

# Financial Instructions

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## 1. Definitions & Abbreviations

**PF&A** is the Public Finance and Audit Act (Cap 120).

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

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

**AO** is an ‘Accounting Officer’.

## 2. Constitutional Provisions

The Public Finance and Audit Act, 1978, as amended, include the requirements that:

**Section 6(1)** “The Minister shall so supervise the finances of the Government as to ensure that a full account is made to Parliament and for such purpose shall, subject to the provisions of this Act, have the management of the Consolidated Fund and the supervision, control and direction of all matters relating to the financial affairs of the Government”.

**Section 6(2)** “For the purpose of ensuring compliance with the provisions of subsection (1) the Minister may issue instructions to be called Financial Instructions and Stores Instructions for the better carrying out of the provisions and purposes of this Act”.

**Section 7(1)** “Every accounting officer and every accountable officer shall obey all instructions that may from time to time be issued by the Permanent Secretary in respect of all accounting or accountable matters for which he is responsible”.

**Section 22(1)** Subject to subsection (2), if it appears to the Minister that any person who is or was a public officer<sup>1</sup> -

- (a) has failed to collect any moneys owing to the Government, the collection of which he is or was responsible;
- (b) is or was responsible for any improper payment of public moneys or for any payment of such moneys which is not duly vouched;
- (c) is or was guilty of negligence or misconduct in relation to any deficiency in or for the destruction, damage or loss of any public moneys, stamps, securities, stores or other Government property; or
- (d) is or was responsible for causing any financial loss to the Government through failure to obey any order or instructions properly given or issued to him,

shall be guilty of misconduct in office and further if, within a period of one month from the date of the notice under subsection (2), an explanation satisfactory to the Minister is not furnished to him by such person with regard to the failure to collect, the improper payment, the payment not duly vouched, the deficiency, destruction, damage or loss or the failure to obey the order or instructions, the Minister may surcharge such person a sum not exceeding the amount not collected, the amount improperly paid, the amount not duly vouched, the amount of deficiency or loss, the

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<sup>1</sup> Refer ‘Roles and responsibilities of public officers’ FI for the definition of public officer

value of the property destroyed or lost, the cost of damage or the amount of the financial loss, as the case may be, and the Minister shall then notify such person of the surcharge.

(2) No person shall be surcharged under subsection (1) unless the Minister has notified the person of the conduct in respect of which the surcharge is intended to be made and the person has been requested to furnish an explanation with regard to the conduct.

**Section 23(1)** Any person aggrieved by any surcharge made against him under section 22(1) may appeal to the High Court within one month from the date that he was notified of the surcharge under that section.

(2) On any appeal under subsection (1), the High Court may confirm, vary or quash the surcharge.

**Section 24** The Minister may, at any time after a surcharge has been made under section 22 withdraw the surcharge if it appears to him that the surcharge has been made by mistake or that the circumstances do not justify the surcharge.

**Section 25(1)** The amount of any surcharge made under section 22 which has not been quashed by the High Court under section 23 or withdrawn under section 24 shall be a debt due to the Government from the person surcharged and, notwithstanding any law to the contrary, the Minister may direct that the amount be recovered from the salary, allowance or pension payable to the person by the Government.

(2) Where the Minister directs that the amount surcharged be recovered under subsection (1), the recovery shall be made -

(a) in the case of salary or allowance, by deducting therefrom in equal monthly instalments an amount not exceeding one-fourth of the net monthly salary or allowance, as the case may be; and

(b) in the case of pension, by withholding the pension or deducting such part thereof as is sufficient to satisfy the amount of the surcharge that remains unrecovered.

(3) Where the person surcharged ceases or has ceased to be a public officer, the amount surcharged may be sued for and recovered from the person in any court of competent jurisdiction at the suit of the Government.

(4) Where an action is brought under subsection (3), it shall be sufficient if, in the absence of proof to the contrary, it is proved on behalf of the Government that the person was a public officer and that -

(a) in the case of an action in respect of a loss or deficiency in public moneys, the person was guilty of one or more of the conducts referred to in paragraphs (a) to (d) of section 22(1) in relation to the loss or deficiency of the moneys, the subject of the action; and

(b) in the case of an action in respect of loss or destruction of or damage to Government property—

- (i) the property, the subject of the action, was at the material time in the charge of the person; and
- (ii) the person was guilty of negligence or misconduct which caused or contributed to the loss, or destruction of or damage to the property.

(5) Where, in an action brought under subsection (3) in respect of loss or destruction of or damage to property, it is proved that the negligence or misconduct of the person was not the sole cause of the loss or destruction of or damage to the property, the subject of the action, the Government shall be entitled to judgment for so much only of the cost of, or the cost of replacing or repairing, the loss, destruction or damage as is just and equitable having regard to the contribution made by the person to the loss, destruction or damage as determined by the court.

Section 35(1)(e) “that all reasonable precautions have been taken to safeguard the receipt, custody, issue and proper use of Government property including stamps, securities and stores and that the Regulations and Instructions relating thereto have been duly observed”.

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

### 3. Ministerial Financial Instructions - Background

These instructions are issued by the Minister for Finance in accordance with section 6(2) of the Act, Cap 120(hereinafter referred to as a Ministerial Instructions) for the better carrying out of the provisions and purposes of the Act. The Act requires that these instructions are adequate for the guidance of accounting officers.

The 2008 Financial Instructions depart from the format of earlier instructions by differentiating between Ministerial (section 6) and Permanent Secretary (section 7) instructions as required by the PF&A. There are also two types of Ministerial Instructions. Firstly, Ministerial Instructions pronounce matters of policy and strategic direction, and, secondly, also instructions that delegate responsibility to the Permanent Secretary, Finance and Treasury certain accounting and accountable matters that the Permanent Secretary must issue ‘Permanent Secretary’ instructions to elaborate on, implement and guide management and operational matters that achieve the SIG strategies and policies pronounced by the Ministerial Instructions. Ministerial Instructions will be long standing and rarely require amendment, where as regular changes in financial management practice; e.g. accounting standard reform, will likely require that the Permanent Secretary Instructions are periodically reviewed and amended. Both instructions are published together. A Chapter is designed to be reviewed in the future in isolation of other Chapters to reduce the update effort.

This structure is consistent with legal advice that the power of the Permanent Secretary to issue FIs is restricted to detailed matters of responsibilities of Accounting Officers and Accountable Officers, as defined in the Act. Further that, FIs cannot delegate the Minister’s powers to make instructions.

The Ministerial and Permanent Secretary Instructions are separated into modules (Chapters), grouped under common strategic themes. Each Chapter includes relevant abbreviations, Constitution and Act sections to provide context to the instructions.

Each Chapter will also contain a section that lists and summarises, for easy reference, the Minister for Finance and the PSF's responsibilities and duties relating to that Chapter.

### Central principles

The Financial Instructions are intended to support the efficient, effective and ethical use of Government (or public) money, property and other resources. Six central principles guide the use of public resources:

- Value for Money - buy good quality and at the lowest price
- Competitive purchasing - let the whole market compete to supply Government
- Efficient, Effective and Ethical Use of Resources - eliminate waste and make only the proper use of Government resources
- Accountability and Transparency - make it clear what has been done and why it has been done
- Financial Sustainability - the underlying fiscal strategy must be sustainable so that it can be continued into the foreseeable future without substantial amendment, particularly without sharp changes in tax rates or spending required to prevent a substantial deterioration in fiscal position<sup>2</sup>
- Equity - support the acquisition of goods or services or both to advance community equality and provide economic opportunities for Solomon Islanders, including women, youth and people with disabilities.

### Emergency

Financial Instructions might be varied or set aside in the declaration instrument of a declared emergency. For the purposes of the FIs an emergency is a situation described in the Emergency Powers Act or a declared disaster under the National Disaster Council Act, being:

- Solomon Islands is at War
- A state of public emergency is in force as declared and approved under section 16 of the Constitution
- A disaster as declared under section 12 of the National Disaster Act

Hereinafter the collection of Ministerial and Permanent Secretary Instructions described in the Act as 'Financial Instructions and Stores Instructions' 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.

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<sup>2</sup> Based on Sheehan, Australian Accounting Review (2005)

#### 4. Ministerial Financial Instructions

##### **M1 1 General directions**

- 1.1 All Members of Parliament and SIG officers involved in activities relating to any financial matter must promote and observe these Financial Instructions.
- 1.2 The Financial Instructions support the application and implementation of the PF&A and the management of the financial affairs of the Government.
- 1.3 All Officers must observe these Financial Instructions and apply them to achieve the six central principles whenever they are acting on behalf of SIG. Any instances of failing to observe any instruction will be dealt with in accordance with the 'Non-compliance, Misconduct and Penalties' section of this Chapter.
- 1.4 These FIs cannot prevent the Constitution, Act and any other laws of the Solomon Islands from being applied.
- 1.5 Any person becoming aware of any conflict between these FIs and the law of the Solomon Islands must immediately notify the Permanent Secretary in writing.
- 1.6 If at any time the position title of the Permanent Secretary responsible to the Minister for Finance is amended from PSF then all Financial Instruction references should then be read by substituting the revised title wherever it applies.

##### **M1 2 Duties of the Minister for Finance**

- 2.1 Determines the amount owing by an officer to be deducted from salary for misconduct **M1 22.2**

##### **M1 3 Duties of the PSF**

- 3.1 Keep and maintain a register of all documents that are destroyed. See **M1 8.5**
- 3.2 Ensure security of electronic stored data. See **M1 10.1**
- 3.3 Safe custody of security documents. See **M1 11.21**
- 3.4 Approve changes to security documents. See **M1 12.3**
- 3.5 Number of security documents held. See **M1 15.1**
- 3.6 Approve the format of monthly return security documents. See **M1 17.1**
- 3.7 Immediately refer all matters, where there are suspicions that a matter may involve illegal or criminal activity, to the Solomon Island's Police for investigation. See **M1 23.3**
- 3.8 Issue financial circulars to update amendments to the FIs. See **M1 4.1**

##### **M1 4 Financial Circulars to update the Financial Instructions**

- 4.1 The PSF must issue circulars to advise all Ministries of any amendments to the FIs, any policy matter or clarifications on the interpretations of these Instructions.

### *Administration and records*

#### **M1 5 Financial Instruction administration**

- 5.1 The Chief and/ or Principal Accountants of all Ministries must ensure that all circulars advising of changes to FIs are inserted into the FI folder, or that FIs used by electronic means is the latest available version. Chief or Principal Accountants will return the signed acknowledgement slip to the Accountant General as acknowledgement that the changes have been received, read and understood.
- 5.2 The Accountant General must ensure that financial circulars, advising of changes to FIs, are inserted into the FI folders not yet in use, or the electronic version is updated. No copy of the FIs will be issued by the Accountant General until it has been checked that all changes are included.
- 5.3 The Accountant General will keep a file for all Financial Circulars advising of changes to FIs. Acknowledgement slips from Chief/Principal Accountants in Ministries will be placed on file as proof of receipt of the changes.
- 5.4 Suggested changes to the FIs can be sent to the Accountant General and copied to the Auditor General.

#### **M1 6 Care of Financial Instructions**

- 6.1 The Chief or Principal Accountant in each Ministry must ensure that the FIs are kept in a fully updated, clean, useable condition at all times. Damaged copies must be returned to the Accountant General and destroyed; and a replacement copy issued if requested.

#### **M1 7 Keeping official financial records**

- 7.1 All accounting forms to be used to conduct financial transactions must be official Treasury forms approved by the PSF. This includes licence forms (unless issued by some other authority).
- 7.2 Treasury forms shall not be reprinted without the approval of the PSF.
- 7.3 All Treasury forms and account books must be pre-numbered and the number recorded in a register by the Officer filling out the form.
- 7.4 Once a pre-numbered form or account book entry has been registered, it must not be removed or erased from the register. Forms and entries registered in error or damaged can be marked cancelled but the number remains in the register.
- 7.5 All Treasury forms and account books must be completed by typing or writing in blue or black pen. Red pen can be used to show credit. Green pen is used only by the Office of the Auditor General. Purple pen is used only by Internal Audit. Pencil may be used only for checking sub-totals.
- 7.6 Any error in completing Treasury forms, or in account book entries, must be ruled out and the correction printed neatly above and initialled by the Officer. Erasure, writing over figures, or the use of correcting fluid is not permitted under any circumstances.
- 7.7 Any error in internally audited figures in account books must only be changed by staff of Internal Audit and will be initialled by them.



- 7.8 Any error in audited figures in account books must not be changed by staff without the prior instruction of the Auditor-General's office and will be initialled by them.
- 7.9 Account books are defined as being ledgers, journals, cash books, day books and abstracts; and any other record prescribed by the PSF including printed reports from electronic systems.

### **M1 8 Disposal of financial records**

- 8.1 Subject to **MI 8.4** and **MI 8.5** copies of Ministry and sub-accountancy financial records (payment vouchers, cash books, receipt books and account schedules) must be kept for three years and can be destroyed after that as long as they are audited.
- 8.2 Subject to **MI 8.4** and **MI 8.5** original copies of payment vouchers, duplicate receipts, cash accounts, journals, abstracts and other records kept by Treasury may be destroyed after six years provided they are audited.
- 8.3 All principal account books held by Treasury, including salary and payroll records must be held indefinitely.
- 8.4 Documents cannot be destroyed unless written permission is obtained from the Auditor-General and the Government Archivist. Any order by the Auditor-General or the Government Archivist to keep any document in the Archives office must be obeyed.
- 8.5 If documents are to be destroyed, Treasury Officers must advise the PSF in writing and provide copies of the written permission from both the Auditor-General and the Government Archivist. Documents cannot be destroyed without these written permissions being given. The PSF must keep a register of all documents that are destroyed. This register must include:
  - (a) date the documents were destroyed
  - (b) description of the documents destroyed
  - (c) method used to destroy the documents
  - (d) reference number and dates of the written permission given by Auditor-General and government Archivist
  - (e) any other relevant information.

### *Security*

All AOs must be aware of all security recommendations in these FIs. Special care must be taken to make sure that all recommendations regarding cash handling and security of financial records and all electronic data and information are followed.

### **M1 9 Security of office accommodation and equipment**

- 9.1 All AOs must -
  - (a) control their staff at all times.
  - (b) maintain proper security for all buildings, stock, stores, furniture, equipment, cash etc. Proper asset registers and records of stock items, furniture and equipment must be kept.



- (c) consult with the PSF or Commissioner of Police, if security is considered to be ineffective or special security arrangements are needed.

### **M1 10 Security of electronically stored data**

#### 10.1 The PSF must –

- (a) ensure that the Information Technology Manager is maintaining proper security and confidentiality of information held in the main system or for its use including appropriate levels of backup and offsite storage.
- (b) ensure that all Treasury information and all financial information and records stored as electronic data is properly secured and kept confidential; and
- (c) issue directions setting out the minimum electronic data storage requirements to AOs and Sub-Accountants.

#### 10.2 All AOs are responsible for ensuring proper security and confidentiality are maintained for electronically stored data held within a Ministry or accessible through any network.

### **M1 11 Safe custody and usage of security documents**

#### 11.1 Security documents are Treasury receipts and licences and any other document specified in writing by the PSF.

#### 11.2 Security documents will be held in bulk by the PSF, who is responsible -

- (a) for their safe custody, registration and control
- (b) for ensuring that new supplies of security documents are purchased and recorded in the relevant register.

#### 11.3 The following Officers are responsible for the safe custody, registration and control of bulk stocks of security documents:

- (a) Chief Postal Officer – Money Order forms;
- (b) Commissioner of Police – Firearms Licence forms; and
- (c) AO – any licence forms which are the Ministry's responsibility.

#### 11.4 The Officers listed in **M1 11.3** have the same responsibilities regarding security documents under their control as described for the PSF in **M1 144**.

### **M1 12 Procurement of and changes to security documents**

#### 12.1 Orders for more security documents must not be made until the documents have been reviewed for any format changes needed.

#### 12.2 All security documents must be pre-numbered.

#### 12.3 All changes to security documents must be approved in writing by the PSF.

### **M1 13 Checking and recording of new security documents**

#### 13.1 When new supplies of security documents are received the following checks must be made:

- (a) documents must be immediately counted and checked to make sure the number of books or documents delivered agrees with the number ordered;
- (b) number sequence continues immediately after the sequence of previous documents on hand;

- (c) any break in numbering sequence must be recorded in the relevant register immediately before recording details of the new documents.
- 13.2 The first and last serial number of each document must be checked and recorded in ink on the outside cover of the book. The new supplies must be recorded in the relevant register giving the total number of new books or documents received; the first and last serial number of the new supplies, details of the order, suppliers invoice and delivery note and the date of receipt. Where Treasury receipts are issued by electronic means the system should be verified to ensure that it issues sequential receipt numbers that cannot be duplicated.
- 13.3 New supplies will be stored in a strong room or safe and in piles that are in strict numerical sequence.

### **M1 14 Issue of security documents from bulk stock**

- 14.1 Only the PSF and Officers listed in **M1 11.3** shall –
  - (a) issue books /documents of Treasury receipts and licences and other security documents to Accountable Officers, and
  - (b) make sure that previous books/documents have been used before issuing new supplies.
- 14.2 Officers in Honiara shall obtain new supplies of security documents by personal attendance at the Treasury and will sign the register as receiving the documents.
- 14.3 Officers outside Honiara will send a written application for new supplies of security documents allowing adequate time to process the request, shipping etc.
- 14.4 The PSF and Officers listed in **M1 11.3** must make sure that Officers in Honiara receiving new supplies of security documents sign the relevant register when receiving the documents.
- 14.5 New supplies of security documents to Officers outside Honiara will be delivered by a responsible Officer in person, where possible, or sent by registered post, with a covering letter referring to the written application for the documents.
- 14.6 The receiving Officer must inform the issuing officer by electronic mail phone or other means that the new supplies have been received and the serial numbers of the documents received.
- 14.7 Officers outside Honiara must immediately inform the issuing officer by electronic mail, phone or facsimile that the documents have been received and quote the serial numbers of the documents received. Receipt of the documents must be noted in the relevant register and this will be accepted as receipt of the documents in place of a signature of the receiver.
- 14.8 All Officers receiving security documents must immediately check them. Honiara Officers must check them against the details in the register; Officers outside Honiara must check them against the details in the covering letter.
- 14.9 In Honiara, any error in the number of documents issued or in the numbering of documents must be corrected immediately. Outside Honiara, Officers must

immediately advise of any error by phone followed by facsimile. The issuing Officer is responsible for immediately correcting the error.

- 14.10 Any book of security documents found to contain errors must be returned to the issuing Officer immediately. If an error is discovered after the book is in use, the book will not be returned but will be kept with other used books. All unused pages in the book with errors must be marked 'cancelled' and signed by the holding Officer. The issuing Officer must be advised together with details of the errors in the book.

### **M1 15 Sub-accountant's stock of security documents**

- 15.1 The PSF can approve in writing the holding of a small number of security documents by sub-accountants where it is in the interest of SIG and the public. The PSF will decide the numbers of documents to be held by sub-accountants and these numbers must not be exceeded except by written permission of the PSF.
- 15.2 The sub-accountant holding small stocks of security documents will be responsible for the safe custody of the documents.
- 15.3 Once a sub-accountant has been approved to keep small stocks of security documents, the PSF will give written permission for revenue collectors to obtain future supplies from that sub-accountant.

### **M1 16 Accountable Officer's record of security documents**

- 16.1 Every Accountable Officer who holds security documents must keep a record of all documents issued showing:
- (a) the date of receiving the documents;
  - (b) the first and last serial number of each book received;
  - (c) and the dates when the first and last document in each book was issued to the public.

### **M1 17 Monthly return of security documents**

- 17.1 All Accountable Officers holding security documents must send a monthly return to the issuing officer, in a format approved by the PSF, for each type of security document giving the following details:
- (a) quantity and serial numbers of books held at the start of the month
  - (b) quantity and serial numbers of books received during the month
  - (c) serial numbers of all documents issued during the month
  - (d) serial numbers of books held at the end of the month.
- 17.2 All Accountable Officers (except revenue collectors as in **M1 17.3** below) will send this return to the PSF immediately after the last working day of the month.
- 17.3 Revenue collectors and other Accountable Officers who submit accounts to a sub-accountant will give details of the security documents they are holding at the end of the month to the sub-accountant to be included in the sub-accountant's monthly return.

### **M1 18 Transfer of security documents**

- 18.1 A partly used security document book must not be separated from the cash book used to account for the used security documents. If a cash book ceases to be used, the partly used security document book must be returned to the PSF or to an Officer delegated in writing, together with the cash book and other associated accounting records. The partly used book of security documents must be then cancelled.
- 18.2 An Accountable Officer must not transfer any security document to another Officer, except when handing over to the Officer taking over.
- 18.3 When handing-over occurs between two Accountable Officers, the handing-over certificate signed by both Officers, must contain details of the quantities and serial numbers of each type of security document being held by the hand-over Officer.
- 18.4 The taking-over Officer must sign immediately below the last entry in the register. This signature is evidence that the taking-over Officer has checked and agreed on the stock of security documents being held.

### **M1 19 Changes to the format of security documents**

- 19.1 No changes must be made to pre-printed security documents except those allowed under this section.
- 19.2 Where the PSF approves a change to the pre-printed format of a security document, the PSF shall, if necessary and while waiting for the new version to be printed, approve in writing that the changes can be made to existing security documents. These changes must be initialled by the Officer responsible for the completion of the security document.

### **M1 20 Safe custody of security documents in use**

- 20.1 All security documents must be stored in a strong room, safe or strong lockable box. Books of documents in use must be kept under lock and key both during office hours and out of office hours. Accountable Officers must make sure security documents are returned to locked facilities after each time used.
- 20.2 The loss of any unused security document must be reported immediately to the PSF and Accountable Officer's senior Officer. A full written report on the circumstances surrounding the loss must be submitted to the PSF as soon as possible with copies sent to the senior Officer and the Auditor General.

### **M1 21 Disposal and destruction of security documents**

- 21.1 Copies of security documents must be destroyed only as directed in **MI 8**.
- 21.2 Disused and unused security documents must be returned to the PSF to arrange for their destruction. The Auditor-General will be advised and may attend the destruction.
- 21.3 A destruction certificate from the PSF will be completed and signed by two Officers responsible for carrying out the destruction.

- 21.4 The destruction certificate will contain the serial numbers of all documents destroyed. One copy will be sent to the Auditor-General and one copy placed on the Register of destroyed or Disposed Documents set down in **M1 8**.

### *Non-compliance, Misconduct and Penalties*

#### **M1 22 Liability and financial responsibilities of all Officers**

- 22.1 All Officers are personally liable in carrying out their financial duties and may be held financially responsible by the PSF, for any losses or errors while carrying out those duties.
- 22.2 When a financial duty is assigned in writing to another public officer under the control of the responsible Officer, who has the knowledge and capacity to undertake the duty, the responsible Officer retains responsibility for effective oversight of the performance of that officer, but personal and financial responsibility is assumed by the officer to whom the assignment was made.

#### **M1 23 Misconduct awareness and consequences**

- 23.1 All public officers must be aware of the consequence of misconduct in office under section 22(1) of the Act.
- 23.2 Any Officer who fails to comply with any FIs is guilty of misconduct in office and will be disciplined, provided that any direction received to perform a duty is lawful.
- 23.3 All matters where there are suspicions that a matter may involve illegal or criminal offence will be immediately referred by the PSF to the Solomon Island's Police for investigation.

#### **M1 24 Failure to collect money owing to Government, or causing financial loss and related misconduct**

- 24.1 Any Officer who fails to collect money owing to the Government, fails to receipt money paid to the Government, makes an improper payment, does not document payments properly or causes any other financial loss to SIG is guilty of misconduct.
- 24.2 If the Officer does not provide the Minister of Finance with a satisfactory explanation for the misconduct within one month, the Minister will inform the Officer that the amount owing to the Government will be deducted from the salary of the Officer<sup>3</sup>.
- 24.3 Equal monthly amounts not more than one quarter of the Officer's net monthly salary will be deducted until the amount owing is repaid.
- 24.4 If the Officer has left the public service, the amount owing can be withheld from the Officer's pension or other amount owed to the Government.
- 24.5 In addition to deduction from the Officers salary, any other disciplinary action and or penalties, set out in the General Orders will be applied in cases of misconduct in office.

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<sup>3</sup> All public service Officers have as a condition of employment that any money owing by them to the government may be deducted from their salaries (General Orders Chapter A, Section 1, GO107 and Public Finance and Audit Act 1978 Sections 22-25).

### **M1 25 Dividing goods and/or services into components**

- 25.1 Deliberately dividing the acquisition of goods and/or services into components to avoid monetary limits can cause financial loss to SIG.
- 25.2 This practice is misconduct and is subject to disciplinary action and surcharge.

### **M1 26 Failure to check received cheques**

- 26.1 Refer to **P5 51** for the consequences of failing to check the validity of a received cheque and the consequences of incurring penalty bank fees.

### **M1 27 Unauthorised bank accounts and bank account reconciliations**

- 27.1 Opening a bank account without PSF written authorisation is misconduct and is subject to disciplinary action.
- 27.2 AOs or the Accountant-General must advise the PSF whenever a bank account has not been reconciled within 30 days of the date of the bank statement. The advice must include the following:
  - (a) name of the bank account;
  - (b) date of bank statement;
  - (c) balance of the bank account.

### **M1 28 Liability of Accountable Officers for loss of keys**

- 28.1 Refer to **P4 14** for the consequences of the loss of safe keys.

### **M1 29 Arrears of revenue**

- 29.1 Where the PSF considers that arrears cannot be recovered and suspects that this is due to negligence of the revenue collection Officers, an investigation will be conducted.
- 29.2 Where the PSF is satisfied there has been negligence, whole or part of the lost revenue can be charged against the negligent Officer's advance account.
- 29.3 Where the PSF considers that more than one Officer has been negligent, amounts can be charged against each negligent Officer's advance account.

### **M1 30 Financial liability of an officer to be recognised with a debit note**

- 30.1 In any circumstance where an Officer is deemed to be liable to compensate SIG a debit note will be completed, in accordance with the requirements of Chapter 5, and issued to the Officer for the full amount of the liability.
- 30.2 Payments received or salary/wage deductions made will be offset against the total debit balance.

## **5. Permanent Secretary Financial Instructions**

There are no PSF instructions under this Chapter.