 An Accountable Officer is personally responsible for the immediate replacement if any currency is accepted, except when authorised as in **P5 1.3 above**

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- 1.5 An Accountable Officer may accept bank cheques, certified bank drafts, travellers' cheques and other items exchanged for their value under conditions set down by the PSF either by circular or as circumstances require.

P5 2 Receipt of revenue and public money

- 2.1 An Accountable Officer must immediately give an official receipt for each sum of money paid to a Government account, except where:
- (a) stamps, stamped envelopes or aerograms are sold for cash;
 - (b) the PSF has authorised in writing some other form of receipt; or
 - (c) small amounts of money are collected and issue of separate receipts is not practical.
- 2.2 The receipt must be for the actual amount collected, even if this is different from the amount that should have been collected.
- 2.3 Under no circumstances can a temporary receipt, an unofficial receipt or a receipt in any form other than the official receipt be given.
- 2.4 Where a bank cheque is used for payment, the Accountable Officer must check that it is correct before receipting it.
- 2.5 The PSF will authorise in writing that the money collected be recorded on a separate collection list. A receipt made out to Sundry Personal will be made out for the daily total of the list.

P5 3 Public notice

- 3.1 A notice in English or Pijin shall be displayed in every office where public money is collected that states that a numbered and signed official receipt must be given for every sum of money paid to SIG.

P5 4 Treasury receipts and licences

- 4.1 The form of Treasury receipts and licenses shall be approved by the PSF. Care must be taken that account book entries are completed properly including:
- (a) the sum of money received and the revenue code to be credited;
 - (b) the account book entry must identify the purpose of the payment;
 - (c) the payer and any debt that is paid;
 - (d) the amount paid must be entered in words and figures and ;
 - (e) the receipt dated and signed by the Accountable Officer receiving the money.
- 4.2 No licence must be issued until a Treasury receipt is produced.

P5 5 Completion of Treasury receipts and licence

- 5.1 The PSF must approve the format for receipts and licences.
- 5.2 The original copy of the receipt or licence must be completed in ink and copies made.
- 5.3 Officers issuing receipts or licences must ensure that clear and complete copies have been made. If not, copies must be cancelled in accordance with **P5 6** and a new set of copies made.
- 5.4 Unless otherwise authorised in writing by the PSF, the original and three copies are distributed as follows:

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- (a) original is given to the payer;
- (b) one copy is used to enter details in the cash book and attached to the pay-over slip (refer **P5 9**). This copy supports the Treasury's monthly schedule of receipts;
- (c) one copy is attached to the Revenue Collector's cash book sent to the AO; and
- (d) one copy remains in the Treasury receipt or licence book at the office where it was issued, to be available if examination or audit is necessary.

5.5 All receipts and licences must be issued in consecutive number order.

P5 6 Cancellation of Treasury receipts or licences

- 6.1 No changes of any kind must be made to any Treasury receipt or licence. If an error is made, the receipt or licence must be cancelled, kept and replaced by a new Treasury receipt or licence. The cancelled receipt or licence must be marked 'Cancelled' and two diagonal lines drawn across all copies. The other copies must be attached to the pay-over slip as described in **P5 9**. The cancellation must be signed off by the person responsible for preparing the receipt or licence.
- 6.2 The original copy of all cancelled receipts and licences must be included in numerical order with the duplicate copy and attached to the pay-over slip (refer **P5 9**) to be sent to the Treasury, sub-accountant or other office. Sub-accountants must send any cancelled receipts or licences to Treasury with the monthly accounts.

P5 7 Cash books

- 7.1 Every Revenue Collector must keep a cash book in the form approved by the PSF. All receipts must be entered daily and pay-overs to Treasury, Sub-accountant or other office must be entered immediately any pay-over occurs.
- 7.2 All receipts entered into the Revenue Collector's cash book must include:
 - (a) date of the receipt;
 - (b) number of the receipt;
 - (c) name of the payer;
 - (d) amount collected on the receipt; and
 - (e) revenue code to be credited.

P5 8 Pay-over of collections to Treasury or other office

- 8.1 The pay-over of collected revenue to Treasury, Sub-accountant or other office must be done according to directions from the PSF. However, more frequent pay-overs or paying in at any time are advised if the amount of cash held poses a security problem.
- 8.2 If a hand-over is to take place, the handing over officer shall pay to Treasury, Sub-accountant or other office all available revenue immediately before the hand-over.
- 8.3 If paying in before a hand-over is not possible and cash is transferred between the two officers, the handing-over certificate must contain full details of all cash

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handed over (and full details of all other items of value handed-over). The taking-over officer's signature on the handing-over certificate is evidence that the cash has been personally checked and is correct.

P5 9 Pay-over slip and schedule of receipts

- 9.1 The pay-over of collected revenue to Treasury, Sub-accountant or other office must be supported by a pay-over slip and a schedule of receipts, both in the form approved by the PSF. The totals must agree and copies of Treasury receipts and licences attached.
- 9.2 The pay-over slip must include:
 - (a) total revenue being paid over;
 - (b) numbers of Treasury receipts and licences issued; and
 - (c) description of the total revenue and the revenue account codes to which the revenue was credited. The total sums allocated between codes must equal the total in (a) above.
- 9.3 Pay-over slip must be signed and dated by the Revenue Collector responsible for making the pay-over.
- 9.4 The schedule of receipts must be a detailed daily list of all Treasury receipts and licences issued with one item per line as described in **P5 7.2 above**.
- 9.5 Each schedule must be added and cross-balanced and the totals agreed with the total collected revenue shown on the pay-over slip.
- 9.6 The schedule of receipts must be signed, in the format approved by the PSF, by the Revenue Collector responsible for the pay-over.

P5 10 Balancing of cash books

- 10.1 At the time of pay-over to Treasury, Sub-accountant or other office, the Revenue Collector must add up the amounts recorded in the cash book as revenue receipts, rule off the cash book and show both the total revenue collected and on-hand since the last pay-over.
- 10.2 Cash on hand must agree with the cash book balance and this sum paid over in full.
- 10.3 A Revenue Collector must not keep any part of revenue collected, receipted and accounted for in the cash book.
- 10.4 As an Accountable Officer, the Revenue Collector must repay any shortfall under \$20 or immediately submit a written report to the PSF if the shortfall is over \$20.

P5 11 Checking cash books and documents

- 11.1 A Revenue Collector must when paying over collected revenue to the Treasury, Sub-accountant or other office, present the balanced and ruled off cash book and any unused (or partly used) receipts and licences to the collecting Officer.
- 11.2 The cash book and the used/partly used receipts and licences must be presented at the pay-over of collected revenue, even if no revenue has been collected since the last pay-over.

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- 11.3 When a Revenue Collector presents the cash book and other documents for pay-over to Treasury, Sub-accountant or other office, the following checks must be made:
- (a) that all Treasury receipts and licences have been accounted for since the last pay-over and there is no break in number sequence
 - (b) that all Treasury receipts and licences issued since the last pay-over have been entered correctly in the cash book and on the schedule of receipts
 - (c) that the cash book has been added and balanced correctly;
 - (d) that the details on the pay-over slip are correct and agree with the cash book; and
 - (e) that the total cash (or equivalent) paid over agrees with the cash book and pay-over slip.
- 11.4 The collecting Officer must initial and date the pay-over entry in the cash book and immediately issue a receipt for the total collected revenue paid over.

P5 12 Receipt for collected revenue pay-over

- 12.1 The Revenue Collector must make sure that a Treasury receipt is obtained for all collected revenue paid over and must paste the receipt into the cash book as proof that the revenue has been paid over.

P5 13 Irregularities

- 13.1 A collecting Officer at the Treasury, Sub-accountant or other office must immediately report to the senior Officer any suspected irregularities in collected revenue, cash book or other documents presented by the Revenue Collector.
- 13.2 The senior Officer must investigate the irregularity and report the matter immediately in writing to the PSF with a copy to the Auditor General and the AO.
- 13.3 If the irregularity is not an error, the Revenue Collector must be asked to repay the shortfall. If that does not occur, the matter must be reported as in **P5 13.1** above. Any surplus must immediately be accounted to the Government and a receipt issued.

P5 14 Responsibilities of Accounting Officers for revenue

- 14.1 Despite the checks required on Revenue Collectors' cash books and documents by collecting Officers at Treasury, Sub-accountant and other office, the AO is still responsible for making sure all revenue collected is correctly and promptly accounted for.
- 14.2 The AO must keep revenue charts or collection statistics for each collector or point of revenue collection. These charts must record the monthly takings by each collector or at each collection point.

P5 15 Payment of collected revenue direct to bank

- 15.1 The PSF may, if necessary, authorise in writing, a Revenue Collector to pay collected revenue directly into a bank or bank agency for credit of a Government bank account.

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- 15.2 The collecting Officer at Treasury, Sub-accountant or other office will accept the copy of the bank deposit slip receipted by the bank or bank agency as proof that revenue has been collected.
- 15.3 Where collected revenue is directly deposited into a bank or bank agency, the Revenue Collector must prepare three copies of a bank deposit slip:
- (a) original copy must be kept by the bank or bank agency; and
 - (b) two copies receipted by the bank or bank agency are returned to the Revenue Collector at the time of pay-over.
- 15.4 The Revenue Collector must present the copy of the bank deposit slip to the Treasury, Sub-accountant or other office when at scheduled pay-over times with cash book, pay-over slip, schedule of receipts and used or partly used Treasury receipts and licences.
- 15.5 The Revenue Collector must paste copies of the bank deposit slip in the cash book as proof of paying over collected revenue to the bank or bank agency, unless the copy is part of a bound paying-in book in which case it must stay in the book.
- 15.6 Bank deposit slips prepared by Revenue Collectors must show:
- (a) serial numbers;
 - (b) amounts;
 - (c) who paid any cheques;
 - (d) office which issued money orders and postal orders; and
 - (e) any details needed by the bank or bank agency.

P5 16 Register of revenue received by post

- 16.1 All revenue received through the post or other than over the counter to the cashier or other Accountable Officer, must be recorded in an official Revenue Register.
- 16.2 The register must show the following details in columns:
- (a) date of receipt of revenue;
 - (b) name of person revenue was received from;
 - (c) amount received – details from cheque, money order or by counting cash (not from a covering letter or remittance advice);
 - (d) revenue received description (cash, cheque, bank draft, money order, postal order etc.)
 - (e) signature of person opening the mail;
 - (f) signature of witness to person opening the mail;
 - (g) signature of Accountable Officer receiving the items to be deposited in SIG account; and
 - (h) date and number of the Treasury receipt issued by the Accountable Officer.
- 16.3 Every working day, the Officer opening the mail must enter the Treasury receipt numbers from the Treasury receipt book for the preceding day's items into the Register.
- 16.4 Any item not receipted within 24 hours must be reported by the Officer opening the mail to the AO.

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- 16.5 Two Officers must always be present when mail is opened. If two Officers are not available, opening the mail will be delayed until a second Officer is present.
- 16.6 The revenue register must not be kept by the Accountable Officer who issues Treasury receipts.

P5 17 Receipt of revenue by a Public Officer who is not a revenue Officer

- 17.1 An Officer who is not an authorised Revenue Collector must not accept Government revenue from anyone.
- 17.2 Any person who wants to pay money into a SIG account can be directed to Treasury, a Sub-accountant or the nearest Revenue Collector.
- 17.3 If an Officer who is not an authorised Revenue Collector receives revenue through the mail, procedures in **P5 16** above must be followed.
- 17.4 If an Officer who is not an authorised Revenue Collector regularly receives revenue or is offered revenue, the PSF may appoint that person as a Revenue Collector. The Officer concerned will then be required to immediately follow the FIs.

P5 18 Validity of issued licences

- 18.1 No licence will be considered renewed until the Revenue Collector has received cash, cheque, bank draft, money order etc, as payment for the licence.
- 18.2 The renewed licence will be considered void if any cheque, bank draft or other item exchanged for their value is not accepted by any bank.

P5 19 Replacement Treasury receipts and licences

- 19.1 If a Treasury receipt or licence is issued but lost, the payer may apply for a replacement Treasury receipt or licence. The replacement will not be a new original, but a photocopy of a copy held in the original office where the Treasury receipt or licence was issued.
- 19.2 The copies must be clearly marked in ink 'Certified True Copy' and countersigned and dated by the Accountable Officer.
- 19.3 A note must be made on the copy kept that a photocopy has been issued.
- 19.4 A fee for the replacement will be charged at a level decided by the PSF.

P5 20 Reductions and discounts

- 20.1 The gross amount of revenue due to Government will always be collected except where any reduction, discount or counterclaim is allowed by law or approved in writing by the PSF.
- 20.2 Where any reduction, discount or counterclaim is allowed, details of the approval must be entered on the Treasury receipt or licence.

P5 21 Receipt of revenue by Treasury cashier or sub-accountant

- 21.1 The Treasury cashier or any Sub-accountant who is a Revenue Collector must bring their revenue collection directly to account in the main cash book.
- 21.2 This instruction does not prevent a division of duties within an office where such a division is expedient for office efficiency. Other officers may be appointed as Revenue Collectors by the PSF and issued with a Treasury receipt

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and/or licence book and cash book and be made responsible for collecting and accounting for specific items of revenue.

P5 22 Cash surpluses

- 22.1 Any unexplained cash surplus must be investigated by a senior Officer and promptly brought to account against an appropriate revenue code.
- 22.2 Later if a cash shortfall is found to be related to the surplus, details of this must be reported in writing to the PSF.
- 22.3 If the PSF is satisfied that the surplus is explained by the subsequent shortfall, a refund of the surplus can be authorised in writing.
- 22.4 Keeping private money or effects in SIG safes or strong rooms is prohibited. Any such money found will be brought to account as a credit and a receipt issued to miscellaneous income. Such money cannot be refunded.

P5 23 Improper use of collected revenue

- 23.1 Collected revenue or public money must not be used for any private purpose.
- 23.2 Accountable Officers must not lend or advance collected revenue or public money.
- 23.3 Revenue collected must not be used to pay directly for Government expenditure.
- 23.4 At remote locations the PSF may approve in writing the use of collected revenue to repay Imprest Funds.
- 23.5 Usually all revenue collected must be banked intact.

Transfer of Cash within SIG

P5 24 Maximum Cash Balances

- 24.1 The PSF must authorise in writing the maximum cash balance, excluding cheques etc. that may be kept at any one time by a Sub-accountant or other Accountable Officer.

P5 25 Remittances of excess cash holdings

- 25.1 A Sub-accountant or other Accountable Officer will send all coins and notes in excess of the authorised limit to Treasury as soon as possible. All cheques, bank drafts etc. will be sent to Treasury as soon as possible after being brought into account.

P5 26 Request for additional cash

- 26.1 When additional cash is required by a Sub-accountant or other Accountable Officer, a request for the sum required must be sent to Treasury. No transfer of cash will be made between Sub-accountants or Accountable Officers unless prior written approval of the PSF has been given.

P5 27 Advice of transfer of cash

- 27.1 Sub-accountant or other Accountable Officer will phone or electronic mail the Treasury officer to advise when cash will be transferred. The message will

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advise the amount of the transfer and with some detail so the Treasury officer can investigate any non-arrival or delay.

- 27.2 Receipt of a cash transfer will be acknowledged by a phone call or electronic mail quoting the receipt number under which the cash transfer has been brought into account.
- 27.3 If the officer transferring the cash has not been advised of the arrival of the cash, enquiries must be made.

P5 28 Sending the transferred cash

- 28.1 Where there is a branch of a commercial bank available, cash to be transferred can be deposited with that bank and a transfer made accordingly.
- 28.2 If there is no bank, all cash transfers, with the exception of coin, will be forwarded by registered post.
- 28.3 Cheques, bank drafts etc must be placed inside a new envelope and sealed in accordance with postal rules for registered articles.
- 28.4 Currency notes must be securely packaged and the package sealed in accordance with current postal regulations.
- 28.5 If it is more convenient, cheques, bank drafts etc. and currency notes may be transferred by safe hand of a Public Officer if prior written approval of the PSF has been obtained. The cash to be transferred must still be sealed in accordance with postal regulations.
- 28.6 Every cash transfer must be prepared, packed and secured by two officers, one of whom should be the Sub-accountant or other Accountable Officer responsible for the cash holding. All copies of the Payment Voucher prepared by the officer transferring the cash must be certified and signed by the two officers in the following manner:
“We certify that we have checked this cash transfer and we confirm that it contains cheques/bank drafts/currency /coins.....to a total value of.....”
- 28.7 When the transferred cash has been received, the officer receiving it and one other officer will unseal the package and check the contents of the cash transfer against the attached Payment Voucher. The two officers will sign the Payment Voucher in the receipt section confirming the accuracy and content of the cash transfer. If a mistake has been made, the two officers must have their count witnessed by their senior officer and then report it on the voucher.

P5 29 Issue of Payment Voucher by officer transferring cash

- 29.1 The officer transferring the cash will prepare three copies of a Payment Voucher, allocating the transferred cash to a "Transfer of cash" account.
- 29.2 The voucher will show the full details of all cheques, bank drafts etc., currency and coin being transferred. The officer transferring the cash will enter the transaction as a payment in the cash book, and send the third copy of the voucher with the cash transfer and keep the original and second copy of the voucher. The original voucher will eventually support the next monthly cash

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account of the officer transferring the cash and the second copy will be placed on the permanent file.

P5 30 Issue of a Treasury receipt by receiving officer

- 30.1 On receipt and checking of a cash transfer, the receiving officer will issue a Treasury Receipt for the total amount of the cash transfer, bringing it into account in the cash book as a credit to a "Transfer of cash" account.
- 30.2 If the transfer of cash is from Treasury to a Sub-accountant or other Accountable Officer, the receiving officer will send the original Treasury Receipt to Treasury which will be kept in Treasury until the arrival of the receiving officer's next monthly account.
- 30.3 The voucher will be attached to the original copy of the Payment Voucher issued by the officer transferring the cash. A copy of the Treasury Receipt will be sent to the officer transferring the cash for the record.

P5 31 Errors in transferring cash

- 31.1 Any error found in a cash transfer by the receiver of the transfer will be reported immediately to the officer transferring the cash.
- 31.2 A cash transfer will be brought to account in the receiver's cash book even if an error is found.
- 31.3 If there is a shortfall in the cash transferred, a Payment Voucher for the amount of the shortfall will be issued by the receiver, allocating the shortfall to an advance account in the name of the officer transferring the cash.
- 31.4 The PSF will be advised of the action taken as soon as possible and will then issue written approval for the opening of the advance account or prescribe any other such action necessary.
- 31.5 If there is a surplus in the cash transferred, a Treasury Receipt will be issued for the surplus bringing it into account as revenue.

P5 32 Register of cash transferred

- 32.1 Treasury and all Sub-accountants and other Accountable Officers will keep a register of cash transfers that will contain the following details:
 - (a) where the cash was transferred to;
 - (b) date and method of sending the cash;
 - (c) payment Voucher number;
 - (d) amount of cash transferred;
 - (e) time of phone/email advice, if appropriate;
 - (f) date of acknowledgment of receipt of transfer;
 - (g) treasury Receipt number; and
 - (h) the details of each cash transfer will be entered in the register when documents are received.
- 32.2 All registers of cash transfers will be checked weekly to make sure that any delay in receiving cash transfers and documents of acknowledgement or acquittal can be investigated.

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Debit notes (invoicing)

P5 33 Debit note register

- 33.1 Accountable officers shall maintain a Debit Note Register (DNR), in a form prescribed by the PSF, in which shall be recorded full details of all assessments, rents, dues, fees, charges, sale of Government property and other items of SIG Revenue that have been charged to individuals or organisations by the issue of Debit Notes.
- 33.2 The PSF may determine that Treasury will maintain the DNR on behalf of all or certain Ministries, and if so these FIs should be read in the context that the information would be supplied to Treasury for producing and issue of the debit note.
- 33.3 Debit Note Registers shall provide for information that allows for adequate analysis of the type of revenue for which the Accountable officer is responsible. The DNR shall contain the following details:
- (a) number of the Debit Note;
 - (b) date the Debit Note is issued;
 - (c) name of recipient;
 - (d) date the particular service rendered, goods delivered or account month;
 - (e) brief description of the service rendered or goods delivered;
 - (f) name of Ministry and Division, if register maintained by Treasury;
 - (g) account code number to which revenue shall be credited on receipt;
 - (h) amount to be paid;
 - (i) date amount is to be paid by;
 - (j) date reminder sent, if not paid by due date;
 - (k) date paid;
 - (l) receipt number issued; and
 - (m) 'notes' to record such comments as 'legal action' commenced', 'written off', etc.
- 33.4 The detail required in **P5 33.3** inclusive should be entered in the Debit Note Register before the Debit Note is issued, except for items 33.3 (j) to (m) above.

P5 34 Debit note purpose

- 34.1 Revenue due to SIG can be collected by Cash, Cheque or other Negotiable Instrument at the time that the service is rendered, goods supplied, etc.
- 34.2 Debit Notes, in a form determined by the PSF for the purposes specifically prescribed in writing by him, may be issued where payment of the prospective revenue is not made at the time the service is rendered, goods supplied, etc.
- 34.3 Debit Notes are to be issued for:
- (a) any charges to overseas Governments or Agencies;
 - (b) audit fees;
 - (c) officer liabilities;
 - (d) any charge on SIG by any self accounting unit of SIG;

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(e) any other cases authorised by the PSF for written authorisation to issue Debit Notes.

34.4 The AO shall ensure that revenue is collected when due and to take all necessary steps to avoid revenue falling into arrears.

34.5 No Debit Note shall be issued to any person or organisation listed by the PSF as unsuitable for credit facilities.

P5 35 Completion of debit notes (manual system)

35.1 An original Debit note and two photo copies shall be prepared

35.2 If copies are found to be illegible or incomplete, all three copies shall be cancelled as described in **P5 38**.

35.3 Except as otherwise authorised by the PSF in writing, distribution of the three copies of the Debit Notes shall be as follows:

(a) original - dispatched to the recipient of the service rendered, goods received, etc;

(b) duplicate - retained at the original office of issue until payment is received. It is then stapled to the General Receipt issued for payment of that particular Debit Note and sent to the Treasury in due course as part of the supporting documentation on that month's account;

(c) triplicate - to be retained at the office of original issue, either within a bound Debit note book or a suitable file, for any subsequent examination or audit.

P5 36 Completion of debit notes (electronic system)

36.1 Accountable officers are to provide Treasury, in a format agreed with the PSF, with information sufficient to enable the Debit note to be produced and issued.

36.2 Treasury issues a Debit Note and collects the proceeds on behalf of another Ministry.

36.3 The financial system maintains the DNR information.

36.4 Accountable officers are to be provided with a weekly and monthly report of arrears, with aged analysis of:

(a) 0-30 days;

(b) 31- 60 days;

(c) 61- 90 days; and

(d) greater than 90 days

P5 37 Debit note dispatch and content

37.1 When dispatching the original copy of the Debit Note any written instructions from the client as regards the address to which the Debit Note shall be sent must be followed. Such instructions shall be maintained in a suitable file by the Accountable officer.

37.2 Debit Notes shall contain full details, so as to enable the recipients to easily identify the service rendered or goods received.

37.3 The Debit Note shall state that payment must be made immediately. Recipients shall be allowed five working days to pay, if in Honiara, or fifteen working days to pay if outside Honiara, before further collection action is taken.

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P5 38 Cancellation of (manual system) Debit Notes

- 38.1 No alteration of any kind shall be made to any entry on a Debit Note. Where an error has been made the Debit Note shall not be issued, but shall be replaced by a new one. All three copies of the spoilt Debit Note shall be endorsed with the words "Cancelled" together with two diagonal lines ruled across each copy and the signature of the officer responsible for preparing the Debit Note.
- 38.2 The Original and Triplicate copies of spoilt Debit Notes shall remain at the original office of issue, either within the bound Debit Note book or within a suitable file.
- 38.3 The Duplicate copy of a spoilt Debit Note shall be forwarded to the Treasury as part of the supporting documentation for that month's account.

P5 39 Delivery of Debit Notes

- 39.1 Wherever possible, Debit Notes shall be delivered by safe hand in Honiara direct to the person or organisation responsible for payment, and a signature obtained. Outside Honiara, Debit Notes will be sent through the post. The date of posting will be recorded.
- 39.2 Under no circumstances shall Debit Notes be left with anyone other than the addressee or his personal representative, as appointed in writing. Nor shall they be left without signature for safe delivery.

P5 40 Calculation of amounts owing

- 40.1 Accountable officers are responsible for the calculation of all amounts due, rents and other charges leading to the issue of Debit Notes in respect of revenue due to SIG. Should an Accountable officer, for any reason, be unable to calculate an amount due, etc or to promptly prepare and deliver Debit Notes, he shall immediately report the matter to a senior officer and to the PSF in writing. The senior officer shall take whatever action he considers necessary to correct the situation, advising the PSF in writing of such action.

P5 41 Settlement of Debit Notes

- 41.1 Accountable officers are responsible for ensuring that Debit Notes are settled and the revenue collected no later than the current terms allow.
- 41.2 Accountable officers shall check their Debit Note Registers or Treasury reports at least once a week, in order to ascertain those Debit Notes still unpaid and to ensure that appropriate follow up action is being taken and noted in the "Notes" column of the Debit Note Register.
- 41.3 Accountable officers shall make due note of any circumstances which give them cause to suspect that a Debit Note may not be settled and notify the PSF accordingly.

P5 42 Delays in settlement of Debit Notes

- 42.1 Where a Debit Note is not settled and the revenue collected by the due date, the Accountable officer shall immediately pursue the follow up action. A note of the action taken shall be entered in the "Notes" column of the Debit Note

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Register against that particular Debit Note entry or advised to Treasury in a form determined by the PSF.

42.2 Where an unpaid Debit Note was originally issued to any person in receipt of a SIG salary, wage or allowance, the follow up action shall be as follows:

- (a) issue, within 7 days after the original payment date, of a written reminder of the outstanding debt demanding immediate settlement of the amount due. Such reminder shall be delivered in the same manner as required for the delivery of the original Debit Note;
- (b) in the event of non payment despite the delivery of a reminder, the Accountable officer shall arrange, within 30 days of the original payment date, a personal interview with the debtor to ask for immediate payment. If such payment is not immediately forthcoming, the debtor will be asked to sign an authority whereby the outstanding account shall be deducted, by regular instalments, from future payments due by SIG. The instalments shall be over a reasonable period, usually three months but not exceeding six without the written authority of the PSF;
- (c) the Accountable officer is responsible for completing the authority referred to in (e), for ensuring that it is signed by the debtor and that it is forwarded to the Treasury as soon as possible to enable deductions to commence;
- (d) the Accountable officer shall record the details of the following up action, either in a manual register or by advice to Treasury in a form determined by the PSF.
- (e) whilst the Accountable officer shall be responsible for obtaining the Authority for Deduction, he shall take care not to contravene any Law or General Order, particularly relating to the maximum deduction permissible. In cases of doubt, the Accountable officer shall seek the written authority or advice of the PSF prior to obtaining the authority;
- (f) where such an authority becomes necessary, or is refused by the debtor, the PSF shall direct that no further credit facilities will be allowed to the person in default.

42.3 Where an unpaid Debit Note was originally issued to any person or organisation not in receipt of a SIG salary, wage, allowance or other payment the follow up action shall be as follows:

- (a) issue, within 7 days after the original payment date, of a written reminder of the outstanding debt demanding immediate settlement of the amount due. Such reminder shall be delivered in the same manner as required for the delivery of the original Debit Note;
- (b) in the event of non payment despite the delivery of a reminder, the Accountable officer shall arrange, within 30 days of the original payment date, a personal interview with the debtor to ask for immediate payment. If such payment is not immediately forthcoming, the debtor will be asked to sign an authority whereby the outstanding account shall be deducted, by regular instalments, preferably by direct debit to the defaulter's bank

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- account. The instalments shall be over a reasonable period, usually three months but not exceeding six without the written authority of the PSF;
- (c) the Accountable officer shall be responsible for completing the authority referred to in **(b) above**, together with a suitable mandate addressed to the defaulter's bank, for ensuring that it is signed by the debtor and that it is forwarded to the Treasury as soon as possible to enable deductions to commence;
 - (d) the Accountable officer shall record the details of the following up action, either in a manual register or by advice to Treasury in a form determined by the PSF;
 - (e) the Accountable officer shall be responsible for checking periodically that instalments are being paid and recording details of the amounts recovered in his Debit Note Register;
 - (f) whilst the Accountable officer shall be responsible for obtaining the Authority for Deduction and Bank Mandate, care should be taken not to contravene any Law of Solomon Islands. In cases of doubt, the AO should seek the written authority of the PSF prior to obtaining the Authority. Consideration should be given to the likelihood of the defaulter not being able to meet future instalments and advice sought of the PSF if there is any doubt;
 - (g) where such an arrangement becomes necessary, or is refused by the debtor, the PSF shall direct that no further credit facilities will be allowed to the person or organisation in default;
 - (h) where the defaulting debtor has sums payable by SIG, the PSF may direct that such payment or payments be withheld, in such amount and for such time as considered necessary, until the debt outstanding to SIG is settled.

P5 43 Abandonment of claim for non-settlement of Debit Notes

- 43.1 Where an Accountable officer is of the opinion that recovery action taken will not be, or has not been, successful in recovering a debt, a full written report should be forwarded to the PSF, copied to a senior officer, Internal Audit and the Auditor-General, recommending either write-off or consideration of legal action. The report should set out his reasons for so recommending and a full statement of the recovery action taken.
- 43.2 The PSF shall issue written instructions, in due course, as to whether the debt is to be written off or whether further attempts at recovery of the debt, including, but not limited to, legal action, should be made.
- 43.3 The fact that a debt has been formally written off shall not prevent future attempts at recovery if circumstances change.

P5 44 Legal proceedings for settlement of Debit Notes

- 44.1 Where an Accountable officer is of the opinion that there is a reasonable possibility of recovering a debt through legal action, and the PSF agrees, a detailed written report shall be submitted on the debt to the Attorney General;

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through the PSF, with a copy to Internal Audit and the Auditor-General. The report shall contain full details of any action taken to recover the debt.

- 44.2 Where a debit note is referred to the Attorney General, suspension of credit facilities shall be automatic.
- 44.3 The Accountable officer must follow up all cases of unpaid Debit Notes referred to the Attorney General and subsequently taken to court. The Accountable officer shall take all such action as shall be available to ensure that any Court Orders obtained are put into effect. Care shall be taken that any action shall not contravene or hinder the content of any court order.

P5 45 Return of arrears of revenue

- 45.1 All Accountable Officers responsible for revenue collection must submit to the PSF and copy to the Auditor General, a "Return of arrears of revenue" for all items outstanding as at the close of business for the preceding month. The format of the Return is approved by the PSF.
- 45.2 The Return must include:
- (a) revenue account code number;
 - (b) name of the person or entity who is the debtor;
 - (c) amount outstanding;
 - (d) date revenue became due and payable;
 - (e) remarks column.
- 45.3 The Return of arrears of revenue must be totalled to show the total arrears outstanding at the date of the return and include a list of amounts outstanding for each past year.
- 45.4 Where any item of arrears has since been collected, details of the receipt issued will be entered in the 'remarks' column.
- 45.5 The 'Remarks' column will contain brief comments on action taken to recover each arrears item.
- 45.6 All Returns must include any items still outstanding from the previous Return.
- 45.7 'Nil' Returns will be submitted where appropriate.
- 45.8 The Certificate on each Return of Arrears of revenue must be signed and dated by the responsible Accountable Officer.

P5 46 Arrears of Income Tax revenue

- 46.1 Arrears of income tax will be included in a Return of Arrears of revenue only when such items have been assessed and are overdue for payment.

P5 47 Arrears of Customs Duty revenue

- 47.1 The Comptroller of Customs and Excise must submit returns of outstanding customs duty in a Return of Arrears of Revenue.
- 47.2 Where specific duties have not been assessed, information from the vessel or aircraft cargo list may be included instead of the amount of revenue due and a suitable note made in the 'Remarks' column.

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P5 48 Consolidation of returns of arrears of revenue

48.1 Accountable Officers responsible for submitting the Returns of Arrears of Revenue must submit consolidated returns not just from their Headquarters, but from all Revenue Collectors under their supervision. Therefore, they must arrange for all information held by Ministries etc. to be sent to them.

P5 49 Arrears of revenue more than six months old

49.1 Where an item of revenue is overdue for more than six months and no action has been taken to recover it as directed in these FIs, the Accountable Officer must submit a written report to the PSF with the Return of Arrears of Revenue.

49.2 The report must include:

- (a) reason why no action has been taken;
- (b) recommendations on what action should be taken to recover the arrears; and
- (c) whether credit facilities have been withdrawn, and if not, why not.

49.3 The PSF will issue written instructions as to whether arrears as in **P5 49** will be abandoned or if further action will be taken to recover the arrears (refer Chapter 1 - 'Introduction, Principles, Security, Records and Compliance').

P5 50 Remission of assessment etc.

50.1 Any fine, licence fee, assessment or other due that is abolished by law or by written instruction of the PSF will cease to be arrears of revenue.

50.2 Any unpaid fine and court costs awarded in civil and criminal courts, which are payable to the revenue of SIG, will be arrears of revenue until a period of imprisonment is commenced by the debtor in lieu of payment or unless the arrears are abolished or paid.

P5 51 Refund of revenue

51.1 Refunds of revenue are made only in the following circumstances:

- (a) when the revenue collected is reclaimed under conditions prescribed by law;
- (b) when the revenue should not have been collected in the first place; or
- (c) any other refund authorised in writing by the PSF.

51.2 Refunds under **P5 51.1** above must be carried out only by a Public Officer authorised by law, or to whom such powers have been authorised in writing. Such authorisation must be given to the PSF in writing.

51.3 Refunds under **P5 51.1** will be authorised only by the PSF or by a public Officer to whom such powers have been delegated by the PSF.

51.4 Refunds of revenue will be charged to the relevant Accounts Code of the annual budget, except where a refund is related to revenue brought into account the previous financial year. In this case, the PSF will advise in writing the account the refund will be charged to.

P5 52 Annual review of fees, licences, charges etc.

52.1 A review of all fees, licences, charges, on-cost additions etc. will be carried out by all AOs for all Ministries by May 30 each year.

52.2 A report with recommendations will be sent to the PSF by June 30 each year. The time period may be less as decided by the PSF or any law.

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52.3 The reviewed fees, licences and charges must be displayed on the Ministry of Finance and Treasury website.

P5 53 Appointment of Revenue Collectors

- 53.1 Revenue Collectors will be appointed by the PSF on the advice of the Ministry. No one may collect revenue unless appointed in this way. Also refer **P5 21.2** above.
- 53.2 When an Officer changes jobs, the appointment will lapse and the Officer will need to be re-appointed, if necessary.
- 53.3 The Auditor General will be advised of all changes to appointed Revenue Collectors.

Deposits

Deposits are accepted by SIG as described in Part 5 of Division 2 of the PFMA. Where the money is not for SIG use, such as retentions or other withholdings in the name of another person or entity, they will not be deposited into the Consolidated Fund and are not for general use by SIG.

P5 54 Acceptance of deposits

- 54.1 No deposit, except salaries, will be accepted without prior written approval of the PSF.
- 54.2 Any person wanting to deposit money (other than salaries) with SIG will be referred to the PSF who will give written approval if this is necessary.
- 54.3 The deposit remains under the control of the PSF and will be repaid only with the written approval of the PSF.
- 54.4 Deposits authorised under **P5 54.2** will be credited to a below-the-line account. The Treasury will keep a separate account for each person depositing money.
- 54.5 The Treasury will issue a receipt with the following details:
- (a) the name and address of the person depositing money;
 - (b) a statement that the deposit is accepted under section 26 to 30 of the PF&A;
 - (c) any date agreed on for repayment of the deposited money.
- 54.6 Any fixed date for repayment of the deposit will be clearly marked on the receipt.

P5 55 Application for repayment of deposited money

- 55.1 Any application for repayment of deposited money must be made in writing to the PSF and signed by the person or authorised representative of the organisation that deposited the money.
- 55.2 The original receipt should also be produced with the application.

P5 56 Repayment of deposited money

- 56.1 Repayment of deposited money is made by issuing a Payment Voucher through Treasury after receipt of written approval from the PSF.
- 56.2 The Payment Voucher will refer to the Treasury receipt for the deposited money and describe the deposit amount clearly.
- 56.3 Treasury copy of the receipt will be cross-referenced to the Payment Voucher.

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- 56.4 Part payment of the money deposited is allowed on written approval of the PSF.
- 56.5 If the money has been deposited for a fixed term, it cannot be repaid before the due date without the written approval of the PSF.

P5 57 Investment of deposited money

- 57.1 Under Part 5 Division 2 of the PFMA, any interest or dividend from investment of the deposited money must be paid into the Consolidated Fund.

P5 58 Improper use of deposited money

- 58.1 Ministries must not transfer surplus funds into deposit accounts to be used for future payments.

P5 59 Government bank accounts and cheques

- 59.1 Under Part 5 of the PFMA, SIG's Consolidated Fund will be kept in a bank or banks determined by the Minister of Finance.

P5 60 Opening SIG bank accounts

- 60.1 Bank accounts can only be opened with the prior written approval of the PSF.
- 60.2 AOs must provide a written request to the PSF giving reasons for the bank account and the following details:
- (a) name and location of the bank where the account is to be kept;
 - (b) name of the officer responsible for operating the account and the names of the signatories
 - (c) type of account needed;
 - (d) estimated amount of money to be held in the account;
 - (e) estimated maximum amount of money to be held in the account;
 - (f) any other relevant details
- 60.3 The PSF will consider the application and provide written approval for the account to be opened and confirm details of:
- (a) name and title of the officer responsible for the account;
 - (b) name of officers who are authorised to sign cheques and other documents;
 - (c) any limit to the amount of money to be held in the account and instructions for what to do with any funds above the limit.
- 60.4 The PSF will provide written instructions to the bank to open the account and supply specimen signatures of the officers authorised to sign cheques.
- 60.5 No new bank account will be opened if suitable banking facilities already exist and which the PSF decides are sufficient for the purposes of the Ministry.
- 60.6 The Auditor-General is to be notified in writing when any bank account is opened or closed.

P5 61 Signatories to SIG bank accounts

- 61.2 All cheques and other documents related to a SIG bank account will be signed by two officers. One of these must be the officer responsible for the operation of the account.
- 61.3 All applications for new cheque books must be signed by the two officers who are signatories and appointed by the PSF.

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- 61.4 The PSF will provide a list of cheque signatories to a SIG bank account where necessary. Other signatories may be needed if regular officers are absent due to sickness, leave etc. Signatories will be kept to a minimum to streamline operation of the account.
- 61.5 Specimen signatures of all signatories of SIG accounts will be recorded on commercial bank's official forms and signed by the PSF.
- 61.6 No officer will sign a SIG cheque or other document unless authorised to do so under **P5 61.4**.

P5 62 Crossing of SIG cheques

- 62.1 All SIG cheques will be crossed with two parallel lines and have written across it "Not negotiable" and "Account payee only", except as allowed under **P5 62.2**.
- 62.2 If a cheque is for payment of wages in cash, it is not crossed and will have written across the top right hand corner "Please pay cash". The cheque must be signed by the two bank account signatories and will name the officer to whom the bank will pay the cash – "Please pay cash to ---"
- 62.3 If a member of the public receives a cheque from SIG and does not have a bank account, the cheque may be uncrossed and cash given.

P5 63 Signing a cheque

- 63.1 Before signing a SIG cheque, the authorised signatory must make sure that:
 - (a) the amount of the cheque and name of the person to receive the cheque are the same as on the Payment Voucher;
 - (b) the Payment Voucher has been checked and signed by the checking Officer, has been passed for payment and has been entered into Treasury information;
 - (c) the Payment Voucher has been marked as "PAID" and date on the Payment Voucher is the same as the date on the cheque;
 - (d) the number of the cheque has been recorded on the Payment Voucher;
 - (e) the amount written in words on the cheque is the same as the amount in figures; and
 - (f) all details of the cheque are recorded on the receipt section of the cheque kept by the receiver.
- 63.2 An authorised signatory must not sign a cheque where the approved Payment Voucher and supporting documents have been prepared or altered for fraudulent purposes. The original cheque and all original supporting documentation must be copied three times and :
 - (a) the originals forwarded directly to the Auditor General with a covering letter that explains the authorized signatory's concerns regarding an unacceptable charge;
 - (b) one copy of all documents forwarded directly to the PSF for safe keeping;
 - (c) one copy of all documents forwarded directly to Internal Audit; and
 - (d) one copy to be held by the authorised signatory.

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- 63.3 An authorised signatory must sign a cheque that meets the criteria for cheque signing. However, if the authorised signatory has concerns about the nature of the payment the original cheque and all original supporting documentation must be copied three times and:
- (a) one copy of all documents forwarded directly to the Auditor General with a covering letter that calls for the Auditor General to investigate the payment;
 - (b) one copy of all documents forwarded directly to the PSF for safe keeping;
 - (c) one copy of all documents forwarded directly to Internal Audit; and
 - (d) the originals of all documents kept by the authorised signatory.
- 63.4 Under no circumstances will an authorised signatory sign a blank or incomplete cheque.
- 63.5 The authorised signatory signs both the cheque and the receipt section of the cheque.

P5 64 Spoiled and cancelled cheques

- 64.1 Any cheque that is spoiled or cancelled will be marked “CANCELLED” and will be attached to the receipt section of the cheque and kept in the cheque book.

P5 65 Safe custody of cheque books and forms

- 65.1 All unused cheque books and forms will be kept in a safe custody facility under the control of the officer responsible for the operation of the bank account.
- 65.2 The cheque book or forms in current use will be kept overnight in the safe custody facility and will be kept safe during working hours. The cheque book must be returned to the safe custody facility whenever the officer is out of the office.

P5 66 Lost cheques or cheque books

- 66.1 Any missing cheques or cheque books must be reported to the bank as soon as possible and written instructions (signed by the two signatories) sent to the bank stopping payment of any missing cheque(s) that are presented for payment.
- 66.2 Details about the loss of any cheques or cheque books must be reported immediately to the PSF, with a copy to Internal Audit and to the Auditor-General.

P5 67 Deposits to SIG bank accounts

- 67.1 Cheques to be deposited into a SIG account must be made out to “Solomon Islands Government”. If a cheque is received that does not have the name of the person paying the money, this must be added immediately by the officer receiving the cheque.
- 67.2 Before a receipt is given, the receiving officer must make sure that:
- (a) the cheque has been signed by the person paying by cheque;
 - (b) the cheque is correctly dated. If it is not dated, the receiving officer will add the current date. Cheques dated after the current date will not be accepted;

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- (c) the amount to be paid written in words is the same as the amount written in figures;
 - (d) any changes to the cheque has been initialled by the person paying by cheque; and
 - (e) cheque is crossed. If it is not crossed, the receiving officer will cross it immediately.
- 67.3 Any cheque received which has an error must be returned to the person paying by cheque to be corrected. No receipt will be given until the error has been corrected.
- 67.4 Any receiving officer who fails to do the checks described in **P5 67.2 above** will be held personally liable if payment cannot be accepted due an error in the cheque, and any bank fees incurred will be charged against the receiving officer's personal account.
- 67.5 If a cheque is not accepted due to a cheque error the receipt should be cancelled and the payer advised in writing that the receipt is now void and receiving a replacement cheque requested.
- 67.6 Payments into a SIG bank account will be made by the collecting officer responsible for the account, a designated cashier or other officers as described in **P5 67.8**.
- 67.7 The authorised revenue collector must follow the process for completing the bank deposit form as described in **P5 67.8**.
- 67.8 All deposits into a SIG bank account must be made on the bank's official deposit form describing:
- (a) amounts paid in notes, coins, cheques, bank drafts, etc
 - (b) serial numbers of cheques, bank drafts, etc
 - (c) names of the persons paying the monies
- 67.9 No alterations must be made on the deposit forms except if made by the bank. Any alteration made by the bank must be initialled and stamped by the bank officer making the alteration.
- 67.10 The SIG officer depositing the funds must make sure that the copies of the bank deposit forms to be held by Treasury are correctly stamped and initialled by the bank official to show that the funds has been received by the bank.
- 67.11 The authorised officer operating the SIG bank account must make sure that all surplus notes, coins, cheques, drafts etc are paid into the bank daily.

P5 68 International cheques and drafts

- 68.1 Cheques, drafts etc denominated in a foreign currency will be accepted and paid into a SIG account if these are monies owed to SIG.
- 68.2 No cheque denominated in a foreign currency will be exchanged for cash for any person without the prior written approval of the PSF.
- 68.3 A cheque or draft from an overseas bank will be deposited as per **P5 67.1**. The conversion into Solomon Islands dollars will occur at the time of issuing the Treasury receipt and preparing the bank deposit form as described below. The currency conversion will use the latest exchange rate confirmed by the bank.

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- 68.4 A separate bank deposit form must be used for each overseas cheque, draft etc. with both the Solomon Islands dollar amount and the foreign currency amounts to be credited shown clearly.
- 68.5 If the bank has to send a cheque, draft etc. for collection, the cash book will be amended if the amount deposited is different to the amount originally entered in the cash book. The two entries must be cross-referenced.

P5 69 Cashing personal cheques

- 69.1 Under no circumstances will authorised officers cash personal cheques unless acting as a bank agent.

P5 70 Payment of cheques and drafts received

- 70.1 Any cheques, drafts etc. received by officers who do not have written approval to deposit money into a SIG bank account, must be sent immediately to Treasury.

P5 71 Dishonoured cheques

- 71.1 If a payment by cheque, draft etc. deposited into a SIG bank account is refused by the bank, it is charged back against the bank account. A Debit Note will be raised to allocate the amount to an Advance Account in the name of the person owing the money, including the cost of any dishonour bank fees.
- 71.2 When a payment by a cheque, draft etc has been refused by the bank, the individual or organisation named on the cheque will be contacted as soon as possible and requested to pay to SIG the money owed.
- 71.3 When a payment by a cheque, draft etc has been refused by the bank due to an error in preparing the cheque, the person or organisation owing the money will be requested to correct and sign the error or to replace the cheque with a new one.
- 71.4 Where a cheque, draft etc. has been refused payment by the bank and the cheque marked with the words “Refer to drawer”, “Lack of funds” or “No account”, the person owing the money will be asked to pay the amount owing in cash only and a note recorded that credit facilities may need to be withdrawn.
- 71.5 When money owed by a person whose cheque has been refused payment by the bank is repaid, a Treasury receipt is issued against the original advance.
- 71.6 The PSF, on the advice of the Accountant-General where a dishonour cheque is received on more than one occasion, may list that paying person or organisation as a ‘bank cheque only’ payee.

P5 72 Bank transactions in cash books

- 72.1 The authorised officer operating a SIG bank account must make sure that all sums paid into the account are promptly and accurately recorded in the cash books and any other records kept by the officer.

P5 73 Bank account statements and reconciliations

- 73.1 The authorised officer operating a SIG account must obtain monthly bank statements or as often as prescribed by the PSF.

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- 73.2 The authorised officer must prepare a bank reconciliation statement every time a bank statement is received.
- 73.3 The reconciliation must include all genuine monies owing or owed through:
- (a) normal deposits;
 - (b) journal vouchers;
 - (c) payment Vouchers;
 - (d) treasury receipts; and
 - (e) any other method approved in writing by the PSF.
- 73.4 Any entry on the bank statement that does not appear to be correct must be queried with the bank immediately. If necessary, the bank should be asked to correct the entry in the SIG bank account.
- 73.5 Wherever possible, the bank reconciliation must not be done by an officer responsible for issuing cheques or the officer responsible for preparing deposits into the account.

P5 74 Certificate of balance of bank account

- 74.1 The authorised officer operating a SIG bank account must obtain a certificate of balances from the bank:
- (a) monthly;
 - (b) at the end of every financial year;
 - (c) when asked to do so by the Auditor-General;
 - (d) when asked to do so by the PSF.

P5 75 Cash management

- 75.1 It is the duty of the PSF to ensure that SIG's cash resource is managed properly. This includes:
- (a) negotiating favourable commercial bank interest rates on investments and overdrafts;
 - (b) ensuring all cash received anywhere within the SIG is deposited promptly;
 - (c) keeping only small amounts of cash in non-interest bearing accounts; and
 - (d) ensuring enough cash is available to meet spending requirements.

Adjustments to SIG accounts (Journals)

P5 76 Journal entries

- 76.1 Any adjustments to SIG accounts that do not involve transfer of cash must be made using a journal entry.
- 76.2 Loose leaf journals in a form approved by the PSF, or a bound journal book in the same format may be used.

P5 77 Journal entry transactions

- 77.1 Examples of transactions needing the use of journal entries include:
- (a) correction of previous errors;
 - (b) transfers of deposits to revenue codes;
 - (c) allocation of charges for services provided by one SIG Ministry for another, and the resulting revenue item;

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(d) allocation of rents or fees payable by one SIG Ministry to another and the resulting revenue item.

77.2 Journal entry will be used to adjust or amend any SIG account which is needed before the closing of accounts at the end of the financial year.

P5 78 Completion of journal entries

78.1 Journal entries will be completed in triplicate except as needed by **P5 78.2** below.

78.2 The original and one copy of the journal entry, with any additional copies needed by **P5 78.3** below, will be sent to Treasury and the second copy filed by the AO responsible for issuing the voucher after entering it in the account code control card or Register of Revenue.

78.3 Where any entry on a journal entry affects an accounting code controlled by another Officer, additional copies of the journal entry will be prepared to allow each affected AO to have a copy.

78.4 Where a journal entry is prepared by Treasury, enough copies will be prepared to allow each relevant AO to have a copy.

78.5 Journal entries must be completed clearly in ink and contain enough detail to easily show the reason for the adjustment or transfer and the account codes affected by the adjustment or transfer.

78.6 The allocation of each debit and each credit must be shown clearly and separately line by line on the journal entry.

78.7 The journal entry must contain a full and detailed reason for each entry and, where necessary, refer to previous vouchers, journal entries or accounts affected by the adjustment or transfers. Journal entries may refer to a computer-generated batch provided there is a clear reference to the source of the batch data.

78.8 All previous vouchers etc affected by the journal entry will have a note put on them, cross-referencing them to the journal and noting its effect.

78.9 Journal entries must be signed by the AO who is responsible for making sure that the contents of all journal entries are correct, are necessary and that the journal entry is numbered and dated.

P5 79 Checking and approval of journal entries

79.1 All journal entries must be checked by Treasury checking staff for accuracy, relevance and necessity. The checking Officer must make sure that no previous journal entry issued by another Ministry or Department duplicates the current adjustment or transfer.

79.2 The checking Officer will check any previous voucher, journal or account referred to in the journal entry and will, if the current adjustment or transfer is correct, accept such documents and cross-reference the new entries in the accounts.

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- 79.3 The checking Officer must make sure that the proposed debits and credits equal one another. Only the Accountant General or the Chief Accountant (Financial Reporting) may authorise an unbalanced journal entry.
- 79.4 After the content of the journal entry has been checked, the checking Officer places a Treasury reference number on all copies of the voucher and the month in which the change will take effect.
- 79.5 The journal entry will be approved and counter-signed by the Chief Accountant (Financial Reporting), the Accountant General or other Officer approved by the PSF, and entered in the journal register.

P5 80 Distribution of copies of approved journal entries

- 80.1 The original journal entry will be kept by Treasury and will form part of the accounting documents for the month in which it was issued. Any copies will be distributed as set down in **P5 78.2** above, including returning a copy to the issuing Officer.

P5 81 Entries in Account Code Control Card and registers of revenue

- 81.1 After receiving a copy of the journal entry from Treasury, AOs will make the necessary entries to the account code control card or registers of revenue. The issuing Officer will check that the entries have not been changed by any adjustments made to the voucher by Treasury.

Recurrent budget expenditure

P5 82 Prevention of excess spending

- 82.1 An AO must make sure no Purchase Requisitions or Payment Vouchers are approved where there is not enough allocation available to meet the estimated cost.
- 82.2 When an AO finds that there is not enough allocation available to meet the estimated cost of a Purchase Requisition or Payment Voucher, it can be cancelled or deferred, or apply to have all or part of reserved funds available in the budget for this Account Code released.
- 82.3 If there are no reserved funds available in the allocation for the Account Code, but there is unused allocation on another Account Code of the Ministry; the AO can apply for a budget transfer to the Account Code where it is needed. (See Chapter 2)
- 82.4 Where there are no reserved funds and no unused allocation on another Account Code of the Ministry, the AO shall apply to the PSF for a Supplementary Estimate or Budget (See Chapter 2).
- 82.5 Before undertaking any course of action as set down in **P5 82.3** and **82.4**, an AO must check:
- (a) all the Account Code Control Cards and other accounting records to confirm the allocation shortfall;
 - (b) account Code Control Cards are in agreement with Treasury information (monthly);
 - (c) the position of any Departmental Warrants; and

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(d) status of any unpaid Purchase Requisition as shown on the Account Code Control Card.

82.6 An AO must not approve any spending before obtaining a signed copy of a De-reservation Warrant, Virement Warrant or Contingency Warrant.

82.7 An AO who authorises spending before obtaining a signed copy of a De-reservation Warrant, Virement Warrant or Contingency Warrant; will be personally and financially responsible for this spending.

P5 83 Authority to sign Purchase Requisitions and Payment Vouchers

83.1 All Purchase Requisitions, Payment Vouchers or other accounting documents that need to be signed must be signed by the AO or an authorised officer. This authorisation must be approved in writing by the AO on an 'Authority to Incur Expenditure' form (TY15).

83.2 A copy of all forms delegating the AOs Authority to Incur Expenditure must be forwarded to the Accountant General and kept as a record in Treasury.

83.3 The AO must advise the Accountant General as soon as any delegations are cancelled.

83.4 AOs must submit an annual report of all the current delegations to the Accountant General not later than 31 January of each Financial Year. This report must have three new specimen signatures for AO and each officer holding a delegation.

83.5 The Accountant General must make sure that signatures on authorisation forms received are the same as the signatures on the annual report of delegations.

83.6 Three specimen signatures of the AO must be sent to the Accountant General when first appointed and every year thereafter until the appointment ceases.

83.7 The checking officers in Treasury must make sure that signatures appearing on accounting documents agree with specimen signatures currently held on the Treasury file.

83.8 The checking officers in the Treasury must reject and return with a query any accounting document with a signature that is currently not on file.

P5 84 Liability of signatory

84.1 When an Officer signs an accounting document this is evidence that the legality, accuracy and correctness of all details on that document are confirmed.

84.2 Any officer who signs an accounting document without due authority is personally and financially responsible for any public money that is paid out under the unauthorised signature.

P5 85 Allocation of recurrent spending

85.1 Recurrent spending must be for the purpose set out in the Budget. An AO must make sure that any payment approved by the AO or an authorised officer is a proper use of government money and is charged to the correct Account Code.

85.2 Checking Officers in Treasury will reject and return with a query to the AO, any accounting document that is not charged to the correct Account Code.

85.3 Only the PSF can authorise the creation of new Account Codes.

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P5 86 Ability to refuse payment if it is an unacceptable use of public money

- 86.1 The PSF can refuse any payment that:
- (a) does not comply with the FIs or any other Regulation or Instruction that applies; and/or
 - (b) is considered by the PSF to be an unacceptable use of public money, as determined by community standards.

P5 87 Date of charging spending to SIG accounts

- 87.1 All SIG financial transactions will be entered in accounting records on the actual payment date.
- 87.2 Payment must not be made before goods or services are received. This restriction also applies to payments intended to use unspent budget before the end of the financial year. This FI does not apply to any advance payment approved by the PSF.
- 87.3 Unused allocations must not be transferred to a deposit or suspense account to allow spending of this money after the original Warrant expires at the end of the financial year.
- 87.4 AOs may not buy excessive or unnecessary goods in an attempt to spend unused allocation before the end of the financial year.
- 87.5 As far as possible, all Purchase Requisitions must be paid during the financial year they were prepared. Payments must not be deferred, charged to a suspense account, or adjusted in any way to cover up over-spending on an Account Code.
- 87.6 AOs must make sure that any outstanding supplier invoices are submitted for payment during the last month of the financial year.
- 87.7 Unpaid Purchase Requisitions for large amounts need to be identified before the end of the financial year. The PSF may approve charging of these amounts to the Account Code in the current year and create a Ministry “Accrued Expenditure” account in Treasury to make these payments in the next financial year.
- 87.8 No payment that complies with these FIs and is lodged with Treasury may be held over the end of that financial year because of a minor query.

P5 88 Credit entries on Account Codes

- 88.1 Credit entries may only be made to Account Codes where:
- (a) an earlier overpayment was charged to the Account Code;
 - (b) an earlier payment was incorrectly charged to the Account Code; or
 - (c) the Accountant General receives special approval from the PSF to credit an Account Code and advises the AO that the Account Code Control Card can be adjusted.

P5 89 Account Code Control Cards (Commitment cards)

- 89.1 All AOs will keep Account Code Control Cards in a way that the PSF approves.
- 89.2 All Account Code Control Cards must show:

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- (a) total allocation in each Account Code, including Accounting Warrants plus any De-reservation Warrants, Virement Warrants, or Contingency Warrants. The references, dates and amount of each allocation will be noted on the Account Code Control Card in the appropriate spaces;
- (b) total of Purchase Requestions or other charges that have been paid;
- (c) total of Purchase Requestions or other charges that have not been paid; and
- (d) total of unused allocation after all charges to the Account Code to date.

P5 90 Opening entries on Account Code Control Cards (Commitment cards)

- 90.1 AOs will prepare new Account Code Control Cards at the beginning of each financial year and enter the initial allocation given to this Account Code by the Accounting Warrant. This amount then needs to be adjusted for any amounts Reserved by the Permanent Secretary on the Accounting Warrant.
- 90.2 All unpaid Purchase Requestions from the previous financial year must be entered onto the new Account Code Control Cards.

P5 91 Recording of Purchase Requisitions and other charges on Account Code Control Cards

- 91.1 The AO must enter all details of Purchase Requisitions and other charges onto the Account Code Control Card, including the estimated cost. When the final cost is known this will be entered onto the Account Code Control Card and the totals adjusted accordingly. (Refer Chapter 2).
- 91.2 As each Purchase Requisition or other charge is entered in the Account Code Control Card, the AO must reduce the "Balance Still Uncommitted" column accordingly.
- 91.3 The AO must make sure any costs in foreign currency are converted to Solomon Islands dollars at the current exchange rate and this amount is entered on the Account Code Control Card.

P5 92 Recording of actual payments in the Account Code Control Cards

- 92.1 The AO must enter actual payments made by Treasury in the "Expenditure" column of the Account Code Control Card.
- 92.2 The AO must adjust any foreign currency payments converted to Solomon Islands dollars for the actual payment amount advised by Treasury.
- 92.3 The AO must enter onto the Account Code Control Card any payments directly made by the Treasury Division on his behalf.
- 92.4 As each Payment is entered on the Account Code Control Card, the AO will:
 - (a) adjust the "Total Expenditure To Date" by adding the latest payment to the column total;
 - (b) enter the Payment Document Number and date in the "Cleared By" column and adjust the commitment amount where it differs from the payment amount;
 - (c) adjust the "Balance Still Uncommitted" column where necessary to show unused allocation; and

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- (d) recalculate the totals for each Account Code Control Card to ensure that the “Balance Still Uncommitted” plus “Total Expenditure and Uncleared Commitments” equals the “Total Amount Warranted”.

P5 93 Recording of journal entry adjustments in Account Code Control Cards

- 93.1 The AO must adjust the Account Code Control Card when Treasury Journal Entry received. The Journal Entry identification number must be recorded; and the “Balance still Uncommitted” recalculated.
- 93.2 The PSF must make sure that Treasury sends copies of all Journal Entries to the relevant AOs.

P5 94 Recording of Departmental Warrants in Account Code Control Cards

- 94.1 Where an AO issues a Departmental Warrant this will be shown as a charge on the Account Code Control Card and the “Balance still Uncommitted” reduced accordingly.
- 94.2 The officer receiving a Departmental Warrant must keep a subsidiary Account Code Control Card, as required by these FIs.
- 94.3 The officer receiving a Departmental Warrant and keeping a subsidiary Account Code Control Card must make a monthly report, as approved by the PSF, to the AO who issued the Departmental Warrant. This report will show details of:
 - (a) purchase requisitions or other charges for the month;
 - (b) purchase requisitions or other charges to date;
 - (c) actual spending incurred in the month;
 - (d) actual total spending to date;
 - (e) total outstanding commitments;
 - (f) “Balance still Uncommitted” of Warrant.
- 94.4 The AO will not enter details from the subsidiary Account Code Control Card onto the main Account Code Control Card until:
 - (a) allocation on the Departmental Warrant is all spent
 - (b) departmental Warrant is not needed; and or
 - (c) it is the end of financial year.
- 94.5 The AO will ensure that total actual spending and total “Balance still Uncommitted” from the subsidiary Account Code Control Card are entered alongside the Departmental Warrant charge on the main Account Code Control Card; and all totals on the main Account Code Control Card are recalculated.

P5 95 Marking of all documents entered onto Account Code Control Cards

- 95.1 AOs must mark all documents that have been entered onto the Account Code Control Card to avoid double processing.
- 95.2 AOs must make sure that all Purchase Requisitions have been marked as entered onto the Account Code Control Card before approving it.

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P5 96 Monthly reconciliation of Account Code Control Cards to Treasury information

- 96.1 AOs must reconcile all Account Code Control Cards to Treasury information once a month.
- 96.2 AOs must investigate any differences between Account Code Control Cards and Treasury information; and only make adjustments to their Account Code Control Cards when satisfied that the reason for the difference is known.
- 96.3 AOs may adjust Account Code Control Cards for any genuine errors in original entries or Journal entries not received from Treasury Division. These adjustments must be supported by a suitable comment in the "Notes" column of the Account Code Control Card.
- 96.4 If AOs find that the Treasury information is wrong, they must notify the Accountant General at once.
- 96.5 AOs must issue a certificate to the PSF each month stating that all Account Code Control Cards have been reconciled to Treasury information. The form of this certificate is as approved by the PSF.

P5 97 Authorisation of duty to maintain Account Code Control Cards

- 97.1 AOs may authorise other officers to keep Account Code Control Cards. The authorisation must be trained in the maintenance of the Account Code Control Cards. The AO must check regularly to make sure that Account Code Control Cards are kept in accordance with FIs.
- 97.2 AOs must not give authority in signing of the monthly certificate to the PSF stating that all Account Code Control Cards have been reconciled to Treasury information.
- 97.3 AOs may give an authorisation on the day-to-day control of the Account Code Control Cards to another officer, but remains personally and financially responsible for any error, omission or fault in keeping the Account Code Control Cards that result in any over spending on any Account Code.