

## Interim Financial Instructions

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### 1. Definitions and Abbreviations

**PF&A** is the Public Finance and Audit Act, 1978, (as amended).

**PFMA** is the Public Finance Management Act 2013

**SIG** is the ‘Solomon Islands Government’.

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

**LPO** is a local purchase order.

**MoFT** is the Ministry of Finance and Treasury

**PR** is a Purchase Requisition.

AO is both an ‘Accountable Officer and Accounting Officer’

‘**Emergency**’ is defined in Financial Instruction Chapter 1.

‘**Internal rechargeable works and services**’ are those supplied inter-departmentally.

‘**External rechargeable works and services**’ are those supplied to the general public, to Provincial Governments or other public bodies.

‘**Supply chain management**’ in the public sector: an ‘inbound’ chain of all processes relating to suppliers delivering goods and services into the organisation to support its operational objectives, from supply need identification to acquittal to suppliers.

### 2. Constitutional Provisions

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

**Section 35(1) (b)** that moneys which have been appropriated and disbursed have been applied to the purposes for which they were so appropriated, and that the expenditure conforms to the authority which governs it”

**Section 35(1) (d)** “that expenditure has been incurred with due regard to economy and the avoidance of waste”

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

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**Section 90 (1)** “Any acts performed or agreements entered into under the repealed parts of the *Public Finance and Audit Act* (Cap. 120) shall continue to have force as if they had been performed or entered into under this Act”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**Section 90 (2) (c)** “the financial instructions made under the repealed Act subject to such modification and adaption as may be necessary for conformity with this Act.”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 'Supply Chain Management (SCM)' 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

#### **M7 1 Observation of Financial Instructions**

- 1.1 All Officers must observe these Financial Instructions and apply them to achieve the 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.

#### **M7 2 Members of Parliament**

- 2.1 Members of Parliament may not participate in any appraisal of a tender or quotation or the awarding of any procurement contract.

#### **Duties of the Minister of Finance and PSF under this Chapter**

#### **M7 3 Duties of the Minister of Finance**

- 3.1 The Minister must approve all Special Imprest applications made by the PSF.
- 3.2 Investigate excessive pricing, and on the advice of the PSF, Treasury and Finance cease any transactions or payments.

#### **M7 4 Duties of the PSF**

- 4.1 National Preferred supplier arrangements detailed in P7 15.
- 4.2 Maintain an imprest procedures' manual for the purpose of clearly explaining all imprest rules and requirements P7 58.
- 4.3 Approve Special Imprest applications P7 74.3.
- 4.4 Authorise maximum cash balances that may be kept at any one time.

### *Miscellaneous*

#### **M7 5 Procurement principles:**

- 5.1 All officers involved in buying goods and services must act in accordance with the six central principles that guide the use of public resources as detailed in Chapter 1 of the FIs.

#### **M7 6 LPO acceptance for the supply of goods and/or services**

- 6.1 All SIG bodies corporate, including controlled SIG entities; as well as entities in which SIG has a shareholding, must accept a SIG LPO for the supply of goods and/or services to SIG.

#### **M7 7 Minister of Finance Instruction to the PSF**

- 7.1 The PSF must issue 'supply chain management' instructions, and may amend and augment those instructions as changing circumstances require, for the payment of public monies for the purpose of the fair, effective and efficient management of the procurement of all SIG goods and services and revenue collection from the sale of SIG services.

#### **M7 8 Bank accounts**

- 8.1 Supply chain management instructions must include instructions for the effective control of SIG bank accounts.

#### **M7 9 Recommended SIG Transport Hire Rates**

- 9.1 The PSF, in consultation with other Ministries that make regular use of short-term private car and boat hire (up to 2 weeks) in the provinces, will annually issue a Financial Circular to all Ministries setting out Recommended SIG Transport Hire Rates.
- 9.2 The Financial Circular of 'Recommended SIG Transport Hire Rates' will be published in print media; made available for public radio and television broadcasts; and posted on the internet and in other available media; and posted on community notice boards in Provincial centres.
- 9.3 Wherever practical the 'Recommended SIG Transport Hire Rates' are to be used when Public Officers make use of short-term private car and boat hire (up to 2 weeks) in the provinces.

### 5. Permanent Secretary Financial Instructions - Background

These FIs relate to the management and responsibilities (accountable and accounting matters) of the supply chain management process in terms of the Ministerial instruction.

SIG must get the best quality and at the lowest price when it buys goods and services. It is important when spending larger amounts of public money that SIG applies a higher level of control and supervision.

These FIs protect public money by making sure that good controls are in place when SIG is spending, especially larger amounts; and that SIG can show the public that it is buying the best quality at the lowest price and promoting the central principles. [Note: reference to 'lowest price is not intended to indicate that the cheapest price should be accepted in every instance, but must be read in conjunction with 'best quality'].

For the acquisition of all goods and/or services by tender these FIs must be read in conjunction with the 'Procurement Manual' and 'Contract Administration Manual'

### 6. Permanent Secretary Financial Instructions

#### *Buying goods and services*

#### **P7 1 Purchase process**

- 1.1 The purchase process requires an authorised **PR**, a purchase order and a payment voucher regardless of which of the four main purchasing categories is used as further discussed in P7 2.
- 1.2 The only exceptions to this process is a purchase using the Imprest method, where disbursement is made by cheque and the acquisition is supported by an official receipt from the supplier, a supplier does not accept a SIG purchase order, or any exempt payment as specified by the PSF by Finance Circular.
- 1.3 The **PR** process applies, regardless of whether or not a supplier accepts a SIG purchase order to release goods.
- 1.4 Where a supplier does not accept a purchase order the process proceeds until a cheque is obtained to allow for the release of the goods.
- 1.5 Even where a competitive quotation process is waived a price quotation must be confirmed from the sole or preferred supplier and recorded on the **PR**, except in the case of market goods and perishable food rations where the requisition must contain a reasonable estimate of the total cost based on current prices.

#### **P7 2 Types of purchasing/buying**

- 2.1 The estimated cost of the goods and or services will decide what type of purchasing is involved. There are four main types of purchasing. Purchases that:
  - (a) Do not need a quotation or tender to support the decision to buy;
  - (b) Need a quotation to support the decision to buy;
  - (c) Need Ministerial Tender Board approval to support the decision to buy; and
  - (d) Need Central Tender Board approval to support the decision to buy

### **P7 3 Buying transport and hotel accommodation**

- 3.1 Single acquisition quotation and tender procedures are waived when authorising transport and travel services for:
  - (a) Air and sea travel within the Solomon Islands;
  - (b) International travel by the most efficient route;
  - (c) Repealed under Finance Circular 03/2013;
  - (d) Short-term private car hire (up to 2 weeks) that do not exceed PSF rates (M7 99);
  - (e) Short-term private boat hire (up to 2 weeks) that do not exceed PSF rates (M7 99);
  - (f) - Repealed under Finance Circular 03/2013; or
  - (g) Hotel costs for officers on tour
- 3.2 The PSF may include any component of transport and hotel accommodation as a National Preferred Supplier for which annual tenders will be called.
- 3.3 The Accountable Officer must get receipts or other supporting documents from the suppliers of transport and travel services.
- 3.4 Quotation and tender waiver for purchases of transport and travel services do not apply to:
  - (a) Extended charter of ships;
  - (b) Long-term private car hire; or
  - (c) Long-term private boat hire.

### **P7 4 Buying market goods and perishable food rations**

- 4.1 Quotation and tender procedures are waived when buying market goods and perishable food rations. These may be purchased from any supplier, as needed, subject to P7 1.2.
- 4.2 The Accountable Officer must get receipts or other supporting documents from the suppliers of market goods and perishable food rations whenever possible.
- 4.3 The Accountable Officer must buy market goods and perishable food rations to get value for money having regard to best market price and quality. Market goods and perishable food rations include:
  - (a) Eggs;
  - (b) Fresh local chickens;
  - (c) Fresh fish;
  - (d) Fresh meat;
  - (e) Fresh bread;
  - (f) Fresh fruit; and
  - (g) Fresh vegetables.



### **P7 5 Buying heavy plant and equipment hire**

- 5.1 The Accountable Officer must refer all requests for hiring heavy plant or machinery to the Ministry responsible for infrastructure for advice on the most economical and reliable hire.
- 5.2 The AO must apply all quotation and tender procedures for the purchase of heavy plant and equipment hire.

### **P7 6 Recommended SIG Transport Hire Rates**

- 6.1 Wherever practical, Public Officers making use of short-term private car and boat hire (up to 2 weeks) in the provinces should seek to apply the Recommended SIG Transport Hire Rates.

### **P7 7 When to call or not call for quotations and tenders**

- 7.1 The following circumstances that do not require a competitive quotation or tender to support the purchase; however, other documentation will be required:
  - (a) PRs for up to \$2,000;
  - (b) Buying domestic transport and hotel accommodation;
  - (c) Buying market goods and perishable food rations;
  - (d) There is a Preferred Supplier Arrangement entered into by a Ministry;
  - (e) There is a National Preferred Supplier Arrangement entered into by the Ministry responsible for Finance and Treasury; or
  - (f) In a declared Emergency, subject to the limits and requirements of the declaration (refer Chapter 1 for the definition of an emergency).

### **P7 8 Goods and/or services specification**

- 8.1 Differentiation on brand discourages competition and limits attainment of SIG purchasing principles. A specification must be based on relevant purpose characteristics and/or performance requirements. References to brand names, catalogue numbers, or similar classifications should be avoided. If on a rare occasion it is essential to quote a brand name or catalogue number of a particular manufacturer to clarify a specification, the words “or equivalent” must be added after such reference. The purchase specification must permit the acceptance of offers which have similar characteristics and which provide performance requirements at least equivalent to those specified.

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### P7 9 Purchasing limits

9.1 The Accountable Officer must comply with these purchasing (or procurement) procedures and limitations. Deliberately dividing goods and/or services into components to avoid monetary limits is misconduct (refer Chapter 1):

Purchasing limits	Procurement procedure
<b>Up to \$10,000</b>	Accountable Officer must approve the Sole Supplier/Contractor based on one Written Quotation.
<b>More than \$10,000 up to \$200,000</b>	Accountable Officer must approve the Supplier/Contractor based on a minimum of three Written Quotations.
<b>More than \$200,000 up to \$500,000</b>	Ministerial Tender Board must approve the Supplier/Contractor based on a competitive Tender.
<b>More than \$500,000</b>	Central Tender Board must approve the Supplier/Contractor based on a competitive Tender.

### P7 10 Requisition documentation and other procurement instructions

- 10.1 The **PR** must be accompanied by sufficient documentation as proof that quotation and tender procedures have been applied, including copies of written quotations, the tender award and a copy of the Tender Evaluation Committee recommendations.
- 10.2 The Accountable Officer may authorise any **PR** for up to \$2,000. Suppliers must be chosen based on previous experience that they will be the likely lowest cost supplier. The reason for selecting the preferred supplier needs to be noted on the **PR**.
- 10.3 Where there is a genuine market place limit on the number of suppliers or specialised equipment the Accountable Officer may approve a purchase based on less than three quotations, but there must be at least one quotation.
- 10.4 Where a purchase is approved based on less than three quotations the Accountable Officer must record the reasons on the **PR**. The AO must also advise the PSF in writing of the type of good and/or services for which there is a supplier limitation and the PSF will consider including that category within National preferred supplier arrangements or recommending Ministry preferred supplier arrangements.

### P7 11 Authority needed to call for quotations and tenders

11.1 The AO must approve the calling of any quotations or tenders in writing.

- 11.2 The AO must only approve the calling of any quotations or tenders when there is enough unused allocation on the Account Code Control Card to meet the estimated cost on the **PR**.

### **P7 12 Obtaining Verbal quotations**

- 12.1 Verbal Quotations can be collected in person or by telephone. Verbal Quotations must be recorded on a Verbal Quotation form. This form must show:
- (a) The date the Verbal Quotation was received;
  - (b) The name and telephone number of the Supplier employee who provided the Verbal Quotation;
  - (c) The description of goods and/or services to be supplied;
  - (d) The price of supply;
  - (e) Any discounts offered to SIG;
  - (f) Whether the Supplier accepts Local Purchase Orders for the release of goods or the provision of services; and
  - (g) The name and signature of the Officer who collected the Verbal Quotations.
- 12.2 The original Verbal Quotation form must be attached to the original **PR** before it is submitted to the Accountable Officer for final authorisation.
- 12.3 The Accountable officer will select the preferred Supplier if available.
- 12.4 No order is to be communicated in any way to the Preferred Supplier until after the Local Purchase Order or Payment Voucher has been approved.

### **P7 13 Getting Written quotations**

- 13.1 Written Quotations must show:
- (a) The date the Written Quotation was given;
  - (b) A detailed description of the goods and/or services to be supplied;
  - (c) The price of supply;
  - (d) Any discounts offered to SIG; and
  - (e) The signature of the supplier.
- 13.2 The original Written Quotations must be attached to the original **PR** before final authorisation.
- 13.3 The Accountable officer will select the Supplier.
- 13.4 No order must be made to the selected Supplier until after the Local Purchase Order has been approved.

### **P7 14 Preferred Supplier arrangements**

- 14.1 The AO can appoint Preferred Suppliers for regular or frequent purchases of goods or services or both other than those provided by National Preferred Supplier arrangements (refer P7 15). Preferred Suppliers must be appointed:
- (a) By Ministry competitive tender or quotation according to the estimated annual value of purchases;

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- (b) For a period of 12 months, commencing on the first day of the financial year; and
  - (c) Ranked in order of prices quoted, with the lowest price being ranked number 1 (one).
  - (d) Other suppliers may still be used through competitive selection by the Ministry, as a Preferred Supplier arrangement is not an exclusive arrangement.
- 14.2 The AO must purchase from Preferred Suppliers in order of price ranking. If the Preferred Supplier who is ranked 1 on price cannot deliver the goods or services ordered, then the order may be placed with the Preferred Supplier ranked 2; or if needed the Preferred Supplier ranked 3, etcetera.
- 14.3 If the Preferred Suppliers cannot supply the goods or services needed, then all competitive procurement procedures in the FIs apply.

### **P7 15 National Preferred Supplier Arrangements**

- 15.1 Products or services that are only available from a small number of suppliers, but are used by all Ministries and Departments, may be subject to an annually renewable National Preferred Supplier Arrangement commencing on the first day of the financial year. This national arrangement includes the following items:
- (a) Petrol, diesel fuel, oil and lubricants;
  - (b) Motor vehicle spare parts;
  - (c) Domestic air travel and airfreight;
  - (d) Domestic shipping of passengers and freight;
  - (e) Domestic hotel accommodation;
  - (f) Office furniture and office equipment; and
  - (g) Office stationery and office supplies.
- 15.2 Establishment arrangements must follow the quotation or tender procedure. The value for this purpose is the estimated annual supply.
- 15.3 The PSF would advise all Ministries and Departments of the details of any National Preferred Supplier Arrangements by Finance Circular identifying the prices and conditions that apply to SIG purchases from these suppliers, as well as any items that are included on the list open to preferred supplier arrangements.
- 15.4 If the Preferred Suppliers cannot supply the goods or services needed, then the procurement procedures in the FIs will apply.

### **P7 16 Utility supplies (Telephone charges, electricity and water)**

- 16.1 Utility supplies are exempted from PR, LPO and competitive acquisition procedures.
- 16.2 Utility supplies are not exempt from competitive acquisition procedures where there is more than one supplier, but in this circumstance the supply must be procured as a National Preferred Supplier.

- 16.3 Utility supply charges will be paid by Treasury within the terms of the supplier agreement, on the condition that errors identified by Ministries will be corrected in the next billing cycle.
- 16.4 Ministry Accountable Officers will be supplied with a copy of the each detailed utility account relevant to that Ministry and are required to either certify the correctness of charges or identify corrections to Treasury within 5 working days of receipt of the detailed account.
- 16.5 Treasury will adjust the next utility payment by any corrections identified by Ministry Accountable Officers.

### **P7 17 Other PR exemptions**

- 17.1 The PSF will annually update a list of payment types, mainly related to the situation where no goods or services or both are received such as public officer entitlements not paid through the payroll system.
- 17.2 PR exempted amounts are authorised using a Payment Voucher only.

### **P7 18 Excessive prices and responsibility to report**

- 18.1 All Public Officers have a duty to report any excessive prices being charged by suppliers to the Ministry Permanent Secretary.
- 18.2 Any report to a Ministry Permanent Secretary must be accompanied by any supporting documentation such as written quotations or tenders.
- 18.3 If deemed appropriate the Ministry Permanent Secretary should report excessive pricing to the PSF.

## **Tenders**

### **P7 19 Establishing a Tender Board**

- 19.1 The following tender boards must be established:
  - (a) A Ministerial Tender Board in each Ministry with a membership as set out in P7 20, for the purpose of managing the tender process of Ministry specific goods and/or services; and
  - (b) A Central Tender Board in the Ministry of Finance with a membership as set out in P7 21.
- 19.2 Tender Board must direct the Board Chairman to formally appoint a Board Secretary. The letter of appointment given to the Board Secretary by the Board Chairman must instruct the Board Secretary to:
  - (a) Maintain all documents and records used to support Board decisions; and
  - (b) Take detailed minutes of the proceedings of all Tender Board meetings.
- 19.3 The Tender Board Secretary and at least one member of the Tender Board must be present to open tenders.
- 19.4 The Tender Board may direct any Public Officer to help it to make a decision.
- 19.5 Any Public Officer who is directed to help a Tender Board direction must offer all skills and time needed, within reason and considering SIG needs.

### **P7 20 Membership and function of Ministerial Tender Boards**

- 20.1 The Ministerial Tender Board will consist of the AO (Chair), the Financial Controller (or Chief Accountant if no Financial Controller) and one other senior public officer appointed by the Chair. The membership of each MTB should be advised annually to the Permanent Secretary of Finance.
- 20.2 The Ministerial Tender Board must ensure that for all competitive tenders it must:
- (a) Advertise the tender. Pursuant to Finance Circular 05/2013 the Accountant General must review and approve the advertisement;
  - (b) Issue the tender documents, which must specify the weighting to be given to price, quality and equity for tender appraisal;
  - (c) Ensure all tenders are submitted in a sealed envelope;
  - (d) Ensure all tenders are placed unopened in a locked tender box
  - (e) Ensure the Board Secretary open all tenders immediately after tender closing time and reads out the names and amounts of each tender received;
  - (f) Register all tenders submitted to it;
  - (g) Ensure when a Tender Board instructs that a 2 envelope system be used for a particular tender, all envelopes containing the price submission must remain sealed and retained in the locked tender box until such time as the Tender Evaluation Committee concludes the evaluation of the technical submission. The unopened price submissions of tenders that do not comply with the technical requirements must remain sealed and retained in the tender file.
  - (h) Consider Tender Evaluation Committee recommendations
  - (i) Award the tender to the successful supplier
  - (j) Disclose the details of the successful tender, including name and amount, are advertised and displayed on the SIG website, together with a note stating the locations and times the tender evaluation report can be inspected; and
  - (k) Provide the PSF with a copy of the tender evaluation report.
- 20.3 If the Ministerial Tender Board decides there will be a restrictive tender for the purchase, it must also:
- (a) Record all reasons for making a restricted tender in the Ministry Tender Board minutes;
  - (b) Ensure that at least three suppliers are invited to tender;
  - (c) Identify all suppliers who will be invited to provide tenders;
  - (d) Open all tenders;
  - (e) Keep full records of all original tenders submitted to it;
  - (f) Consider Tender Evaluation Committee recommendations;
  - (g) Award the purchase to the successful Supplier;
  - (h) Disclose the details of the successful tender, including name and amount, are advertised and displayed on the SIG website, together with a note stating the locations and times the tender evaluation report can be inspected; and

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- (i) Provide the PSF with a copy of the tender evaluation report.
- 20.4 The Board Secretary will record the details of all tenders immediately after tender closing time.
- 20.5 No Public Officer will reveal the contents of any unopened tender, or allow it to be seen by anyone else before it is registered and the Board sees it.
- 20.6 Tender Evaluation Committee recommendations must contain the name and amount of each tender received.

### **P7 21 Membership and function of Central Tender Board**

- 21.1 The Central Tender Board will consist of the PSF (Chair) and three other senior public officers appointed by the Chair.
- 21.2 The Central Tender Board is responsible for managing the tender process of goods and/or services used by more than one Ministry.
- 21.3 If the Central Tender Board decides there will be a competitive tender for the purchase, it must:
  - (a) Advertise the tender. Pursuant to Finance Circular 05/2013 the Accountant General must review and approve the advertisement;
  - (b) Issue the tender documents, which must specify the weighting to be given to price, quality and equity for tender appraisal;
  - (c) Ensure all tenders are submitted in a sealed envelope;
  - (d) Receive the tenders;
  - (e) Open all tenders immediately after tender closing time;
  - (f) Keep full records of all original tender documents submitted to it
  - (g) Ensure that when a Tender Board instructs that a 2 envelope system be used for a particular tender all envelopes containing the price submission must remain sealed and retained in the locked tender box until such time as the Tender Evaluation Committee concludes the evaluation of the technical submission. The unopened price submissions of tenders that do not comply with the technical requirements must remain sealed and retained in the tender file;
  - (h) Consider Tender Evaluation Committee recommendations
  - (i) Award the tender to the successful Supplier; and
  - (j) Disclose the details of the successful tender, including name and amount, are advertised and displayed on the MoFT website.
- 21.4 When the Central Tender Board decides there will be a restrictive tender for the purchase, it must:
  - (a) Record all reasons for making a restricted tender in the Central Tender Board minutes;
  - (b) Ensure that at least three Suppliers are invited to bid;
  - (c) Identify all Suppliers who will be invited to give written bids under the restricted tender;
  - (d) Issue the invitations to bid;
  - (e) Open all tender bids received immediately after tender closure;

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- (f) Keep full records of all original bids submitted to it;
  - (g) Consider Tender Evaluation Committee recommendations;
  - (h) Award the purchase to the successful supplier; and
  - (i) Disclose the details of the successful tender, including name and amount, are advertised and displayed on the MoFT website.
- 21.5 The Central Tender Board will receive all tenders or bids in a locked box in the Ministry of Finance.
- 21.6 Tenders will be opened in front of a meeting of all members of the Tender Board immediately after tender closing time.
- 21.7 Any Central Tender Board Member may inspect the seal on the tender envelopes prior to their being opened.
- 21.8 The Board Secretary will date and number each tender as it is opened, read the name and amount out to the Board and list the order of opening.
- 21.9 The tender opening list will show:
- (a) Number of the tender;
  - (b) Name of tenderer;
  - (c) Amount of tender; and
  - (d) Any special conditions of bid.
- 21.10 The tender opening list will be signed by the Tender Board members.
- 21.11 The Tender Board list will be recorded in the Board minutes.
- 21.12 Tender Evaluation Committee recommendations must contain the name and amount of each tender received.

### **P7 22 Competitive tendering procedures**

- 22.1 Competitive tendering procedures are set out in detail in the Procurement Manual. These FIs and the Procurement Manual need to be read together for a full and complete understanding of competitive tendering procedures of SIG.

### **P7 23 Notice of Invitation to Tender**

- 23.1 Notice of invitation to tender must be given at least two weeks before the Tender closing time.
- 23.2 Notice of invitation to tender must be given by radio announcements, press advertisements, internet, bill sticking or a combination of these and any other methods that the AO or PSF consider appropriate. In addition to the above all notices will be posted on the Ministry of Finance and Treasury website.

### **P7 24 Tender bidding documents**

- 24.1 Tender bidding documents need to be prepared which include:
- (a) Enough information to inform tenderers about the scope of the contract;
  - (b) Weighting to be given to price, quality and equity;
  - (c) Location where tender documents and further information can be obtained;



- (d) Office to which tenders should be submitted; and information that all tenders must be in sealed envelopes, unmarked with the name of the tenderer and tender reference number;
- (e) The manner in which the envelopes must be addressed;
- (f) Closing date for submission of tenders;
- (g) A statement that SIG is not bound to accept the lowest (or highest) bidder;
- (h) A statement that failure to comply with the tender instructions may lead to disqualification of the tender; and
- (i) A statement that any attempt by a tenderer to influence the award of the tender in favour of any tenderer will lead to disqualification and may lead to criminal proceedings.

### **P7 25 Tender and Technical Evaluation Committees**

25.1 The Tender Evaluation Committee is a small team of specialists from the Ministry which evaluates tenders. The membership of the Tender Evaluation Committee may be different for each contract depending on the nature of the purchase. The AO needs to ensure that:

- (a) The Technical Evaluation may be conducted by one technical officer only. However, it is recommended that a Technical Evaluation Committee of at least two members be established;
- (b) At least one technical officer should be one of those involved in the preparation of the tender bidding documents;
- (c) If designs, specifications or other technical documents have been prepared by a consultancy, such as design engineer, then a member of the consultancy should be a member of the Tender Evaluation Committee; and
- (d) The Tender Evaluation Committee must carry out the tender evaluation in accordance with FIs and evaluate tenders according to the requirements of the bidding documents and previously defined selection criteria and weightings. This evaluation needs to be submitted in a written report to the Tender Board. Pursuant to Finance Circular 05/2013 the Accountant General must review and approve the report.

### **P7 26 Tender Evaluation Committee Report**

26.1 Tender Evaluation Committee report must assess:

- (a) A reasonable cost for the tendered work;
- (b) The technical competence of each tenderer to carry out the work;
- (c) The ability of each tenderer to complete the work on time and within the quoted price;
- (d) Each tenderer's previous performance;
- (e) Each tenderer's compliance with the tender bidding documents; and
- (f) Each tenderer's achievement of procurement principles.

### *Contracts*

#### **P7 27 Contract administration**

- 27.1 Contracts for successful tenderers - the Contract Administration Manual (CAM) sets out the day-to-day requirements for good contract management in SIG. These FIs and the CAM need to be read together to gain a complete understanding of SIG contracts management requirements.
- 27.2 The Attorney General must approve the form of all contracts before they are signed, including any draft contracts included in tender bidding documents.
- 27.3 The contract may not be assigned or sub-contracted to another supplier without SIG's prior written approval.
- 27.4 Five copies of the contract must be prepared and distributed as follows:
  - (a) Original contract kept at the Ministry;
  - (b) A copy to the supplier;
  - (c) A copy to the Accountant General;
  - (d) A copy to the Auditor General; and
  - (e) A copy to Treasury payments office.
- 27.5 The Accountable Officer must approve a Purchase Requisition before any goods and/or services are ordered under the contract.

#### **P7 28 Contracts register**

- 28.1 The Treasury will keep a contracts' register for all contracts signed by SIG.
- 28.2 The Contracts register will contain the following details:
  - (a) Name of contractor;
  - (b) Address of contractor;
  - (c) Contract amount;
  - (d) Details of work;
  - (e) Date of contract;
  - (f) Approval reference;
  - (g) Method of financing;
  - (h) Contract number;
  - (i) Retention percentage and period;
  - (j) Start and finish date and penalties for non-completion;
  - (k) Cumulative analysis of amounts due and paid (showing the date, instalment number due, amount due on current instalment, cumulative amount due to date, amount of retention, date of current payment, amount paid, cumulative amount paid to date); and
  - (l) Contract variations.
- 28.3 The Contract register will number each contract entered sequentially within the Financial Year it is entered.
- 28.4 Contract payment claims need to have a Contract Payment Certificate issued by Treasury.
- 28.5 Contract Payment Certificates must be signed as entered in the Contracts register.

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- 28.6 The total of all Contract Payment Certificates for a contract must not be more than the approved value of the contract.
- 28.7 Any Contract payment Certificate that would take the total of payments to more than the approved value of the contract must be referred to the PSF.

### **P7 29 Contract variation order**

- 29.1 The AO can approve a contract variation order of up to 10 percent of the original approved contract value. Any increase in Contract value of up to 10 percent needs a journal entry to increase the original LPO issued for the contract; and adjust the amounts of any retention and security deposits also.
- 29.2 Contract variations shall not be approved until any necessary virement has been approved or budget transfer finalised.
- 29.3 A Tender Board must approve contract variation orders for more than 10 percent of the original approved contract value. Any increase in Contract value of more than 10 percent requires a journal entry to increase the original Local Purchase Order issued for the contract; and adjust the amounts of any retention and security deposits.
- 29.4 The AO must retain the approved variation with the Contract Register.
- 29.5 A copy of any contract variation orders must be forwarded to Treasury to process the necessary journal entries, and the Internal Audit.

### **P7 30 Contract progress payments and retentions**

- 30.1 Contract progress payments forms must accompany any claim for a progress payment. The total amount of the progress claim will be charged to the Account code for the work.
- 30.2 Any contract retention that is held out of the progress payment will be paid to a Treasury Trust Account outside of the Consolidated Fund, so that it can be paid to the Supplier in accordance with the contract conditions.
- 30.3 The contract retention amount must be shown on a General Deduction Voucher that is attached to the contract progress payment request.

### **P7 31 Contract security deposits**

- 31.1 The AO must ensure that any Contract Security Deposits will be held in Treasury Trust Account.

### **P7 32 Contract default payments**

- 32.1 Contract default payments paid to SIG by the supplier must be credited to:
  - (a) Recurrent revenue in the case of a Recurrent Budget Account Code; or
  - (b) A development project Account Code in the case of the Development Budget.

### **P7 33 Contract dispute resolution**

- 33.1 The PSF shall activate a dispute resolution mechanism for examining and settling any disputes between a contractor and SIG.
- 33.2 A dispute resolution meeting should include an officer nominated by the AO of the Ministry that is party to the contract.

### *Purchasing administration*

### **P7 34 Requesting a Purchase (Requisition)**

- 34.1 Requesting a purchase is the first step in spending public money. All officers involved in requesting a purchase will need to make important decisions and keep records of their actions. All officers involved in requesting a purchase must be familiar with these FIs. They must also know how to document any quotations, tenders or waivers; and attach this documentation to the PR form. All officers involved in requesting a purchase must be familiar with and act in accordance with the six central principles that guide the use of public resources described in Chapter 1.

### **P7 35 PR form**

- 35.1 All expenditure of public money, except for payments made out of Special or Standing Imprests, must be supported by a properly completed **PR** form.
- 35.2 The PSF will decide the form of a **PR** and can change this form as needed.

### **P7 36 Conflict of interest to be avoided**

- 36.1 No **PR** form can be prepared that will benefit the officer who certifies or authorises the Payment Request form.

### **P7 37 Record all PRs in the Departmental Register**

- 37.1 The AO must ensure that a suitable Departmental Register is kept to record all **PRs**.
- 37.2 The minimum details to be recorded in the Departmental Register for each **PR** are:
- (a) Date the **PR** was first registered;
  - (b) Unique Ministry identification number given to each **PR**;
  - (c) Description of the goods or services to be supplied;
  - (d) The name of the preferred supplier;
  - (e) Estimated cost of the **PR**;
  - (f) The account code to be charged for this spending;
  - (g) Date the **PR** was first forwarded to Treasury Division for processing;
  - (h) The date, if any, that the **PR** was returned to the Ministry from the Treasury Department with queries attached;
  - (i) Date the **PR** was re-submitted to Treasury Division for payment processing, with all queries resolved; and

- (j) Status of the **PR** at the end of the Financial Year e.g. paid, or unpaid.
- 37.3 Every **PR** must be given a unique Ministry identification number that details:
  - (a) The Ministry;
  - (b) The Department; and
  - (c) Its sequential number in the Financial Year. Sequential numbers start at 1 (one) for the first **PR** of the Financial Year and follow in strict numerical sequence for each **PR** after that.

### **P7 38 Completing a PR form**

- 38.1 The Requesting Officer is responsible for completing the **PR** and the following tasks:
  - (a) Researching all technical and cost issues for goods and/or services that the Ministry needs to buy;
  - (b) Calculating an accurate and complete estimated cost for all goods and services that will be purchased;
  - (c) Identifying the appropriate account code to charge each payment;
  - (d) Determining the need for quotations and tenders, or if a waiver needs to be obtained;
  - (e) Getting and recording any quotations or tenders needed to provide complete supporting documentation for each **PR**; and
  - (f) Ensuring that the completed **PR** form complies with these FIs and any other Regulation or Instruction;
- 38.2 All details written, typed or printed on a PR form must use permanent ink. The details must not be erased or altered in any way by the use of correcting fluid or any other substance. Any minor incorrect entry must be ruled through neatly, so that the original entry can still be read, and the correct entry inserted neatly above and the correction initialled by the AO or his delegate.
- 38.3 A separate PR form needs to be completed for each good or service that the Ministry buys and charges to an account code.
- 38.4 The exception to this FI is where the Ministry is going to buy a number of different goods or services from one supplier; and each good or service will be charged to a different account code. When this happens, one PR can be raised and the different account codes to be charged must be clearly identified alongside each good or service that will be supplied.
- 38.5 All PR forms must be completed to show:
  - (a) Supplier name;
  - (b) Full and clear details of all goods to be supplied, services to be provided or any other types of spending to be made. Where needed, more detailed information can be provided by attaching technical or other materials to the **PR**;
  - (c) Full details of the numbers, weights, volumes or other quantities, identifying marks, and costing rates for all goods to be supplied, services to be provided or any other types of spending to be made so that these details can later be

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- checked against the invoice or other documentation from the approved supplier;
- (d) Full details of all calculations that make up the estimated cost(s) on the **PR** so they can be checked by the Certifying Officer; and
  - (e) The Accounts Code(s) to which the payment will be charged.
- 38.6 Any technical or other materials providing more detailed information must be firmly attached to the original copy of the **PR**
- 38.7 The Requesting Officer's name and title must be placed in the appropriate part of the **PR**.
- 38.8 The Requesting Officer's must sign the original Purchase Requisition in non-erasable ink. Signature stamps cannot be used.
- 38.9 The Requesting Officer must act to confirm funds availability for the completed **PR** on a timely basis.
- 38.10 PRs must be completed and have all supporting documentation attached before they are given to the Certifying Officer.

### **P7 39 Confirming funds availability for the PR**

- 39.1 The Chief Accountant or his delegate is responsible for confirming that:
- (a) The **PR** has a unique Ministry identification number that matches the number entered into the Departmental Register;
  - (b) The **PR** identifies the correct accounts code(s) to be charged for this spending;
  - (c) The calculation of estimated cost on the Purchase Requisition is arithmetically correct; and
  - (d) There is enough allocation available on the Account Code Control Card to meet the estimated cost of the **PR**.
- 39.2 The Chief Accountant or his delegate will record on the PR form that:
- (a) There is enough allocation available to meet the estimated cost of the **PR**; and
  - (b) The amount on the **PR** form has been entered onto the appropriate Account Code Control Card(s).

### **P7 40 PRs to be supported by Quotation**

- 40.1 **PR** must have all quotation documents attached before they are forwarded to the Certifying Officer.

### **P7 41 The Requesting Officer**

The Requesting Officer is responsible for:

- 41.1 Ensuring that correct quotation procedures are followed;
- 41.2 Correctly recording all quotations received and attaching the original documents to the **PR**; and
- 41.3 Identifying the approved supplier and detailing this on the face of the **PR**.

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### **P7 42 Final cost higher than estimated cost**

- 42.1 Where the tender or quotation procedure for a **PR** results in a final cost that is higher than the estimated cost shown on the **PR**:
- (a) The Requesting Officer must amend the estimated cost on the **PR** form to show the final cost;
  - (b) The Certifying Officer and the AO or his delegate must initial the amendment to the **PR** form; and
  - (c) The Chief Accountant or delegate must change the estimated cost to the final cost on the appropriate Account Code Control Card and reconfirm that enough allocation is available to meet the final cost of the **PR**.
- 42.2 Where the Chief Accountant or delegate informs the Requesting Officer that there is not enough allocation on the appropriate Account Code Control Card to meet the final cost of the **PR**; the Requesting Officer will immediately advise the AO or his delegate. The AO or his delegate will decide if the **PR** will be cancelled, delayed, or to seek the needed Budget transfer to meet the final cost of the **PR**.
- 42.3 Where the quotation for a **PR** results in a final cost that is lower than the estimated cost shown on the **PR**:
- (a) The Requesting Officer must amend the estimated cost on the **PR** to show the final cost; and
  - (b) The Chief Accountant or delegate must change the estimated cost to the final cost on the appropriate Account Code Control Card and reconfirm that enough allocation is available to meet the cost of this **PR**

### **P7 43 Certifying a PR**

- 43.1 The Accountable Officer must ensure that all **PRs** are completed correctly and meet the requirements of these FIs and any other Regulation or Instruction.
- 43.2 The Accountable Officer is responsible for ensuring that:
- (a) All spending detailed on the **PR** form is acceptable and proper use of SIG money;
  - (b) Prices and rates charged for goods delivered or services provided are fair and reasonable and are in accordance with any contract, agreement or other terms that have been arranged;
  - (c) All additions and calculations are arithmetically correct and verified by the Chief Accountant or his delegate; and
  - (d) Any discount or rebate that SIG is entitled is included into the calculation of estimated cost.
- 43.3 Incomplete requisitions must be returned to the Requesting Officer for completion or replacement of any **PR** that:
- (a) Includes major alterations;
  - (b) Is illegible or not properly completed;
  - (c) Has incomplete or insufficient supporting documentation attached; or
  - (d) Does not have the required supporting documentation attached.

- 43.4 The Accountable Officer's name and title must be placed in the appropriate part of the **PR**.
- 43.5 The Accountable Officer must sign the original **PR** in non erasable ink. Signature stamps cannot be used.
- 43.6 **PRs** that need to follow tender procedures to select the approved supplier must be complete except for the tender documentation when they are given to the AO or delegate. The AO or delegate must authorise that the **PR** can proceed to tender, but not proceed to authorise the **PR** until the supplier has been selected.

### **P7 44 Authorising a PR**

- 44.1 Only the Accountable Officer or his delegate may sign a **PR** as Authorising Officer.
- 44.2 Authorising Officers must ensure that all officers involved in requesting a payment act in accordance with the six central principles that guide the use of public resources.
- 44.3 The Authorising Officer must ensure that all **PRs** meet the requirements of these FIs and any other Regulation or Instruction.
- 44.4 When the Authorising Officer signs a **PR** this is evidence of confirmation of the legality, accuracy and correctness of all details.
- 44.5 An Authorising Officer must not sign any blank or incomplete **PRs**.
- 44.6 The Authorising Officer's name and title must be placed in the appropriate part of the **PR**.
- 44.7 The Authorising Officer must sign the original **PR** in non-erasable ink. Signature stamps cannot be used.
- 44.8 Any **PR** not signed by an Authorising Officer must not be forwarded to the Treasury Division.
- 44.9 Any officer signing a **PR** as Authorising Officer without due authority is personally and financially responsible, together with any Treasury Officer who processes the payment, for any public monies that are paid out on the basis of an unauthorised signature.

### **P7 45 PRs supported by Tender**

- 45.1 Tenders may only be called for after the AO or his delegate has authorised that the **PR** can proceed to tender. This is to ensure that the cost of calling and evaluating tenders is only incurred after the AO or delegate authorises it.
- 45.2 **PRs** that are subject to tender procedures must have all tender documents attached before they are forwarded to the Treasury Division.
- 45.3 The Requesting Officer is responsible for:
  - (a) Ensuring that correct tender procedures are followed;
  - (b) Correctly recording all tender documents received and attaching the original documents to the **PR**; and
  - (c) Identifying the approved supplier and detailing this on the face of the **PR**.



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- 45.4 Where the tender for a **PR** results in a final cost that is higher than the estimated cost shown on the **PR**:
- (a) Requesting Officer must amend the estimated cost on the **PR** to show the final cost;
  - (b) The Certifying Officer and the AO or his delegate must initial the amendment to the **PR**; and
  - (c) The Chief Accountant or his delegate must change the estimated cost to the final cost on the appropriate Account Code Control Card and reconfirm that enough allocation is available to meet the final cost of the **PR**.
- 45.5 Where the Chief Accountant or his delegate informs the Requesting Officer that there is not enough allocation on the appropriate Account Code Control Card to meet the final cost of the **PR**; the Requesting Officer will immediately advise the Accounting Officer or his delegate.
- 45.6 The AO or his delegate will decide if the **PR** will be cancelled, delayed, or to seek the needed Budget transfer to meet the final cost of the **PR**.
- 45.7 Where the tender or waiver procedure for a **PR** results in a final cost that is lower than the estimated cost shown on the **PR**:
- (a) The Requesting Officer must amend the estimated cost on the **PR** to show the final cost; and
  - (b) The Chief Accountant or delegate must change the estimated cost to the final cost on the appropriate Account Code Control Card and reconfirm that enough allocation is available to meet the cost of this **PR**.

### **P7 46 Forwarding PRs to the Treasury Division**

- 46.1 The AO or his delegate must ensure that the original **PR** and all its original supporting documentation is forwarded to the Treasury Division or other prescribed paying office as soon as possible after authorising by signing.
- 46.2 The AO or delegate must ensure that at least one complete copy of each original **PR** and all its original supporting documentation is kept in properly referenced and secured Ministry files.

### **P7 47 Investigation and reporting of all unpaid PRs at Financial Year end**

- 47.1 The AO must investigate the status of all unpaid **PRs** at the end of the Financial Year.
- 47.2 The AO must prepare a report of all unpaid **PRs** at the end of the Financial Year and submit this to the PSF within 15 days of the start of the next Financial Year.
- 47.3 The unpaid **PR** report must contain the following details:
- (a) A list of all unpaid **PRs** from the previous Financial Year, showing all details from the Departmental Register;
  - (b) A calculation of the total dollar value of all unpaid **PRs** as at the end of the Financial year;

- (c) The Account Code(s) that will be charged for each unpaid **PR** in the current Financial Year; and
- (d) Clearly identify any unpaid **PRs** that cannot be charged to an Account code in the current Financial Year and note the reason(s) why, e.g. no appropriate Account Code is available, or the appropriate Account code allocation is too small in the current Financial Year.

### **P7 48 Transfer of unpaid PRs into the current Financial Year**

48.1 The AO must direct that:

- (a) All commitments for unpaid **PRs** recorded on Account Code Control Cards in the previous Financial Year are removed and the year end balances on those Account Code Control Cards are recalculated; and
- (b) All commitments for unpaid **PRs** from the previous Financial Year are recorded on the appropriate Account Code Control Card in the current Financial Year.

### **Local Purchase Orders and Payment Vouchers**

LPOs and Payment Vouchers are SIG approved acquisition methods.

Payment Vouchers are the final step in 'inbound' supply chain management process. The two steps needed to buy goods and services in SIG are separated to improve the system of internal controls and safeguard public money, they are:

- Getting authority to use public money to acquire goods by a **PR** form; and
- Disbursing public money by a Payment Voucher.

Public Officers need a **PR**, an **LPO** (with exceptions) and a Payment Voucher to complete the process of buying goods and/or services.

Public Officers seeking to complete the supply chain management process need to understand these FIs, or delivery of services to the people can be delayed.

### **P7 49 Acquisition/payment procedure**

Where the Ministry is not an Approved Paying Office:

49.1 And the Supplier accepts LPOs, goods and/or services will be obtained on the LPO raised, authorised and paid within Treasury. Where the Supplier does not accept LPOs, payment will be made in accordance with P7 99 (see Financial Circular 2011/06), but authorised and paid within Treasury

Where the Ministry is an Approved Paying Office:

49.2 And the final cost of the PR is \$2,000 or less, payment will be made on a Payment Voucher raised, approved and paid within the Ministry.

49.3 And the final cost of PR is more than \$2,000 and the Supplier accepts LPOs; goods and/or services will be obtained on the LPO raised, approved and paid within Treasury

49.4 The final cost of PR is more than \$2,000 and the Supplier does not accept LPOs, payment will be made on a Payment Voucher raised in the Ministry, but approved and paid within Treasury.

### **P7 50 Cancellation or loss of a Local Purchase Order**

50.1 When a LPO is cancelled, by reason of error or the purchase is no longer required, the original and duplicate copies will clearly be marked "CANCELLED" and filed.

### **P7 51 PRs are required to process a payment**

51.1 Treasury and any other Approved Paying Offices must receive an approved **PR** before obtaining goods and/or services with an LPO or making any payment to the approved Supplier using a Payment Voucher.

51.2 Standing and Special Imprests do not require a **PR** before paying out public money, but must be supported by an official receipt for the goods and/or services that are acquired.

51.3 Treasury and any other Approved Paying Office must keep a Register of all approved **PRs** received, showing the:

- (a) Ministry that approved the **PR**;
- (b) Unique Ministry identification number on the Payment Voucher;
- (c) Date the **PR** was first received;
- (d) Dates of any return to the Ministry with queries and the dates that it was received back with queries resolved; and
- (e) Date of payment.

51.4 Treasury and any Approved Paying Offices must make a list of all unpaid **PRs** held for each Ministry at the end of financial year and report these to the PSF and the AOs.

51.5 Treasury and Approved Paying Offices must return all unpaid **PR** forms held at the end of the financial year to the AOs with the report within 15 days of the start of the next financial year.

### **P7 52 Local Purchase Orders processed for payment by Treasury**

52.1 Treasury must:

- (a) Confirm that the payment requires an LPO for payment to the Supplier;
- (b) Check that the PR submitted by the Ministry complies with these FIs;
- (c) Prepare an LPO based on the details on the PR;
- (d) Register the LPO details in Treasury information; and
- (e) Advise the AO who approved the PR that a LPO is available for collection.

52.2 The Accountable Officer who approved the PR must collect the LPO from Treasury on a timely basis and:

- (a) Sign as Authorising Officer that the goods or services or both were ordered from the supplier;
- (b) Give a copy of the signed LPO to the Supplier who supplies the goods and/or services; and

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- (c) Ensure that the Requesting Officer signs the receipt panel on the Supplier's copy of the LPO to confirm that the ordered goods and/or services were received by the Ministry.
- 52.3 The supplier is responsible for:
- (a) Preparing an invoice that lists the description and cost of each good and/or service supplied to the Ministry;
  - (b) Attaching the original invoice to their original signed copy of the LPO; and
  - (c) Returning these original documents to Treasury on a timely basis.
- 52.4 Treasury is responsible for checking the details on the LPO and the original supplier Invoice and:
- (a) Where these details match, preparing a payment based on the details on the original supplier Invoice;
  - (b) Advising the supplier that payment is now available for collection;
  - (c) Where these details do not match, Treasury shall contact the Ministry with a query to be resolved;
  - (d) All queries must be registered and dated in Treasury information; and
  - (e) Once the query is resolved and the details match, preparing a payment based on the details on the original Supplier Invoice; and advising the Supplier that the payment is now available for collection.

### **P7 53 Payment Vouchers to be paid at Treasury**

- 53.1 Treasury must process all Payment Vouchers as required by these Financial Instructions.

### **P7 54 Approved Paying Office**

- 54.1 The PSF must give prior written approval to establish an Approved Paying Office.
- 54.2 The PSF's written approval to set up an Approved Paying Office will:
- (a) Identify the Accountable Officer and any Sub-accountant(s) who are responsible for all public money controlled by the Approved Paying Office. Permit a bank account to be opened, and operated;
  - (b) Allocate funds to this bank account e.g. for a "[Ministry] Imprest" or for a Province by preparing a Payment Voucher to be paid by Treasury; and
  - (c) Direct that the officers identified as responsible for the Approved Paying Office must not delegate this responsibility to any other officer without first obtaining the PSF's formal approval.
- 54.3 Where the PSF cancels approval for an Approved Paying Office, Accounting Officer and any sub-accountant(s) who are responsible for public money held at the Approved Paying Office will:
- (a) Immediately stop making payments;
  - (b) Prepare a report on all public money and any bank accounts and cheque forms in its possession; and

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- (c) Return to the PSF all accounting and banking documents that belonged to the Approved Paying Office.

### **P7 55 Payment Vouchers paid at an Approved Paying Office**

- 55.1 The AO and the Sub-accountant(s) at an Approved Paying Office must:
- (a) Confirm that the Payment Voucher submitted by the Ministry can be paid at the Approved Paying Office
  - (b) Check that the **PR** and Payment Voucher submitted by the Ministry comply with the FIs
  - (c) Register the Payment Voucher and all payment details in the Cash Book and all Account Code Control Cards
  - (d) Prepare and arrange signing of a cheque based on the details on the Payment Voucher; and
  - (e) Advise the supplier that the cheque payment is available for collection.

### **P7 56 Stale cheques**

- 56.1 The PSF must issue a procedure for the follow-up or cancellation of stale cheques.
- 56.2 The value of any cancelled stale cheques must be transferred to a separate liability account and funded, but any transactions to that account older than 1 year must then be also written off.
- 56.3 A cheque is stale when it has not been presented within 6 months of the date of the cheque.

### **P7 57 Bank accounts annual report**

- 57.1 The Accountant-General, in a format approved by the PSF, must be provided with an annual bank account report by every AO of the bank accounts operated.
- 57.2 The report must identify:
- (a) Name of the bank account;
  - (b) Financial Institution at which it is held;
  - (c) Date the PSF approved the bank account;
  - (d) Date the bank account was opened; and
  - (e) Bank account balance as at the last day of the financial year
- 57.3 The annual bank account report must be received within at least 10 working after the end of the financial year.

### **Imprests**

A Standing Imprest is for a specific, but on-going, reason and must be replenished from time to time as required in the FIs, or retired. A Standing Imprest is used to make small, frequent payments that it is not practical or convenient to pay through Treasury.

### **P7 58 Imprest procedures manual**

58.1 The PSF must maintain an imprest procedures' manual for the purpose of clearly explaining all imprest rules and requirements.

### **P7 59 Application for a Standing Imprest**

59.1 An application for a Standing Imprest must be made to the PSF on a form approved by the PSF. The application must:

- (a) Be made at least one week before the Standing Imprest is needed;
  - (b) Be prepared and signed by the Imprest holder;
  - (c) Be approved by the AO;
  - (d) Describe the reason for the Standing Imprest;
  - (e) Be for an amount that is realistic when compared to the reason for the Standing Imprest;
  - (f) Record the date when the Standing Imprest was paid out to the Imprest holder; and
  - (g) Record the date when the Standing Imprest will be accounted for and retired.
- Standing Imprest must only be issued for one Financial Year.

59.2 A Standing Imprest must not be given to any Standing Imprest holder that has not yet retired an earlier Standing Imprest.

59.3 Sub-accountants may not issue a Standing Imprest. Any Standing Imprest Warrants received by a Sub-accountant must be immediately forwarded to the PSF.

### **P7 60 Register of Standing Imprests**

60.1 Treasury and any approved Sub-accountant must keep a detailed record of all Standing Imprests issued.

60.2 Treasury must promptly follow up any Standing Imprest holder who has not accounted for and retired the Standing Imprest by the due date in the register. However, it is always the responsibility of the Standing Imprest holder to account for and retire the Special Imprest on a timely basis.

### **P7 61 Allocation of Standing Imprests**

61.1 A Standing Imprest will be recorded in SIG Accounts as an Advance to the Standing Imprest holder.

61.2 When the Standing Imprest holder does fully account for and retire their Standing Imprest, an adjustment will be made in the SIG accounts to clear the balance of the Advance against the Imprest holder.

61.3 When the Standing Imprest holder does not fully account for and retire their Standing Imprest:

- (a) A Treasury receipt will only be issued for the remaining cash portion of the Standing Imprest
- (b) The Advance in the name of the Standing Imprest holder will only be partly reduced; and

- (c) The unpaid part of the Advance against the Standing Imprest holder in the SIG accounts will be recovered by salary deduction.

### **P7 62 Standing Imprest cash book**

- 62.1 The PSF will decide the form of the Special Imprest Cash Book.
- 62.2 All Standing Imprest holders must keep a cash book and:
  - (a) Record all Standing Imprest issues, replenishments and payments in it;
  - (b) Keep the cash book balanced; and
  - (c) Present the cash book for inspection by Treasury whenever the Standing Imprest is replenished or retired.

### **P7 63 Standing Imprest receipts and other documents to support spending**

- 63.1 All Standing Imprest holders must:
  - (a) Get and keep receipts or other documents to support all spending out of the Standing Imprest
  - (b) Attach these receipts or other documents when replenishing or retiring the Standing Imprest; or
  - (c) Give an official explanation why they did not get and keep receipts or other documents to support all spending out of the Standing Imprest. Where this explanation is not accepted by the PSF, the Standing Imprest will be treated as not fully accounted for and retired.

### **P7 64 Standing Imprest holder**

- 64.1 A Standing Imprest holder is an Accountable Officer;
- 64.2 A Standing Imprest holder must only use the Standing Imprest for the reason given on the application and approved by the PSF. Any other use of the Standing Imprest will be considered as a disciplinary offence; and
- 64.3 No other public money may be added into a Standing Imprest without first getting approval from the PSF. Standing Imprests must be accounted for separately.

### **P7 65 Transfer of Standing Imprests**

- 65.1 A Standing Imprest may be transferred between officers as long as the original reason for the Standing Imprest does not change.
- 65.2 Any transfer of the Standing Imprest between officers must:
  - (a) Be fully documented and the officer taking over the Standing Imprest must sign to confirm they have received all documents, records and cash books in connection with the Standing Imprest; and
  - (b) The officer taking over the Standing Imprest must sign below the last entry in the cash book to indicate that the Standing Imprest has been checked, agreed and taken over.

### **P7 66 Annual retirement of Standing Imprests**

- 66.1 A Standing Imprest must be accounted for and retired:
- (a) At the end of the financial year; or
  - (b) When the reason it was created comes to an end; or
  - (c) When directed by the PSF.
- 66.2 The Standing Imprest holder who retires a Standing Imprest must apply for any new Standing Imprest that is needed in the next financial year.

### **P7 67 Safe custody of Standing Imprest**

- 67.1 The PSF must assist Standing Imprest holders to properly secure a Standing Imprest.
- 67.2 The PSF must approve the opening of a bank account for Standing Imprest of \$1,000 or more.

### **P7 68 Application for a Special Imprest**

- 68.1 An application for a Special Imprest must be made to the Treasury on a form approved by the PSF. The application must:
- (a) Be made at least one week before the Special Imprest is needed;
  - (b) Be prepared and signed by the Imprest holder;
  - (c) Be approved by the AO;
  - (d) Describe the reason for the Special Imprest;
  - (e) Be a realistic amount compared to the reason for the Special Imprest;
  - (f) Record the date when the Special Imprest was paid out to the Imprest holder; and
  - (g) Record the date when the Special Imprest will be accounted for and retired.
- 68.2 Special Imprests must only be issued for the shortest time that they are needed.
- 68.3 The PSF must approve all Special Imprest applications made by AOs.
- 68.4 Special Imprests must not be paid out until after the Special Imprest holder signs the form allowing a salary deduction if the Special Imprest is not accounted for and retired on a timely basis. If the Special Imprest is not retired within a reasonable period, the amount outstanding will be deducted from the Special Imprest holder's salary in accordance with Chapter 1.
- 68.5 A Special Imprest must not be given to any Special Imprest holder that has not yet retired an earlier Special Imprest.

### **P7 69 Issue of Special Imprest by a Sub-accountant**

- 69.1 A Sub-accountant must have formal approval from the PSF before any Special Imprest can be issued.

### **P7 70 Transfer of Special Imprest**

- 70.1 A Special Imprest must not be transferred to another officer. Where the Special Imprest holder cannot use it, the Special Imprest must be accounted for and



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retired immediately. If another officer is taking over the task, they must make a new application for a Special Imprest.

- 70.2 A Special Imprest may be repaid by another person, but only with PSF approval.

### **P7 71 Register of Special Imprests**

- 71.1 Treasury and any approved Sub-accountant must keep a detailed record of all Special Imprests issued.
- 71.2 Treasury and an approved Sub-accountant must promptly follow up any Special Imprest holder who has not accounted for and retired the Special Imprest by the due date in the register. However, it is always the responsibility of the Special Imprest holder to account for and retire the Special Imprest on or before the due date.

### **P7 72 Allocation of Special Imprests**

- 72.1 A Special Imprest will be recorded in SIG Accounts as a personal advance to the Special Imprest holder.
- 72.2 When the Special Imprest holder does fully account for and retire their Special Imprest, a Treasury Receipt will be issued to clear the Personal Advance against the name of the Special Imprest holder in the SIG accounts.
- 72.3 When the Special Imprest holder does not fully account for and retire their Special Imprest:
- (a) A Treasury Receipt will only be issued for the part of the Special Imprest that is fully accounted for;
  - (b) The Personal Advance in their name will only be partly reduced; and
  - (c) The unpaid part of the Personal Advance against the name of the Special Imprest holder in the SIG accounts will be recovered as salary deductions.

### **P7 73 Special Imprest receipts and other documents to support spending**

- 73.1 All Special Imprest holders must:
- (a) Get and keep receipts or other documents to support all spending out of the Special Imprest; and
  - (b) Attach these receipts or other documents when retiring the Special Imprest.

### **P7 74 Special Imprest holder**

- 74.1 A Special Imprest Holder is an Accountable Officer and must comply with all Financial Instructions and any other instructions or regulations.
- 74.2 A Special Imprest holder must only use the Special Imprest for the reason given on the application. Any other use of the Special Imprest is a disciplinary offence; and
- 74.3 No other public money may be added into a Special Imprest without first getting approval from the PSF. Special Imprests must be accounted for separately.

### **P7 75 Safe custody of Special Imprests**

75.1 A Special Imprest holder must take all steps needed to prevent the loss or theft of funds.

### **P7 76 Recovery action is not retirement**

76.1 Action taken to recover imprest funds not fully accounted for will not be considered or deemed to be advance retirement until all funds are recovered.

### **P7 77 Interest charged on overdue Imprests**

77.1 Interest can be charged on any Imprests that have not been accounted for and retired on a timely basis.

77.2 The interest rate will be decided by the PSF.

77.3 Any interest charged on Imprests that have not been accounted for and retired on a timely basis will be recorded as revenue.

## **Payment of Goods and Services by Treasury**

### **P7 78 Payment Vouchers**

78.1 The process for payment of LPOs is that the original LPO will mark that the goods or services have been received and have the following documents attached:

- (a) Request for payment form
- (b) Original of the invoice from the supplier (photocopied and signed by the DOFT officer)
- (c) Any other document to support the request for payment.
- (d) All documents must not have been altered in any way.
- (e) The quantity, value and description of the goods or services purchased must be the same on all documents and match the LPO.
- (f) The Payment Voucher number must be clearly written in the top right hand corner of the LPO.
- (g) Payment vouchers must be made out to a person, persons or organization to which the money is owed; and
- (h) No Payment Voucher can be made out to the officer who approves and signs the voucher.

### **P7 79 Signing of the Payment Voucher**

79.1 Payment vouchers must be approved and signed by an Accountable Officer authorised to sign.

79.2 Any Payment Voucher not signed by an authorised officer must not be paid.

79.3 Any officer who approves and signs a Payment Voucher without authority is personally and financially responsible. The checking officer, cashier or accountant assistant who check and pay the money against the voucher without authority are also personally and financially responsible.

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- 79.4 The approval and signing of a Payment Voucher by an authorised Ministry Accountable Officer is evidence that the signatory confirms the accuracy, validity and content of the voucher.
- 79.5 No public officer authorised to sign PRs can be authorised to sign the Payment Voucher.
- 79.6 Ministry Accountable Officers must not approve or sign blank or incomplete Payment Vouchers.
- 79.7 By approving and signing a Payment Voucher, an Accountable Officer must ensure that:
- (a) Funds are available for the amount on the voucher;
  - (b) Authority on the voucher is current and valid and has not been cancelled or withdrawn;
  - (c) Prices and rates charged for goods and services are fair, reasonable and in line with any contract or agreement between service provider and SIG;
  - (d) Goods and services provided are correct and in line with any LPO or **PR** attached to the Payment Voucher;
  - (e) Service provider named in the Payment Voucher is the person, persons or organization receiving the payment;
  - (f) All additions and other calculations are correct;
  - (g) Any discount or rebate offered to the SIG has been noted and deducted; and
  - (h) Payment Voucher number, date and amount is noted on any related LPO and that all are signed as proof that they have been checked.

### **P7 80 Completion of Payment Vouchers**

- 80.1 The Payment Voucher form must be clearly filled out and copies made are clear and complete.
- 80.2 The Payment Voucher form must not be erased or altered in any way. Any incorrect entry must be ruled out and the correct entry inserted neatly above. The correction must be initialled by the Ministry Accountable Officer.
- 80.3 The Ministry Accountable Officer must sign the Payment Voucher and any copies.
- 80.4 Any other certificate attached to the Payment Voucher, must be signed and copies stamped or initialled by the Accountable Officer.
- 80.5 The name and title of the Accountable Officer must be clearly printed or stamped on the Payment Voucher.
- 80.6 The Payment Voucher should show the authority to spend money, and for reimbursement attach the original of the receipt.
- 80.7 The Payment Voucher must clearly show the accounts code to which the payment will be charged.
- 80.8 Where possible, a separate Payment Voucher will be written for each item allocated to a specific accounts code. If payment is to be made to one supplier for more than one invoice but over a number of different accounts codes, one Payment Voucher can be issued.

- 80.9 Where one Payment Voucher is written for items across more than one accounts code, this must be clearly shown on the voucher (or on a supplementary sheet stapled to the voucher). Ministerial serial number and Treasury reference numbers must be clearly shown on the attached sheet(s).
- 80.10 All Payment Vouchers must include details of goods and services supplied on the voucher without the need to refer to separate files or documents.
- 80.11 Payment voucher must include details of numbers, weights, quantities, rates and other information related to the goods and services provided so that these can be checked against any invoice or documentation held by the supplier.
- 80.12 Original documents must be stapled to the Payment Voucher.

### **P7 81 Deductions from, and with-holding of payments**

- 81.1 Any deduction made from the payment amount, must be clearly noted on the Payment Voucher.
- 81.2 Any discount or rebate by the supplier must be taken from the gross amount before the payment amount is written on the Payment Voucher.
- 81.3 Any deductions (such as recovery of an advance) will be shown as a credit on the Payment Voucher and must be taken from the gross amount before the payment amount is written on the voucher. The receipt for the advance must be attached to the Payment Voucher.
- 81.4 The PSF may withhold payment of any Payment Voucher by written instruction:
- 81.5 Where recovery of an advance is greater than the payment amount, future Payment Vouchers may also be withheld until the advance has been repaid; and
- 81.6 Where the amount to be repaid is uncertain or disputed.

### **P7 82 Additional certificates on Payment Vouchers**

- 82.1 As well as the standard certificate in the Payment Voucher, the PSF can order that additional certificates be endorsed and countersigned on any other Payment Voucher.

### **P7 83 Ministry reference number**

- 83.1 A clear reference number must be written on the Payment Voucher before copies are distributed. The reference numbers start with one (1) at the beginning of the financial year and continuing in ascending order throughout the year.

### **P7 84 Record of Payment Voucher**

- 84.1 The AO must keep a record of all Payment Vouchers issued from the Ministry including the date sent to Treasury and the date of payment by matching the copy returned with the copy held.
- 84.2 If a copy has not been returned within 3 months, the AO must investigate why payment has not been made or the copy not returned.

### **P7 85 Distribution of copies, Payment Vouchers**

- 85.1 Payment vouchers are issued in sets of four; an original and three copies. Copies must be clearly marked “Copy”.
- 85.2 The original and two copies of the Payment Voucher are sent to Treasury and the remaining copy is kept on file by the AO.
- 85.3 The AO can make additional copies of the Payment Voucher if necessary and these must be clearly marked “Copy”.
- 85.4 The payee can request extra copies of the Payment Voucher. When such a request occurs regularly, the file should be noted that automatic issue of extra copies is made. Extra copies must be clearly marked ‘Copy’.
- 85.5 Extra copies of Payment Vouchers can be made by Treasury and sent to the appropriate AO. Extra copies must be clearly marked “Copy”

### **P7 86 Entries in Account Code Control Cards**

- 86.1 Payment vouchers must be sent to Treasury as soon as possible after completion and signing. All vouchers sent must be recorded in a register. Payees should be informed by the Accountant General that checking and verification of vouchers takes a minimum of 24 hours before payments can be made, but also that batch process of cheques occurs twice a week so a payment delay of up to 4 days can occur.
- 86.2 Treasury must keep a record of all Payment Vouchers.
- 86.3 Treasury is responsible for making sure all Payment Vouchers are completed as per the FIs.
- 86.4 The Accountable officer must make sure that:
  - (a) Payment can be charged against SIG funds; that the correct amount is charged against the correct accounts code; and that the accounts code is correct against the recurrent budget for the current financial year;
  - (b) Authority for the payment is correct and the Accounting Warrant is current and valid;
  - (c) Accountable Officer signing the voucher is authorised to sign and whose signature and details are current, valid and on file. The full signature of the Accountable Officer should be on the voucher;
  - (d) Any extra certificates on the voucher must be countersigned by the Accountable Officer who signed the voucher;
  - (e) Amount to be paid is correct and matches the amount on the invoice attached;
  - (f) Amount has been calculated correctly and any deductions allocated to the correct account e.g. advance or recovery sum;
  - (g) Any minor alterations to the voucher have been initialled by the signing officer;
  - (h) Voucher has been marked to show that it has been entered in the Account Code Control Card; and
  - (i) A reference number appears on all copies of the voucher.

- 86.5 If any errors are found, the checking officer must return the Payment Voucher to the Accountable Officer noting the error and requesting that the correction be made.
- 86.6 The checking officer must return any Payment Voucher that has been altered, is not clear or is incomplete and request the voucher be cancelled and a new voucher written.

### **P7 87 Passing for payment of Payment Vouchers**

- 87.1 Once the Payment Voucher has been checked it is passed for payment by signing and dating.
- 87.2 The voucher to the cashier for payment to be made.
- 87.3 The cashier must not make payment against any voucher which is not countersigned by a checking officer.

### **P7 88 Payment to correct beneficiary**

- 88.1 The cashier must make sure the payment is made to the person, persons or organization named as payee on the Payment Voucher or to an authorized third party.
- 88.2 The cashier can refuse payment if there is doubt re the identity of the person claiming payment. The cashier can ask the AO to assist with establishing the identity in doubtful cases.
- 88.3 No public officer can receive payment on behalf of a member of the public or organization named as payee in any Payment Voucher.

### **P7 89 Payments to representatives and third parties**

- 89.1 Payment to an authorised representative of any organization, named as the person to be paid on the Payment Voucher, may be made as long as the officer has written authority from the organisation and a specimen signature of the representative.
- 89.2 The written authority must be renewed annually (as soon as possible after January 1) and a new specimen signature obtained for new representatives.
- 89.3 The payments officer must obtain annual renewal of written authority and new signature above.
- 89.4 Payment to a third party (including a bank) who is not the person named on the Payment Voucher to be paid, may be made if the payments officer has written authority from the person to be paid. This authority must be attached to the original copy of the Payment Voucher.
- 89.5 Where payments to a third party (including banks) as above are made continuously, the written authority should be kept on file by the payments officer. The reference for the authority must be placed on all relevant Payment Vouchers.

- 89.6 Where payment is to be made to a third party with legal authority, the Power of Attorney or Letter of Administration must be photocopied and attached to the payments voucher. The details must be recorded on the payments voucher.
- 89.7 Any person receiving payments through a third party must sign a form to take full responsibility for any wrongful payments made after the third party's authority is cancelled.

### **P7 90 Receipting of Payment Vouchers**

- 90.1 A Payment Voucher must not be receipted by the officer receiving the payment or authorised third party before the actual time of payment. Except where exempted.
- 90.2 Where a Payment Voucher is used to pay cash to several people, e.g. for payment of wages, and where it is not practical to have each person report to the payment officer to sign the Payment Voucher, the total amount will be paid to the officer responsible for making the individual payments. This officer will sign a special pre-printed receipt for the money.
- 90.3 The special pre-printed receipt authorized by the PSF will state that the paying officer will pay the required amounts to the individuals and will obtain individual receipts for each payment made e.g. by signature on the pay roll. Any money not paid will be returned to the payment officer as soon as possible.
- 90.4 Where money is received by several officers, each officer will sign a pre-printed receipt for the amount received.
- 90.5 The pre-printed receipts replace the receipt included on the Payment Voucher, which is not suitable for this type of payment, and should be attached to the original Payment Voucher and marked accordingly.
- 90.6 Where the Payment Voucher is for cash purchase of supplies for a Ministry, the voucher will be made payable to the supplier, but the cash or cheque will be collected by the finance officer who signs and certifies the voucher.
- 90.7 The copy of the Payment Voucher for transactions above should be signed by the finance officer taking the cash/cheque and kept by the payment officer as a temporary receipt until the original voucher is returned signed as received by the person receiving the payment. When the original voucher is returned, the copy is returned to the relevant Ministry officer, the amount entered in the cash book and the copy matched with and attached to the original copy held by the finance officer.
- 90.8 Original copies of the Payment Voucher should be returned to the payment officer as soon as possible. The payment officer is responsible for following up any original vouchers not returned.
- 90.9 Payment officers responsible for paying wages must also follow other FIs covering payroll procedures.
- 90.10 The payment officer will ask the person receiving the payment to write their name in block capitals and sign the Payment Voucher receipt.

- 90.11 If the person receiving the money cannot read or write, a mark by the person must be witnessed by a third person.
- 90.12 Once paid, the original and all copies of the Payment Voucher and other documents attached must be clearly marked "PAID".

### **P7 91 Treasury division reference number**

- 91.1 Treasury reference number must be added to all copies of the Payment Voucher by the payment officer. Numbers must be in consecutive order starting with number 1 at the beginning of each year. The last voucher of each month must be clearly marked "AND FINAL" after the number.

### **P7 92 Distribution of copies of Payment Voucher**

- 92.1 Once the payment has been made, all receipts obtained by the payment officer, and the payment entered into the cash book, the copy of the voucher will be returned to the Ministry's finance officer. This should be matched with the copy held by the Ministry finance officer.
- 92.2 Any additional copies of a Payment Voucher will be returned by the payment officer to the Ministry's finance officer.
- 92.3 The original Payment Voucher must be kept by the payment officer with the monthly accounts.

### **P7 93 Overseas payments**

- 93.1 Ministries will prepare Payment Vouchers for overseas payments.
- 93.2 Any invoice needing an overseas payment must be sent to Treasury as soon as possible after checking.
- 93.3 Where the person to receive payment needs a copy of the invoice, a photocopy must be made by them before the original is sent to Treasury.
- 93.4 Treasury must keep a register of all invoices and other documents received and must make sure movements of documents are recorded in the register.

### **P7 94 Certification and checking of overseas invoices and claims**

- 94.1 The payments officer or authorised signatory will confirm that checks have been done by stamping the documents with a rubber stamp and signing the stamp.
- 94.2 The payments officer will authorise payment by signing the relevant space in impression made by the rubber stamp.
- 94.3 The invoice will be sent to Treasury as soon as possible.

### **P7 95 Payment Vouchers for overseas payments**

- 95.1 On receipt of an authorised PR, Treasury will prepare an original Payment Voucher and copies as per FIs. All copies will be clearly marked "COPY".
- 95.2 The Payment Voucher will state the number and value of each invoice to be paid and the accounts code for each item, the overseas currency value and rate



of exchange against the SI dollar. The overseas amounts will be translated to the equivalent amount in SI dollars and inserted on the voucher.

- 95.3 The latest exchange rate from the Central Bank, National Bank of Solomon Islands or other appropriate financial institution shall be used. The bank should be telephoned to confirm the rate.
- 95.4 Treasury will prepare an application for an overseas draft if required by the bank as well as the Payment Voucher.

### **P7 96 Issue of cheque for overseas payment**

- 96.1 Treasury will issue a cheque in favour of the transferring bank in SI dollars for the amount of the Payment Voucher plus any commission or bank charges. The cashier will check that the voucher has been certified and passed for payment.
- 96.2 The original and one copy of the Payment Voucher, the cheque and any application for an overseas bank draft will be delivered to the bank. The second and any other copies of the Payment Voucher prepared will be kept on a 'pending file' by the cashier.

### **P7 97 Distribution of copies of overseas Payment Vouchers**

- 97.1 Once the cashier has made the payment and entered the amount in the cash book, a copy of the Payment Voucher is given to the Department of finance officer.
- 97.2 Original Payment Voucher is kept by the Treasury cashier and added to the monthly accounts.

### **P7 98 Payment against a copy or duplicate invoice or claim**

- 98.1 Payments are made against original documents. No payments are made against a copied invoice.
- 98.2 If a supplier of goods and services states that a submitted invoice has not been paid and sends a copy of the invoice, no payment can be made without the approval of the PSF.
- 98.3 When a copy of an invoice is received, a search will be made of accounting records in the Treasury to make sure the payment has not been made.
- 98.4 If the payment has not been made, the copied invoice will be sent by the payments officer to the PSF with a written request for payment.
- 98.5 The PSF will give written approval if payment is to be made. The approval is subject to the person being paid returning any original or duplicate payment to SIG.
- 98.6 All copies of the Payment Voucher against a copied invoice must be signed by the payments officer that all checks of records have been carried out and that no previous payment has been made.

### **P7 99 Pro-Forma invoices**

- 99.1 If a payment has to be made in advance, approval must be obtained in writing from the PSF if the amount is more than \$ 1,000.
- 99.2 These advance payments must be made on a pro-forma invoice from the organisation concerned.
- 99.3 Once approved, the payments officer will file an extra copy of the Payment Voucher in the “Payments in Advance” file.
- 99.4 Once the goods are received or services provided, the “Payments in Advance” copy will be marked and matched with the copy.
- 99.5 The “payments in Advance” file will be checked monthly by the payments officer to make sure goods and services have been provided.

### **P7 100 Agents accounts**

- 100.1 Advances to the accounts of overseas agents must be approved by the PSF.
- 100.2 Treasury staff must check that the advances appear on the monthly statement from the agent.

### **P7 101 Electronic funds transfers**

- 101.1 All FIs for payments apply except that a cheque is not produced for payment by EFT.
- 101.2 Only Treasury will make EFTs.
- 101.3 The PSF will issue a circular to instruct on the procedures to be followed to authorise EFTs, which will be in accordance with the security requirements of the EFT software or banking requirements.

## **Rechargeable works and services**

### **P7 102 Internal rechargeable works and services**

- 102.1 For inter-departmental works and services, the supplying department must be in possession of an Internal Rechargeable Works Order, Treasury Form Ty.121, to cover the full estimated cost of the job.
- 102.2 If at any time it appears likely that the estimated cost will be exceeded, the requisitioning department must be immediately informed so that additional funds can be allocated to enable the work to be completed.
- 102.3 Under no circumstances should the total amount authorised on Treasury Form Ty.121 be exceeded without the prior approval of the requisitioning Department.
- 102.4 The maximum value of an internal works order is \$1,000.
- 102.5 Internal works in excess of the maximum value must be authorised by the issue of a Departmental Warrant.
- 102.6 The PSF will issue separate accounting instructions for the control of inter-departmental works and services whenever required.

### **P7 103 External rechargeable works and services**

103.1 External works or services may not be undertaken unless the AO concerned is satisfied that:

- (a) The works or services will not interfere with the proper performance of SIG business; and
- (b) Private enterprise is unable or unwilling to provide the work or service.

103.2 The prior approval of the PSF is required before any external work or service estimated to cost more than \$10,000 is accepted.

### **P7 104 Allocation of costs**

104.1 Costs incurred in supplying works and services will be charged to individual accounts allowing the total cost for each job to be calculated.

### **P7 105 Request for external works and services**

105.1 All external works and services will be requested on a Rechargeable Works Order, Treasury Form Ty.122 and will be submitted in triplicate to the supplying Department.

105.2 If approved, the supplying Department will estimate the cost of the work or service requested, add on the on-cost referred to in P7 107, and enter the total estimated cost.

105.3 Rechargeable Works Orders will be serially numbered by Departments and the duplicate retained in serial number order on a master control file in the accounts office.

105.4 The original of the order will be passed to the section which will carry out the work and, when completed, will be returned to the Departmental accounts section, costed in detail on the reverse of the form and have the total costs entered.

105.5 When all action on the original Rechargeable Works Order is complete, it will be filed on the master control file in place of the duplicate.

### **P7 106 Deposits and accounting arrangements**

106.1 The full estimated cost of external works or services must be deposited with the supplying Department before the job commences, except as provided for in this FI.

106.2 The amount received will be credited to Deposits: Rechargeable Works Orders, 'Department'.

106.3 If the total cost on completion exceeds the amount deposited:

- (a) A debit note will be raised detailing the gross value of the works, less the deposit received;
- (b) An adjustment voucher will be raised transferring the deposit to revenue;
- (c) If the cost is less than the amount deposited the excess will be refunded and the balance on deposit transferred to revenue;

- (d) The action taken under sub-sections (a) to (c) must be recorded, together with voucher references on the relevant Rechargeable Works Order; and
- (e) The final costs of works and services provided for other public bodies may, with the prior written approval of the PSF, be transferred to an advance account and the amount credited to the relevant accounts code.

### **P7 107 Costing of external works**

107.1 External rechargeable works and services will be costed as follows:

- (a) Works: total prime cost plus an additional 35% in the case of the general public and 15% in the case of other public bodies to cover all overheads. Prime costs refers to the actual cost of stores and other material, the cost of labour and other direct costs such as transport costs, professional fees, etc;
- (b) Hire of Transport and Plant: at the special private hire rates laid down from time to time by the Permanent Secretary of the Ministry responsible for plant and vehicle hire;
- (c) External works and services performed for Provincial Governments will be accounted for in the same manner as other rechargeable works and services but no on cost will be charged; and
- (d) Minor improvements to Government housing carried out at the expense of the occupant will not bear an on cost charge, provided that the works are of a permanent nature.