

Sokehs Financial Management Regulation




Sokehs Municipal Treasury

P.O. BOX 2247, TEL# 320-3616

As mandated by the Sokehs Ordinance No. SC5-02-2000, the Treasurer has the authority to promulgate policy to control operation of the Sokehs Treasury. Now therefore, these regulations are being set forth to guide and strengthen the internal control of the Sokehs Municipal Treasury.


This is the Financial Management Regulation for Sokehs Treasury to follow as guidelines to base their decisions from to maintain an orderly operation of the Sokehs Municipal Government.

Promulgated by:


Ioakim Loney Jr.
Treasurer, SMG

September 6, 2019
Date

Approved by:


Michael T. Lieman.
Chief Magistrate, SMG

September 6, 2019
Date

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SOKEHS FINANCIAL MANAGEMENT REGULATION

1.1. Authority of this Financial Management Regulation is promulgated by the Treasurer of Sokehs with the approval of the Chief Magistrate of the Sokehs, pursuant to the authority granted to the Treasurer by Sokehs ordinance number SC5-02-2000 and Part 14 of the Sokehs Manual of Administration. These regulations and any amendments hereto, shall have the force effect of law.

1.2. Purpose. The purpose of these regulations is to implement the provisions of the Constitution and ordinance of the Financial Management Act of 2000, relating to financial management through the establishment of the Sokehs government standards and procedures necessary to provide an adequate degree of fiscal control and accountability over funds appropriated by the Sokehs Council and entrusted to the management of the Sokehs Treasury.

1.3. Applicability

- 1) Except as otherwise provided by law, these regulations shall apply to:
 - a) The collection and expenditure of any funds appropriated by Sokehs Municipal ordinance.

1.4. Responsibility

- 1) Financial responsibilities of all Finance Officers:
 - a) To manage and oversee financial affairs of SMG;
 - b) Protect and preserve financial records of SMG;
 - c) To treat all work as confidential so that no financial details are divulged carelessly;
 - d) To advise the Immediate Supervisor, the Chief Magistrate and the Council when they become aware of any: - unusual transactions; - instances of fraud & misappropriation; - transactions non-compliant with these Regulations; -instances of bribery; - conflicts of interest.

1.5. Financial Management Systems

- 1) All receipts, payments and other accounting transactions must be entered and processed into a financial management system (FMS) approved by the Treasurer.
- 2) Treasury must operate a centralized FMS on behalf of the Sokehs government, and coordinate the operation and processing of data for the FMS.
- 3) Treasurer must ensure sufficient internal controls are in place to avoid unauthorized access to the FMS including restricting access via the use of unique user passwords.
- 4) Any person that is given access to the FMS must keep their unique password confidential and must change this immediately if there is suspicion that another person becomes aware of their password.
- 5) The Treasurer may delegate and assign separate data entry function into the FMS to authorized officers as long as the following requirements have been met:
 - a) The officer has received adequate training on how to use the FMS; and
 - b) Sufficient internal controls exist to ensure that these Regulations and other instructions are followed.
- 6) The Treasurer is responsible for ensuring that adequate documentation exists for the centralized FMS and ensure all officers using the system has sufficient training and experience.

- 7) Departments are required to submit the appropriate documentation to support transactions entered in the FMS) All other new or proposed FMS (that is not the approved FMS used by the Sokehs Municipal Government) must be approved by the Treasurer.
- 8) The Assistant Treasurer of Treasury must ensure that there are no incompatible systems being used on computers used to process FMS transactions. This is to minimize any potential threats of viruses and hacking into the FMS.

1.6. Back-up procedures for FMS

- 1) Daily back-up procedures must be programmed into each working day to maintain and preserve all financial data recorded in the FMS.
- 2) There must be at least 2 copies of the back-up retained and securely stored in separate locations.
- 3) In cases of power failure, all staff must have access to Uninterrupted Power Supply (UPS) to allow work to be saved and securely logged out of the system.

1.7. Documentation of policies and procedures

- 1) In addition to these Financial Management Regulations, further instructions in the form of Financial Management Policies & Procedures will be issued and periodically updated to provide more detail of key systems and workflows operating within Treasury.
- 2) All branch heads, Treasury staff, Administrative staff and other relevant staff, are required to familiarize themselves with the Financial Management Regulations.
- 3) Treasury staff must also familiarize themselves with the relevant Financial Management Policies & Procedures relevant to the tasks and responsibilities related to their role.

1.8. Archiving of financial Records

- 1) Financial information must be filed according to each fiscal year in a logical manner so as to allow for future reference.
- 2) Financial information must be retained for at least 5 fiscal years.
- 3) All financial information must be kept in a secure location that is safe (as much as possible) from water and fire damage.
- 4) Electronic copies of the FMS going back for 5 years must also be retained and stored in a secure place.
- 5) All financial records going back further than 5 years must be destroyed in a controlled manner.

1.9. General Fund

- 1) Unless otherwise authorized by SMG law, all public monies raised or received or collected by SMG shall:
 - a) Be tendered to the SMG Treasury to deposited in one Bank account of general fund:
 - i) Not later than the close of business on the day said moneys are received;
 - ii) Provided, however, that if said moneys are received after the close of business, or
 - iii) On a non-business day, they shall be so tendered to the SMG Treasury and so deposited in the general fund not later than the close business on the next business day.

- 2) The SMG Revenue Officer shall promptly deposit money received into the SMG general account.
- 3) Under no circumstances shall any person open a separate account in a financial institution for an official purpose in his own name, cash, checks intended for deposit in an SMG Account, or deposit any public money in any account other than SMG Account.
- 4) In cases where revenues are received on a 'replenishment' basis (i.e. the general fund is used for expenditure and requires replenishment at a later date), the responsible Officer preparing the replenishment must do so on a monthly basis and in a timely manner so as not to strain the financial cash-flow of the General Fund.

1.10. Receipt of Revenue

- 1) The legal tender of the Sokehs Municipal Government is the United States Dollar (USD)
- 2) A revenue collector must not accept defaced or mutilated notes or coins.
- 3) In addition to notes and coins, a revenue collector may accept business and personal checks (locally issued by banks), bank checks, money orders, bank to bank transfers, direct debits and other negotiable instruments, subject to conditions determined by the Treasurer.

1.11. Issue of Receipt for Revenue Received

- 1) The revenue collector must immediately issue an official receipt for each sum of revenue collected for the account of Government.
- 2) Each receipt must be dated the same date the money was received by the revenue collector.
- 3) The Treasurer must approve the form of all receipts to be issued (including manual receipt books and computer generated receipts)

1.12. Issue of Receipt for Checks Received

- 1) Checks received for the credit of the Sokehs Government account must be made payable to the following: "Sokehs Municipal Government, Sokehs Government".
- 2) Before issuing a receipt for any check, a revenue collector must examine the check and ensure that:
 - a) Check has been signed by the drawer; and
 - b) Check is correctly dated; and
 - c) If there is no date on the check, the revenue collector must insert the current date; and
 - d) The amount written in words on the check agrees with the amount written in figures; and
 - e) Any alteration to the check has been initialed by the drawer.
- 3) Any check received which contains an error or defect must be returned to the drawer to correct. A receipt must not be issued until the error or defect has been corrected.
- 4) All checks must be written for the exact amount owing to Government. Under no circumstances will cash be given in part of whole for any check tendered by a third party.
- 5) A post-dated check must not be accepted unless it is for specific reasons approved by the Treasurer.
- 6) Any revenue collector failing to undertake the checks outlined in subsection (2) may be held personally liable if the check is dishonored and cannot be recovered.

1.13. Issue of Receipt for Overseas Revenue

- 1) All third party revenue paid via direct debit or international wire will be received into the SMG bank account.

- 2) Payment advice from the third party will be required to show the details of the transaction.
- 3) Once all information has been received, an official government receipt will be prepared and remitted back to the third party.
- 4) Upon receipt of all supporting documentation and notice from the bank, finance will book a Journal Voucher to record the transaction of the incoming wire to the general ledger.
- 5) It is the responsibility of the Treasurer to overseeing donor funds, to advise the revenue collector of any amounts that is expected to be received so the appropriate documentation is prepared, receipted and entered into the FMS on a timely basis.

1.14. Approved Revenue Collector

- 1) The Treasurer will authorize finance employees as an approved revenue collector besides the revenue officer.
- 2) An employee of the SMG who is not authorized revenue collector:
 - a) Must not, under any circumstances, accept Government revenue from any person for any reason; and
 - b) Must direct any person attempting to give them revenue to the Treasury or to the nearest appropriate revenue collector.

1.15. Duplicate Receipts

- 1) If an official receipt has been lost by the payer, the payer may make application to the Treasury for:
 - a) A copy of the receipts; or
 - b) A letter of acknowledgment of payment from the SMG Treasury or from a revenue collector who has authorization to issue the acknowledgement.

1.16. Manual Receipts

- 1) Manual receipts must be issued on all revenue received and entered into FMS no later than the day of the receipts dated.

1.17. Improper Use of Collected Revenue

- 1) Collected revenue or public money must not be used for any private purpose whatsoever.
- 2) A revenue collector must not lend or advance, for any purpose, collected revenue or other public money for which that person is accountable to the Sokehs Government.
- 3) Revenue collected must not be used to pay directly for Government expenditure. All revenue collected must be banked complete and intact.

1.18. Issue of Government invoices

- 1) It is the responsibility of the Revenue Officer to ensure that revenue is collected when due and to take all necessary steps to avoid revenue falling into arrears.
- 2) Wherever possible, revenue must be collected at the time that the good or service is supplied and a receipt issued.
- 3) An invoice may be issued for purposes approved by the Treasurer where payment is not to be made at the time that the good or service is supplied.
- 4) An invoice must contain full details as so to enable a recipient to easily identify the goods or services supplied and when the payment is due.

- 5) An invoice must be completed with full details of the 'recipient' to allow collection procedures to take place. The Treasurer may issue instructions on the minimum recipient details to be included in an invoice.
- 6) A revenue collector may not issue a credit note for revenue that has been collected.

1.19. Collection of Outstanding Invoices

- 1) The Revenue Officer is responsible for ensuring that revenue is collected by the due date for invoices issued by SMG.
- 2) The Revenue Officer must check all outstanding invoices at least monthly in order to check those unpaid and to ensure that appropriate follow-up action is being taken.
- 3) Departments and the Revenue Officer must follow revenue collection procedures as issued by the Treasurer.
- 4) A register of all outstanding revenue invoices (aged debtors listing) must be maintained at all times and regularly followed up for continuous collection of outstanding revenue.

1.20. Outstanding Invoices

- 1) If an item of revenue is overdue for more than 6 months for any reason whatsoever, the revenue officer must submit a detailed written report on the matter to the Treasurer.
- 2) The report must be in a format approved by the Treasurer.

1.21. Write-offs

- 1) All reasonable efforts must be taken to collect outstanding debts before they may be written off.
- 2) Any write-offs of outstanding debts must be approved by the Treasurer.

1.22. Misuse of Cash

- 1) An officer that has control over cash must not under any circumstances:
 - a) Use such cash for any personal purpose, no matter how temporary; or
 - b) Loan or draw such cash against any IOU or other similar document; or
 - c) Exchange such cash for a personal check, including his or her own check.

1.23. Responsibility for Cash Holdings

- 1) A revenue collector is responsible for safeguarding and balancing any revenue collected on behalf of the Sokehs Government.
- 2) A revenue collector must have sole access to his or her revenue holding.
- 3) If for any reason, any revenue stored overnight must be secured in a suitable safe storage facility otherwise this should be banked daily.
- 4) When counting cash and handing over cash to superiors for checking, two people must be present to count and recount the cash and sign the cash count records for approval.

1.24. Provision of Safe Custody Facilities

- 1) It is the responsibility of the Treasurer to ensure that the Sokehs Treasury is an adequate safe cash custody facility.
- 2) It is the responsibility of the Treasurer to ensure that all due precautions are taken to prevent loss or theft of all cash collected for the Sokehs Government.

1.25. Safe-guarding of Keys and Passwords

- 1) A revenue collector in possession of a key, PIN number or password to a strong safe or cash box. Compact must take all reasonable precautions against loss or theft of the key at all times.
- 2) Under no circumstances, except officially handing over to a replacement officer or under the orders of the Treasurer, may a revenue collector hand a key, PIN number or password to a strong safe or cash box to any other unauthorized person.
- 3) A revenue collector is personally liable, and may be held financially responsible, for the loss of cash or other Government property occurring through the loss of key or sharing the PIN number or password to any safe custody box.
- 4) The revenue collector must ensure that all bulk stocks of receipts and invoices are secure and kept in a strong safe or strong lockable box until required for use and conduct regular inspection to ensure no receipts, invoices and debit notes have been stolen, lost or misused.
- 5) Revenue collectors must ensure that all receipts, invoices and debit notes under their control are kept in a strong room, safe or strong lockable box when not in use.
- 6) The loss of any receipts, invoices, and debit notes must be reported immediately to the Treasurer by the officer responsible for their custody.

1.26. Security of Blank Checks

- 1) The Assistant Treasurer must ensure that all bulk stocks of pre-numbered blank checks are secure and kept in a strong room, safe or strong lockable box until required for use.
- 2) The Assistant Treasurer must keep a register of all stocks of pre numbered blank checks and conduct regular inspections to ensure that no pre-numbered blank checks have been stolen, lost or misused.
- 4) The loss of any pre-numbered blank checks must be reported immediately to the Treasurer by whom responsible for their custody.

1.27. SMG Bank Account

- 1) All revenue collected must be deposited in one general bank account approved for use by the Treasurer.
- 2) Under no circumstances can any employee open a separate bank account without express written approval from the Treasurer.

1.28. Petty Cash Holdings

- 1) All petty cash holdings must be approved by the Treasurer.
- 2) The Sokehs Treasury shall maintain a petty cash fund in an amount as periodically determined by the Treasurer for incidental expenses. The petty cash fund may only be utilized or replenished for expenditures:
 - a) Of \$100 or less
 - b) Which are supported by documentary evidence sufficient to establish the purpose and the amount of the expenditure; and
 - c) Will also conquer the approval of the Chief Magistrate.

1.29. Reconciliation of revenue collected

- 1) Deposits to a bank for the credit of a Government banking account must be reconciled with the receipts for revenue to which the banking relates.

- 2) The reconciliation must exclude a float amount in the cash box and the float amount must remain in the cash box and not be included in the banking.

1.30. Deposits to Government bank accounts

- 1) Deposits to a bank for the credit of the Sokehs Government (except for bank to bank transfers and direct debits) must only be made by an officer approved by the Treasurer.
- 2) Deposits to a bank for the credit of the Sokehs Government must:
 - a) Be made on deposit slips approved by the Treasurer or designee; and
 - b) Show a detailed analysis of the amount paid in as to currency notes, coins, checks and other instruments.
- 3) The officer making the deposit at the bank must ensure that all duplicate bank deposit slips or stubs are correctly stamped and initialed by an official of the bank.
- 4) The revenue collector must ensure that all revenue received is paid into the bank on a daily basis. Holding cash overnight is not encouraged.
- 5) The Treasurer may allow payers to deposit revenue to the Public Fund by a bank transfer or direct debit if:
 - a) The payer has been advised of procedures to ensure that the deposit can be easily identified from the bank details; and
 - b) Procedures to record the deposit against the appropriate account code and to credit the payers account are in place.

1.31. Foreign checks and drafts

- 1) All foreign drafts must be forwarded to the Treasury cashier for receipting and deposit into an approved depository account.
- 2) Foreign checks are not accepted. The revenue collector must advise the payer of the acceptable forms of payment.

1.32. Encashment of personal checks

- 1) A person must not under any circumstances cash any check using public money.

1.33. Dishonored checks

- 1) If a check or other negotiable instrument has been dishonored by a bank, the revenue collector must contact the drawer as soon as practically possible and must be requested to reimburse the Government for the amount of the dishonored check plus any other cost incurred including bank charges.
- 2) If the check or other negotiable instrument has been dishonored for a technical reason to do with check preparation, the drawer must be requested to correct and counter sign the error or issue a correct replacement check (including bank charges).
- 3) If the check or other negotiable instrument has been dishonored with the words 'refer to drawer', 'insufficient funds' or 'no account' or anything similar, the drawer must be asked to make reimbursement in cash only (including bank charges).

1.34. Balances may be invested

- 1) The Treasurer may invest any balances of the General Fund, or any part thereof, at call, or for such period and on such terms as thought fit, at any bank and in such other securities as the Treasurer may declare to be securities consistent with the financial policies of the Government.

- 2) Any interest earned on investments shall be credited to the General Revenue Fund and maybe used only in accordance with an Appropriation Act.
- 3) The Treasurer may sell and convert into money any such securities, and that money shall be paid into the General Revenue Fund to the credit of the proper fund to which it belongs.

1.35. Reporting of the loss of Public Money

- 1) It is the duty of the revenue collection officer to report, without delay, to his or her senior officer, an incident of loss, shortage, theft or other irregularity in any cash holding under his or her control.
- 2) It is the duty of all finance officers (including those who are involved in the collection of cash) to immediately bring to the attention of the Treasurer or Immediate supervisor of any circumstances which cause them to believe that there is a suspected loss, shortage, irregularity, fraud or theft of any public money.
- 3) The Revenue officer/Immediate supervisor must prepare a detailed report to the Assistant Treasurer of Treasury and send a copy of the report to the Treasurer. The report must:
 - a) Contain a full description of the incident and the amount involved; and
 - b) Contain the Revenue officer's opinion as to whether the loss has arisen due to the negligence of the revenue collector; and
 - c) Be marked "Private and confidential".
- 4) Upon receipt of the report from the Revenue officer, the Assistant Treasurer of Treasury may, after due consideration of the facts and consultation with the Treasurer, take the following action:
 - a) Issue instructions for any necessary action;
 - b) Correct any weakness in the accounting procedures that have been revealed by the loss;
 - c) Make recommendations to the Treasurer on how to recover the money;
 - d) Ensure that any recommendations for recovery or write-off follow any guidelines issued by the Treasurer or if there is no change of recovery, explain why and make recommendations to write it off;
 - e) Make any recommendations for criminal charges to be laid; and
 - f) If the loss exceeds \$1,000 or the Treasurer considers it necessary, report the incident to the Chief Magistrate.

1.36. Bank Reconciliations

- 1) At the end of each month, a bank reconciliation must be prepared, reviewed and retained.
- 2) The reconciliations should be completed no later than 25 working days of the next month.
- 3) All reconciling identified must be cleared in a timely basis, preferably before the next month's bank reconciliation.
- 4) Any unusual and/or non-compliant transactions must be reported immediately to the Treasurer for Treasury for resolution.

1.37. Types of Procurement and Value

1. Start Supplies & personal property, services, fixed assets
2. construction contracts
3. Contracts for personal property & services
4. Goods received

1.38. Disbursements

1) In General. No Government funds shall be disbursed, directly or indirectly, to any individual, corporation, association, partnership or other legal entity who on the date of the intended disbursement is indebted to the Sokehs Municipal Government and has not made satisfactory arrangements with the Treasurer for repayment, nor shall Government funds be otherwise disbursed except:

- a) To liquidate valid obligations of the Sokehs Government provided that:
 - i. With respect to obligations for the acquisition of personal property, the appropriate Allottee, or the Treasurer or designee, has certified that the property has been satisfactorily received and installed, if applicable; and
 - ii. With respect to obligations for services other than employment and construction services, the appropriate Allottee has certified that the services have been satisfactorily performed; and
 - iii. With respect to obligations for payroll, leave, travel, or representation expense, the requirements have been satisfactorily met.
- b) To advance funds pursuant to the provisions of advance.
- d) To reimburse amounts over collected through taxation or otherwise;
- e) To disburse amounts collected on behalf of other entities or agencies; or
- f) To effectuate a transaction not inconsistent with SMG law and approved by the Treasurer.

1.39. Advances

No payment advances may be made from the Government funds except for the following:

- 1) Travel—as detailed under the travel section.
- 2) Payroll—To advance against individual salaries or wages, provided that the amount advanced to any given employee or official shall not exceed 80% of salary or wages earned by the requesting employee or official but not yet paid.
- 3) Purchases—To advance funds against purchases of personal property, provided that a Purchase Order, Job Order or Request has been processed in accordingly.
- 4) Contracts—To advance funds under a contract to which Sokehs Government is a party and it is required by the terms of the contract;
- 5) Other Advances—To make advances not inconsistent with SMG law and approved by the Treasurer.

1.40. Obligations

1) The Government is legally obliged to make payment for goods and services based on an event like:

- a) Issuing a purchase order to a supplier (payment upon issuance of invoice);
- b) Signing a contract (payment made upon satisfactory completion of services or successful delivery of goods purchased);
- c) Issuing a job order (in cases of contract for services <\$2,500);
- d) Consumption of goods and services provided by a 'sole supplier';
- e) Signing an agreement;
- f) Other similar events.

2) Unless otherwise specifically authorized by law, no officer or employee of the SMG, or allottee of funds shall make or authorize an expenditure from, or create or authorize an obligation pursuant to

any appropriation, apportionment, reapportionment, or allotment of funds from the Sokehs Municipal Government:

- a) In excess of the sum made available by law; or
 - b) In advance of the availability of funds or
 - c) For the purposes other than those for which an allotment has been made.
- 3) In the case of a violation, the Treasurer shall immediately report to the Chief Magistrate and to the Council of the SMG, all pertinent facts together with a statement of the action taken or proposed to be taken with respect thereto.

1.41. Execution of Contracts

1) A contract can be executed (as indicated by signature) by the appropriate Allottee on behalf of the SMG Government or the contracting Agencies, contractor and the fund certifying officer. The following will be the order of approvals required to execute a contract:

- a) Legal Sufficiency—Contract shall be legally sufficient if approved by signature and date of the appropriate heads:
 - i. Executive Branch—With respect to contracts entered into by the Executive Branch, shall be signed and dated by the Chief Magistrate;
 - ii. Legislative Branch—With respect to contracts entered into by the Legislative Branch, shall be by the Speaker;
 - iii. Judicial Branch—With respect to contracts entered into by the Judicial Branch, by the Chief Justice;
- b) Once all signatures above have been obtained, the parties of the contract will initial the bottom right of each page.

1.42. Types of Contracts

- 1) There are four types of contract use by SMG and the following contractual approvals must also be obtained and applicable requirements met in the instances specified above.
- a) Office Contracts
 - b) Employment Service Contracts
 - c) Independent Contractor/Consultant Contracts
 - d) Construction Contracts.

1.43. Purchasing of Goods and Services

- 1) A request for goods & services can be initiated by the following means:
- a) Purchase order
 - b) Job Order
 - c) Contract
 - d) Invoice
 - e) Request Payment

1.44. Purchase order

- 1) A Purchase Order prepared by the Director of Administration/Designee for the procurement on a form Approve by the Treasurer that provides the following information:
- a) The name of the Vendor, Sokehs Requested department/agency;
 - b) The date of the Request;

- c) The description (including detailed specifications of the product) and quantity of items needed; and
 - d) Copies of the required proforma or quotations needed i.e.
- 2) Once the purchase order is approved from the Chief Magistrate/Designee and certified from the Treasurer/Designee the "**Request Payment**" shall be made to release payment.

1.45. SMG Invoice

- 1) SMG invoice will be used for account receivables or unpaid or reimbursed services provided by SMG. Invoice will electronically prints from the FMS.

1.46. Job Order

- 1) A job order is used to record payments for services (i.e. Repairs & Maintenance work) that is \$5,000 or less in value but will require payments to be split partially and final payment shall be made upon completion of service as reported and requested by dept./division.
- 2) The Job Order is prepared by the requested Department/division for the procurement on a form prescribed by the Treasurer that provides, at a minimum, the following information:
 - a) The name of the Dept. or Agency making the request for services;
 - b) The date of the request;
 - c) The description of the services, parts, materials needed and
 - d) Signature of the Dept. or Agency
- 3) The Job Order form is prepared by the Sokehs Dept. /Agency and submitted to Treasury who will assign a Job Order Number.
- 4) The Job Order form is then submitted for certification to ensure there are sufficient funds available to carry out the work. Certification will be made by the Treasurer or designee.
- 5) Once certified the Chief Magistrate will approve the Job Order to be used instead of a contract for payment purposes.
- 6) It is the responsibility of the SMG Government Agency to provide documentary support to show that services have been completed to a satisfactory standard.
- 7) For payment, the SMG Treasury will prepare a Payment Request and attach the approved Job Order and other relevant documentation i.e. sign off by the Department that the service has been completed to a satisfactory level.

1.47. Purchase of Different types of Expenditure

- 1) All obligations of Government funds for purchases of supplies or services more than \$5,000 must be supported by a contract in compliance except in the following situations:
 - a) Small purchases (<\$1,000)
 - (i) With respect to purchases involving less than \$1,000, an invoice issued by the Vendor and approved by signature of the appropriate Allottee making the purchase and transmitted to the Treasurer under/together with a Purchase Order Form may be used in place of a contract.
 - b) Supplies & Personal Property (\$5,001-\$9,999) With respect to purchases of supplies and personal property costing at least \$5,000 but less than \$10,000 the sokehs Government must prepare a purchase order with invoices. Such documentation can be used in place of a contract.
 - c) Repairs & Maintenance and Construction Projects (<\$5,001)

- (i) With respect to repairs, maintenance, or construction projects involving amounts less than \$5,001 must prepare a Job Order Form in place of a contract.
- d) Repairs & Maintenance and Construction Projects(\$5,001 to \$10,000)
 - i) With respect to repairs, maintenance, or construction projects involving amounts greater than \$5,001 but less than\$10,000 a contract must be put in place and subject to the requirements of these regulations. The project will be bid out.
- e) Sole Source purchases (no limit)
 - (i) Sole source purchases are goods or services that are available only from a single source, including utilities such as electricity and telephone services and including such goods as stamps and subscriptions to periodicals.
 - (ii) With respect to purchases from sole source supplier an invoice approved by signature of the appropriate Allottee making the purchase and transmitted to the Treasurer under a Purchase Order Request Form may be used in place of a contract.

1.48. Authorization of expenditure

- 1) All prepared purchase order forms must be prepared and verified by the Director, approved by the allottee, and certified by the Treasurer/designee;
- 2) All completed purchase order forms must be signed by the approval and certifying Officers;
- 3) All contracts must be signed as outlined part 1.41;
- 4) All prepared Job Orders must be approved by the Allottee, estimate signed off by the vendor/contractor undertaking the work, estimate accepted by the Chief of Public Works, and certified by Treasury;
- 5) All invoices/receipts for purchases < \$1,000 must be approved by the Allottee and certified by SMG Treasury.
- 6) All progress payments against job orders and contracts must be signed off by the Allottee, confirming that milestones have been met to a satisfactory standard expected.
- 7) At payment stage, the Allottee must sign the Request Payment form approving payment and also submitting adequate documentation to support the amount to be paid and that the goods and services have been received.

1.49. Processing of payments by data entry staff

- 1) All requests for payment must be checked by the Treasury department (senior officers) prior to the payment being processed in the centralized financial management system. The check will be to ensure the following:
 - a) The correct form has been prepared;
 - b) All required information has been completed on the form i.e. department name, date, Allottee approval, adequate itemized detail of the purchase;
 - c) All required documentation has been attached to the payment request i.e. purchase order, invoice, receipt, contract, job order, bill of lading, etc;
 - d) Certification has approved the purchase and signed;
 - e) Name of the person preparing the request is stated.
- 2) If any errors or inadequate documentation is identified, Treasury will return the Payment Request back to the relevant Department for correction or to provide additional information.
- 3) Only an approved data entry officer approved by the Treasurer may enter payment vouchers into the centralized financial management system.

1.50. Certification

- 1) At the beginning of each fiscal year, after the Appropriation Act has been passed, the Administration Division will prepare quarterly Allotments.
- 2) Once allotments have been finalized, a copy of the Allotment notice will be transmitted from the Administration to the Treasury Division to set up the manual ledgers for each allotment.
- 3) All requests for ordering goods and services and for payment must go through the Treasury process to ensure there is adequate funding available for the purchase.
- 4) All approved certification checks must be evidenced by a date and signed by the Treasurer and Chief Magistrate.
- 5) Only the Treasurer of Sokehs may certify payment requests and contracts in approve by Chief Magistrate.

1.51. Cancellation of issued checks

- 1) A check that is completed incorrectly i.e. wrong vendor name or amount incorrect must be cancelled/voided and be clearly marked as so in INK.
- 2) If the check has already been collected by the vendor or the SMG departments/employees, the check must be promptly returned to Treasury to be cancelled and a new check issued with the corrections.
- 3) If the check has already been collected by the vendor and an overpayment error has been discovered, the Treasury Officer must do the following:
 - a) Contact the vendor immediately advising of the error;
 - b) Make arrangements for the check to be returned;
 - c) If the check has already been released to the owner, proceed to make a STOP check so it cannot be cashed;
 - d) Wait for confirmation from the bank that the check STOP has been successful and the check is in their custody;
 - e) Only then can the Treasury Officer issue a new check.

1.52. Loss of issued checks

- 1) In cases where a check has been lost by the payee or any other person:
 - a) It is the responsibility of the payee or government representative to advise Treasury as soon as practically possible;
 - b) The bank must be advised immediately of the loss and a STOP payment be issued on the check to avoid it being cashed;
 - c) Wait for confirmation from the bank that the check STOP has been successful;
 - d) Only then can the Treasury Officer issue a new check.

1.53. Deductions from and withholding payments

- 1) The Treasurer may withhold payment of any payment request if the Treasurer considers it in the public interest to do so.
- 2) The Treasurer may deduct amounts from a payment to recover outstanding debts from a payee if agreed with the Revenue Officer that this action is appropriate.
 - a) If the contractor has left the country and there is no other avenue of recovering, then payments to the payee can be withheld until costs have been determined and may be deducted against any amounts owed to the payee.

- b) If the outstanding debt to be recovered is greater than the payment to be made, the Treasurer may withhold successive payment requests until the recovery has been fully offset.
- c) Details of any deduction made from an original gross amount due must be clearly shown on the Accounts Payable Voucher.

1.54. Over obligation of funds prohibited

- 1) Unless otherwise specifically authorized by law, no officer or employee of the Sokehs Government, or Allottee of funds shall make or authorize an expenditure from, or create or authorize an obligation pursuant to any appropriation, apportionment, reapportionment, or allotment of funds: a) in excess of the sum made available by law; or b) in advance of the availability of funds; or c) for purposes other than those for which an allotment has been made.

1.55. Discretion to refuse payment

- 1) The Treasurer of SMG shall have full and complete supervision of all funds of the Sokehs Government, including the power to withhold approval when necessary to prevent:
 - a) Misappropriation of public funds; and/or
 - b) The disbursement of public moneys in excess of specific appropriations.

1.56. Travel Expenses

- 1) No Government funds shall be obligated for travel except to defray Authorized Travel Expenses which are evidenced by:
 - a) Appropriation Act for travel
 - b) A Valid TA, and
 - c) A Travel Voucher

1.57. Authorized travel expenses

- 1) For the purposes, "Authorized Travel Expenses" means only such expenses as are incurred by the traveler named in the Valid TA.
- 2) Travel expenses are the expenses for land and air transportation, per diem (which includes lodging and daily subsistence allowance).
- 3) For each travel event, all of the following requirements must be met:
 - a) Official Government Business
 - i) The travel must be performed to conduct official government business by an official or employee of the Sokehs Government
 - b) Travel expenses are limited
 - i) Expenses of travel shall be limited to the amounts reflected in the TA, including amendments thereto, as estimated travel costs.
 - ii) Any unauthorized travel expenses shall be at a personal cost of the traveler unless an amendment is prepared accordingly.
 - c) Per Diem Allowance With respect to lodging and daily subsistence expenses i.e. meals, and other minor expenses of the traveler, a Per Diem rate established by the FSM/State shall be allowed regardless of the amount actually expended by the traveler, provided that the following limitations shall apply:
 - i) The per diem allowance shall be claimable by the traveler beginning on the day of departure through to the day of return regardless of whether the departure or

return day were partial days. Per diems are to cover each day away from normal place of residence;

ii) The per diem allowance shall not be allowed for layovers not reflected in the TA, including amendments thereto, unless the traveler can satisfactorily substantiate to the official approving the Travel Voucher pursuant to the layover was due to circumstances beyond his control;

d) Vehicle Rentals

i) Vehicle rentals must be approved by the Allottee in a TA after considering whether the cost of a rental is more cost effective than using local taxi services; and the assigned driver has the appropriate driver license acceptable for safety and insurance purposes.

1.58. Advances on Travel Authorizations

1) Travelers who have been issued an approved Valid TA may advance their travel allowance not more than three (3) days prior to departure. Advance of up to 100% of Travel Costs Permitted. One hundred percent (100%) of the estimated travel costs reflected in the TA for an official or employee of the Sokehs Government may be advanced upon the request of the traveler and the approval of the Treasurer.

2) Collection of all travel advances for pay back when travel did not happen, the traveler must sign a blank Allotment Form prepared by SMG to authorize Treasury to make payroll deductions from the traveler's salary in such cases where:

a) Traveler fails to submit a completed Travel Voucher as required by these Regulations; or

b) Traveler fails to repay the advance due to the travel being cancelled; or

c) On balance the traveler owes the Government because expenses were less than the advance given.

1.59. Travel Voucher Documentation

1) In all instances, a Travel Voucher shall be supported by copies of the original TA, and any amendments thereto, as approved, and by the original boarding passes and airline, ship or train ticket stub, as applicable.

2) No other documentation shall be required for per diem allowance or stipend claims.

3) If the ticket stub or boarding pass required by this subpart has been lost or stolen, the traveler may submit an affidavit attesting to the facts relating thereto in lieu of producing the ticket stub or boarding pass. The traveler is also required to submit a copy of their passport bio page, and the passport pages that show the traveler's departure and arrival stamps at each port of arrival or if the traveler has a valid One Pass account can provide a statement showing the travel taken.

4) All other items must be documented by original or duplicate receipts/invoices. For all other claimable expenses, Travel Vouchers shall be supported by the following documentation:

a) The customer's copy of the vehicle rental agreement, if any, showing:

i) The name and address of the lessor;

ii) The dates of vehicle use;

iii) The total amount charged;

iv) The signature of the lessor or representative; and

v) The receipt of payment from the lessee.

- b) Receipts or other documentary proof sufficient to establish that any other claimable expense was incurred and paid.

1.60. Payroll

- 1) No Government funds shall be disbursed to liquidate an obligation for the service of any employee unless the following documentary evidence has been filed with the Treasurer:
 - a) Time and Attendance Documentation. A time sheet or attendance report or other documents satisfactory to the Treasurer, signed by the appropriate designee, verifying the days and hours worked by the employee during the applicable pay period and submitted to Treasury for payment.

1.61. Payroll Deductions and Allotments

- 1) An obligation for employment by the Sokehs Government may be reduced only for the following:
 - a) Tax withholdings;
 - b) Premiums for Government-required insurance programs;
 - c) Amounts required under a court order;
 - d) Amounts requested by the employee to be remitted to SMG;
 - e) Amounts requested by the employee to be remitted to a third party, for health or life insurance premiums; and
 - f) Other amounts requested by the employee to be remitted to a third party, provided that no more than six (6) such allotments shall be permitted for each employee at any one time and that each such allotment must be in effect for at least six months, unless otherwise provided by law.
- 2) A payroll allotment under (d), (e) or (f) of this subpart shall be binding upon the employee in accordance with the terms of the request therefore, including but not limited to any prohibition on canceling the allotment without the consent of the third-party payee.

1.62. Payroll advances

- 1) An advance can be made to Employees as per the Manual of Administration.
- 2) Advances shall not exceed 80% of an employee's normal pay in a pay period.
- 3) The amount advanced must be requested in writing and approved by the Chief Magistrate.
- 4) All deductions and allotments attached to the employees pay will be deducted from the employee's gross pay and paid to third parties in the usual procedure.
- 5) Any amount advanced will be repaid in the next fortnightly pay-run resulting in a zero amount owing against the advance and normal payments will resume the following pay day.

1.63. Entertainment & hospitality expenses

- 1) Entertainment and hospitality can cover a range of items from:
 - a) Tea, coffee and biscuits;
 - b) Catering meals and beverages for events;
 - c) Restaurant spending on meals and beverages; or
 - d) Entry fees to a sporting event, tourist attraction or cultural event.
 - e) Sakau markets and Bottles

1.64. Representation Expenses

- 1) Representation Expense means expenses incurred in the course of official public relations, entertainment activities or constituent services necessary to advance the purposes and goals of the Sokehs Government.
- 2) No obligation shall be recorded for representation expenses unless:
 - a) Approved in advance by the appropriate Allottee;
 - b) Supported by documentary evidence sufficient to establish the purpose;
 - c) Amount of the expenditure; and
 - d) Not otherwise prohibited by law.
- 3) The Treasurer, may grant an advance and reimbursement of representation expenses.
 - a) A written request containing specific justification for the advance and reimbursement;
 - b) Affidavits, contracts or invoice/receipts for actual expenditures
 - c) All amounts advanced but not accounted for by affidavit, contract, invoice/receipt no later than one month after the end of the fiscal year or upon leaving office (whichever comes sooner).

1.65. Government motor vehicles

- 1) Government motor vehicles are considered 'sensitive expenditure' due to their value, high public visibility and perceived private benefit derived from using the government vehicle.
- 2) All Government motor vehicles are to be tagged with SMG plate.
- 3) The Treasury shall maintain a central register of motor vehicles showing the following details:
 - a) Vehicle number plate;
 - b) Vehicle Identification Number (VIN) or serial number;
 - c) Department name
 - d) Date of purchase.

1.66. Call for Sealed Bids

- 1) The open bidding process shall be initiated by the Director, who shall publish a call for sealed bids containing a minimum bid as per the bidding process set in the Manual.

1.67. Custodian responsibilities

- 1) When assets are purchased, a custodian form must be completed and submitted to the Director, to document who has custody of that asset and how much it cost and date of purchased.
- 2) Any individual caught intentionally damaging Government assets may be charged with any repair or replacement costs.

1.68. Asset classes

- 1) All tangible assets are to be classified into one of the following asset classes:
 - a) Buildings and improvements
 - b) Infrastructure
 - c) Computer equipment
 - d) Furniture, equipment and machinery
 - e) Boats
 - f) Aircraft
 - g) Motor vehicles
 - h) Land

- i) Construction in progress
- 2) Intangible assets are to be classified as required into one of the following asset classes:
 - a) Computer software
 - b) Other

1.69. Expendable assets

- 1) Expendable assets have a useful life greater than one year but a dollar value less than \$1,000.
- 2) These assets are expensed for accounting purposes and not depreciated.
- 3) Expendable assets tend to be attractive items that need to be tracked. Examples of such items are:
 - a) Mobile phones
 - b) Printers
 - c) Cabinets
 - d) Tables & chairs & other furniture
 - e) Projectors
 - f) Computers & laptops
 - g) Cameras etc

1.70. Depreciation

- 1) Depreciation on fixed assets is an accounting method of allocating the cost of an asset over its useful life.
- 2) The Sokehs Government accounting policy is to depreciate government assets using the straight line method over the estimated useful life, with a full year's depreciation charged in the year of acquisition and disposal, regardless of the date.
- 3) The estimated useful lives of the current asset classes are as follows:
 - a) Buildings and improvements—20 to 50 years
 - b) Infrastructure—20 years
 - c) Computer equipment—5 years
 - d) Furniture, equipment and machinery—3 to 20 years
 - e) Boats—25 years
 - f) Motor vehicles—3 to 10 years
 - h) Land—not depreciated

1.71. Disposal of fixed assets

- 1) At least once a year (or as the need arises), the Director/Administrative Assistant, will advise the Treasury of any assets that are no longer working or surplus to requirements that need to be surveyed for disposal. Once approved, the assets are transferred from the Department to the warehouse.
- 2) At least once a year (or more if required), the Director will prepare a list of all assets that are no longer working or surplus to requirements, that have been transferred from the custody of the Department to the warehouse.
- 3) Upon the discretion of the Treasurer, a date will be set for a public sale to occur. A public notice must be prepared and displayed in prominent public spaces (including internet space) to advertise the sale.
- 4) The public are invited to submit closed bids by the due date.
- 5) The Treasurer or designee will review all bids for each asset item and decide on the highest bid.

- 6) There will be no private sale to staff or individuals without going through the public sale.
- 7) Once the item has been paid and receipted, the asset will then be transferred to the purchaser and removed from the asset register.

1.72. Record keeping requirements

- 1) The Operating Fund Custodian shall maintain, by prompt posting after each transaction:
 - a) Check Register. A check register which shall reflect deposits, disbursements, and adjustments to the Operating Fund Account and an updated balance of the account after each transaction; and
 - b) Cash Disbursements Journal. A cash disbursements journal that:
 - i) Reflects all checks issued or voided in numerical order, and reflecting in columnar format the: Date of the check; Payee of the check; Number of the check; Amount of the check; Purpose of each transaction; and Amount[s] charged to the various accounts to which the expenditure is to be recorded.

1.73. Reporting Requirements

- 1) Monthly Operating Fund Report. A report on the Operating Fund Account reflecting in columnar and category format (e.g., Personnel, Travel, Fixed Assets, Consumable Goods, Contractual Services, Representation funds, Benefits and with programs and small projects) as prescribed by the Treasurer :

1.74. Authorized expenditures

- 1) All expenditure must be within the limits and in line with the Appropriation Act for which the funds were allotted. The Chief Magistrate, Speaker and Chief Justice are the allottees of funds relating to their branch but the Chief Magistrate has the managing authority to approve all expenditure for the requesting branch, programs and projects under any appropriation.

1.75. Small Projects and Programs

- 1) The term "small projects" includes but is not limited to infrastructure development, donation of equipment and appropriations for specified or unspecified public purposes, public uses and shall not use for SMG operation expenses.
- 2) The term "Programs" includes but is not limited to contributions and appropriations for specified or unspecified public purposes, public uses, economic development, social development, and shall not use for SMG operation expenses.

1.76. Non-Compliance Report

- 1) The Treasury shall establish a Non-compliance reporting mechanism.
 - a) To ensure compliance with these Regulations;
 - b) To investigate matters of non-compliance to determine facts;
 - c) To Report all findings to the Chief Magistrate and Council and/or such other established Committee to determine an action plan.