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LOCAL GOVERNMENT COUNCILS (FINANCIAL INSTRUCTIONS)

Order 55 of 1982

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LOCAL GOVERNMENT COUNCILS (FINANCIAL INSTRUCTIONS)

To provide for the control and management of the financial business of Local Government Councils, for the procedures relating to such control and management, for the duties of the treasurers and accounting staff of Councils, and for matters connected therewith.

PART 1 – INTERPRETATION

1. Interpretation

In this Order unless the context otherwise requires –

"Act" means the Decentralisation Act No. 11 of 1980;

"Auditor" means an auditor appointed in accordance with section 41 of the Act;

"Accountable Officer" means any officer appointed by the Council and charged with duties involving the handling of funds of the Council, and includes Area Council Secretaries who are Revenue Collectors;

"Council" means a Local Government Council established under the Decentralisation Act No. 11 of 1980;

"Council Officer" means any person appointed to the service of a Council, and includes Secretary, Treasurer and Accountable Officer;

"Secretary" means the officer appointed to the position of chief executive officer of the Council with overall responsible for the operation of the Council;

"Treasurer" means the officer appointed to the position of head of the accounting organization of the Council answerable directly to the Secretary.

PART 2 – FINANCIAL RESPONSIBILITIES OF OFFICERS

2. Duties and Functions of the Treasurer

(1) The Treasurer shall be responsible for the general management and supervision of all the accounting operations of the Council under the direction of the Secretary and in accordance with these Instructions.

(2) It is the duty of the Treasurer:

(a) to see that the proper system of accounts or accounting is established and carried out within the Council organization;

(b) to supervise the receipt of Council revenue and as far as possible to secure its punctual collection;

(c) to bring promptly to account, under the proper heads and subheads all money paid to or by the Council or any of its officers;

(d) to ensure the safe-keeping of all monies, stamps, securities and valuable documents;

(e) to supervise all the officers of the Council entrusted with the receipt or expenditure of public money, including accountable officers and to take precautions by the maintenance of efficient checks, including surprise inspections, against the occurrence of fraud, embezzlement or carelessness;

(f) to supervise expenditure and other payments of the Council, and to take care that no payment is made which is not covered by proper authority;

(g) to call to the attention of the Secretary in writing any expenditures not covered by proper provision;

(h) to prepare the accounts for audit and to prepare the financial statements and returns required by these Instructions;

(i) to report to the Secretary any irregularity connected with the accounts which may require disciplinary action, or which for any other reason he considers he should report;

(j) to report to the Secretary any failure on the part of any Council officer to receive and duly account for any money received by him;

(k) to report to the Secretary any case in which he considers that the revenue is falling into arrears;

(l) to prepare such reports, analysis or forecasts as may be required by the Council, the Executive Committee, Secretary or as he considers necessary for the proper management of Council affairs;

(m) to produce when required by the Auditor General or his staff or by an officer authorized by the Minister, all account books, records or vouchers in his charge, and to grant every facility for such surveys of cash and stores as these officers may require;

(n) to refer to the Secretary any matter affecting the accounts of the Council which is not covered by these Instructions.

3. Duties and Functions of Accountable Officers

An Accountable Officer shall ensure that the accounting procedures laid down by the Minister, the Council and the Treasurer are followed, and in the case of Area Council Secretaries:

(a) pursue the collection of head tax and all other Council revenues in his area;

(b) see that all his accounting records are kept up to date;

(c) hold an imprest if required to do so by the Treasurer;

(d) make payments as instructed by the Treasurer;

(e) maintain records of Area Council finances in the prescribed form and make returns of Area Council accounts as directed and required by the Treasurer.

4. Duties of other Council Officers

(1) All Council Officers, whether or not they are accountable officers, are personally and may be financially responsible for the due performance of any duties described in these Instructions.

(2) If an Accountable Officer fails to account for or to produce any part of cash, stamps or other items of value entrusted to him or is responsible for wasteful or unauthorized expenditure, he may be liable to disciplinary action in accordance with Staff Regulations and may be required to make good any loss.

(3) The responsibility of the Auditor General for examining and reporting any shortcomings in connection with the Council accounts or finances does not release any officer from his responsibility for complying with instructions within his own authority.

PART 3 – GENERAL RULES RELATING TO FINANCE

5. Receipts, Payments Cash Book

All accountable officers are required to account for all transactions on a daily basis. All receipts and payments will be entered as soon as practicable in the Cash Book which will be balanced weekly against cash in hand.

6. Control of Revenue

No revenue may be collected other than in accordance with the approved Estimates.

7. Bank Statements

Bank Statements will be obtained monthly for every Council bank account. Reconciliation statements will be prepared as soon as Bank Statements are received.

8. Trial Balance

A trial Balance will be drawn up monthly and attached to accounts submitted to the Minister for inspection.

9. Final Accounts

Final Accounts will be prepared from the June trial Balance and submitted to the Department of Local Government, Vila for Audit.

10. Losses

All losses of cash from whatever source will be reported immediately to the Secretary.

PART 4 – PREPARATION OF ESTIMATES

11. Estimates

The preparation of draft revenue and expenditure Estimates is the responsibility of the Treasurer under the overall direction of the Secretary, in consultation with the Council Executive committee, together with such technical advice as may be requested from Government Ministries. Preparation of draft estimates for the next following financial year should begin in February each year. The draft should be presented to the Executive Committee of the Council by the Treasurer in April, each year beginning July 1st. Upon being passed by the Council, four copies of the Estimates, signed by the President of the Council and the Secretary, will be sent to the Minister for approval.

12. Approval of Estimates by Minister

As soon as the Minister has approved the Estimates of the Council, a copy will be returned to the Secretary. It will then be used as the sole authority for incurring expenditure, until and unless supplementary estimates are approved.

13. Supplementary Estimates

Supplementary Estimates may be passed where additional financial provision is required during the course of any year. The procedure will be the same as for Estimates as outlined in Instructions 11 and 12.

14. Delay in Approval of Estimates

In the event of a delay in the approval of Estimates, the Council may –

(a) authorise expenditure of recurrent items to an amount not exceeding half that provided in the approved estimates of the preceding year; and

(b) grant to its officers, servants and employees any normal increase of salary or wages in accordance with approved scales.

15. Standard Form of Estimate

Estimates will be prepared in the prescribed form.

16. Ordinary Revenue and Expenditure

(1) Recurrent items of revenue will include:

Head Tax
Trading Tax
Liquor Licences Tax
Dog Tax
Vehicle Licence fees
Cinema Tax
Entertainment Tax
Lottery Tax and Gaming Tax
Recurrent Grants from the Government.

(2) Ordinary items of expenditure will be divided into the following:

(a) Personal Emoluments to provide for the payment of all salaried council staff;

(b) Other Charges. These will include the following Heads:

Travelling and Subsistence
Office Running Costs
Telecommunications
Transports Costs
Incidentals
Office Equipment
Electricity
Transit Houses
Maintenance of Schools
Maintenance of Dispensaries, Clinics and Hospitals
Maintenance of Roads
Allocation to capital expenditure.

Expenditure on Recurrent Heads will normally cease at the end of the year provided by the Estimates.

17. Extraordinary Revenue and Expenditure

(a) Extraordinary items of Revenue will include:

Government Development Grants
Loans
Gifts and Donations from other sources
Sale of Council Property
Any other usual or temporary income

(b) Extraordinary items of Expenditure will be based on priorities as decided by the Council, Departments and will include:-

Road Construction
Water Supplies
Vehicles
Construction of Dispensaries, Clinics and Hospitals
Construction of Wharves

Construction of Council Offices

(c) Expenditure on Capital Projects will in some cases continue through several financial years, in which case, Estimates will include provisions for capital expenditure to be carried over in respect of those projects.

18. Financial Statement
In addition to detailed Estimates, a Financial Statement shall be attached to show the estimated financial position at the end of the year to which the draft estimates relate, and such Financial Statement shall be in the prescribed forms.

19. Re-allocation from one subhead to another
A Council may, through its Executive Committee, and subject to the approval of the Minister re-allocate up to a maximum of VT 200,000 from one subhead to another, provided that –

(a) the proposed expenditure subhead is an existing one in the approved estimates; or

(b) the subhead has not already been reduced by Ministerial directive.

PART 5 – RECEIPTS

20. Issue of receipt books
The Treasurer will issue receipt books only to Accountable Officers who will sign for them on the Register of Receipt Books kept by the Treasurer. Only one receipt book will be used at any one time by each duly authorized officer.

21. Safe custody of receipt books
All receipt books must be safely locked up when not in use. Books will be used in serial number order, and used books must be stored securely until audited.

22. Issue of receipts
(a) An official receipt must be given for every sum of money received, including cheques. These receipts will be written in triplicate and numbered consecutively.

(b) The three copies of the receipt will be disposed of as follows:

(i) Original will be given to the payee as evidence of payment;

(ii) Duplicate will be included in the monthly accounts submitted to the Minister;

(iii) Triplicate will remain in the book.

23. Cancelled Receipts
If a mistake is made when writing out a receipt, all three copies will be clearly marked "CANCELLED". The number of the cancelled receipt will be written in the cash book and the word "Cancelled" written in the "Amount" column. The original will be left in the book and duplicate will be forwarded with the monthly accounts in the case of Treasurer. In the case of an Area Council Secretary and other Accountable Officers they will be included in periodical returns to Council Headquarters.

24. Issue of Licences
Where a receipt is issued in respect of money received for a licence, the Council Officer will also issue a licence in the prescribed form: Provided that receipt of such payments falls within the authority of the Council as laid down in the Schedule to the Act.

25. Revenue Collector's Cash Book
Every Revenue Collector will keep a Revenue Collector's Cash Book into which all receipts will be entered without delay. He will check the book balance against cash in hand at the end of every working week. Payments into the Treasury will be supported by the top sheet of the Revenue Collectors Cash Book and duplicate receipts.

26. Appointment of Revenue Collectors
The Treasurer may appoint such number of Revenue Collectors as he shall see fit, and such appointment shall be in writing and upon such terms and conditions as approved by the Council.

27. Payments of Revenue to Treasury
The Treasurer shall fix dates at intervals not exceeding one month, on which Revenue Collectors will account to him for their collections. In fixing this interval he will take into account the number of transactions, the amount of money collected, the facilities available to the Revenue Collectors for the safe custody of the cash and the traveling times involved.

28. Failure to pay in revenue
If a Revenue Collector fails to pay in revenue or produce his accounts on the appointed day, the Treasurer shall –

(a) report such failure to the Secretary; and

(b) arrange for a cash survey and inspection of the records to be carried out as soon as practicable.

29. Notice to the Public
A notice in English, French and Bislama must be displayed in every Council office to the effect that a numbered official receipt must be obtained for every sum of money paid to the Council.

30. Master Register
(a) The Treasurer shall maintain a master register of all persons liable to pay head tax.

(b) Copy Registers will be kept by Area Council Secretaries.

31. Register of those liable to pay fees and licences
The Treasurer shall also compile and maintain a register of all persons and organizations liable to pay other annual and occasional fees, such as trading tax and liquor licences, and will issue official request forms to debtors where appropriate.

PART 6 – PAYMENTS

32. Payments to be made by Treasurer
Payments of Council money will normally only be made by the Treasurer. In special circumstances which prevent the Treasurer from making particular payments, for example, district salaries or recurrent expenses at Area Council headquarters, Imprests may be issued to other Council Officers.

33. Payments to be made within year commitment was incurred
Expenditure must as far as possible be made within the year in which the commitment wan incurred. Payments may not be made before they are due.

34. Payment Vouchers
(a) Payments will only be made on the approved form.

(b) Payment Vouchers will be numbered serially from one upwards each month in order of payment.

(c) The three copies of the payment voucher will be disposed of as follows:

Original will be included in the monthly accounts sent to Local Government Department, Vila;

Duplicate will be given to the payee as evidence of payment;

Triplicate will be filed in the Council's records.

(d) All payment vouchers will contain full particulars of the payment such as a description of the goods or services, dates, numbers, quantities, distances and rates to enable them to be checked without reference to any other document; and where necessary, they will be supported by the originals of any relevant documents.

(e) The box on the payment voucher must be completed to indicate that an entry has been made where this is applicable.

(f) Payment Vouchers for the supply of stores and for works and services falling under Part 16 of these Instructions, must be supported by the originals of documents such as invoices, local purchase orders, or supplier's statements of accounts where a running account is maintained.

35. Certificate as to accuracy of details on payment voucher

(1) The officer who signs a payment voucher certifies to the accuracy of every detail on the voucher; he will therefore be held responsible in the event of incorrect payment being made and may be surcharged by the Council.

(2) Before signing a payment voucher the authorizing officer must ensure that:

(a) the payment has not already been made;

(b) he has authority to sign against the head and subheads to which the voucher is allocated;

(c) sufficient funds are available to cover the payment;

(d) the goods have been received or the services have been carried out, and the rates charged are what has been agreed or are fair and reasonable.

36. Receipt from supplier

A receipt must be obtained from the supplier when payment is made to him either by his signature on the payment voucher or by his official receipt, which must be attached to the payment voucher.

37. Recoveries from payments

Advances or any other sums which are recovered from payments must be clearly shown on the payment voucher as a deduction. The gross amount will be entered in the cash book as a payment and the deduction will be accounted for by the issue of a receipt and also entered in the cash book.

38. Vouchers to be signed

Payment Vouchers must be signed by the Treasurer and countersigned by the Secretary or in his absence, a member of the Executive Committee authorized to sign by the Executive Committee.

PART 7 – PERSONAL EMOLUMENTS

39. Salaries charged to Personal Emoluments Subhead

Personal emoluments are salaries paid to officers appointed to the service of the Council and for which provision is made under the Personal Emoluments subhead of the estimates. Salary payments to public officers posted or seconded to Councils will be made through the Central Government salaries system.

40. Salaries Payable Monthly

Salaries are quoted on a yearly basis. They are payable in calendar monthly instalments, at one twelfth of the annual rate. Payments for a broken period will be calculated *pro rata* to the number of days in that month. Salaries are due in arrears on the last working day of the month.

41. Advances of Salaries

Salaries may be drawn in advance only when approved in accordance with Part 11 of these Instructions.

42. Salary Record Card

The Treasurer shall maintain a Salary Record Card for each member of the Council staff. The information required will be entered promptly, and will include an officer's salary progression and record of deductions. It is important that these records be carefully preserved.

43. Salaries to be paid until termination of service

The salary of an officer who ends his service with the Council or whose appointment has been terminated will be paid up to and including the day prior to dismissal.

44. Salaries of officer on interdiction

The salary of an officer interdicted will be governed by the provisions of the Councils Staff Regulations.

45. Balance of salary due to officer convicted of misappropriation
Any balance of salary or any other monies whatsoever which may fall due to an officer who is convicted for misappropriation of Council funds or property must not be paid without the prior authority of the Secretary.

PART 8 – CASH BOOK

46. Form of Cash Book
The Cash Book will be written in ball point pen in duplicate.

47. Entries in Cash Book
Receipts and Payments will be written in the Cash Book as soon as possible after they are received or made.

48. Details of receipts in Cash Books
Details of all monies received will be written on the receipts side of the Cash Book, one line being given to each separate receipt voucher. However where the Treasurer issues a main receipt to cover submissions from other Revenue Collectors only the main receipt will be entered in the Cash Book.

49. Details of payments in Cash Book
Details of all monies paid out will be written in the payments side of the Cash Book, one line being given to each separate voucher.

50. Remittances of cash
Remittances of cash to or from Council Headquarters will be treated in exactly the same way as any other payments or receipts. Vouchers will be prepared and entered in the Cash Book in the normal way.

51. Balancing of Cash Book
The Cash Book will be added up and the balance agreed with the cash on hand at the end of every working week. That is, to add up the total receipts, deduct the total payments and agree the balance with the cash on hand.

52. Balance and cash in hand
If the balance agrees with the cash in hand no further action is required, until the last working day of the month.

53. Difference between Cash Book and cash in hand, Further Action
It there is a difference between the Cash Book balance and the actual cash in hand the difference will be corrected as follows:

(a) If the total cash is more than the balance figure a receipt voucher will be made out for the difference and entered in the cash book. The allocation will be "Deposits Surplus Cash".

(b) If the total cash is less than the balance figure a payment voucher will be made out for the difference and entered in the cash book. The allocation will be "Advances" in the name of the Treasurer. If the deficit is more than VT 2,000 it will be reported to the Department of Local Government as soon as possible.

(c) Once either the provisions of paragraphs (a) or (b) have been complied with, the balance figure should then agree with the cash held.

54. Certification as to Balance of Cash Book
On the last working day of each month –

(a) the cash book will be balanced off;

(b) the cash book will then be ruled off and an entry made at the foot of the Receipts side as follows:

Total receipts for the month _____

Total payments for the month _____

Cash Book Balance _____

"I certify that I have counted the cash and it amounts to _____ which agreed with the Cash Book Balance"

_____
Town Clerk / Acting Town Clerk

This figure is then carried forward to a new page in the Cash Book and will be the opening balance for the next month.

(c) Originals of all payment vouchers and duplicates of all receipts will be attached to the top copies of the Cash Book and forwarded to the department of local government as soon as possible together with any explanatory notes and supporting documents necessary to give full explanation of the months transactions. These accounts will be inspected and returned to the Treasurer together with any recommendation, amendment, or corrections to be implemented.

PART 9 – BANK ACCOUNTS

55. Authority for opening bank accounts

A Council may open a bank account at such bank as the Minister may approve after consultation with the Minister responsible for Finance. The Secretary will be responsible for supplying to the bank specimen signatures for authorized operators of the account. Bank accounts shall not be overdrawn without the prior approval of the Minister.

56. Signing of cheques

All cheques drawn against a Council bank account must be signed: by two persons one of whom will be either the Secretary or the Treasurer and one either the President or the Vice President.

57. Cheques to be accompanied by payment voucher

All payments by cheque must be accompanied by a payment voucher in accordance with these Instructions and entered in the Cash Book under the Bank column.

58. Entries in Cash Book for cheques received

Cheques received for the credit of Council accounts should be made payable to the Council by name and will be receipted in the normal way and entered in the Cash Book.

59. Payment into Council bank account

When the Treasurer makes a payment into a Council bank account he will prepare a bank credit slip in duplicate which will clearly show a full analysis of the remittance. The original will be dispatched with the remittance to the Bank, and the duplicate attached to the payment voucher. This will require a double entry in the Cash Book under Bank (Debit) and Cash (Credit) Columns.

60. Dishonoured cheques

Any cheque rejected by a bank will be treated as dishonoured. The treasurer to whom the cheque is returned by the bank will prepare a Payment Voucher for the amount of the cheque and charge it to Advances (name of the drawer). If the cheque was paid in by a Revenue Collector he must be informed promptly. All amounts received in respect of the rejected cheque shall be credited to the advance account. Where a cheque is rejected by a bank, the treasurer will contact the drawer without delay and request him to make good the amount of the cheque.

61. Reconciliation of Cash Book

The Treasurer will reconcile his Cash Book with the bank statement at the close of each month. This is done by comparing the Bank Statement with the Cash Book for the same period, and ticking off all

entries which appear in both. Where any items remain unticked they will be listed and a Bank Reconciliation prepared. A duplicate of this Reconciliation should whenever possible be forwarded with monthly accounts. The original will be filled with the Bank Statement for the period. Items from the Bank Statement not entered in the Cash Book should be accounted for by receipt or payment voucher and entered in the Cash Book immediately.

PART 10 – DEPOSITS

62. Acceptance of deposits
Any monies deposited in the Treasury shall be credited to a Deposit Account approved by the Treasurer.

63. Deposit Accounts
Deposit Accounts may be opened to account for:

(a) any funds which do not belong to the Council, for example, rates on behalf of other Councils;

(b) unclaimed wages, or deductions from salary to be paid to a third party;

(c) surplus amounts on the weekly cash book balance;

(d) any monies which for some reason cannot be dealt with immediately for example, money received in the mail without supporting information;

(e) funds collected or received on behalf of the central Government.

64. Details of deposits
A normal receipt will be issued for deposits, giving as much detail as possible to assist in clearing the deposit at a later date.

65. Payment on deposit
A normal payment voucher will be raised when paying out an amount placed on deposit, supported, if possible, by the original receipt.

66. Details of Deposit Accounts to be entered in Ledger
Each Deposit Account will be named and details entered on a separate page in the Ledger.

67. Balances on Deposit Accounts
The Balances on Deposit Accounts must be paid over to those to whom they are due at the first opportunity. If after the treasurer has taken all reasonable steps to clear them it appears that any amounts are unlikely to be cleared, the matter should be referred to the Minister for disposal instruction.

PART 11 – ADVANCES

68. Advances
The Secretary may authorise the Treasurer to make advances:

(a) to Council Officers (but not Public Officers posted or seconded to Councils) for such purposes and under such terms and conditions as may be provided for from time to time in Council Staff Instructions;

(b) to meet expenditure for which finance has definitely been obtained, in anticipation of it becoming available;

(c) on behalf of, and recoverable from, other Councils or the Government.

69. Details of advances
A normal payment voucher will be issued for any payment of this kind giving as much detail as possible to assist in recovering the advance at a later date.

70. Receipt for repayments
A normal receipt will be issued for any repayments of advances to the Council.

71. Advance Account
Each Advance Account will be named and details entered on a separate page in the Ledger.

72. Recovery of advances
The Treasurer will be responsible for the recovery of all advances in accordance with terms specified at the time each advance was made.

PART 12 – IMPRESTS

73. Imprest
An Imprest is a sum of money issued to a Council Officer to make payments which cannot be conveniently made at the Treasury.

74. Types of Imprests
There are two types of imprest:

(a) Standing imprests which are normally issued for the duration of a financial year and may be given to an officer.

(b) Special imprests which are issued to individual officers for a particular purpose such as the payment of salaries by a touring officer.

75. Register of imprests
Imprests will be issued and renewed as directed by the Treasurer, who will keep a register of all imprests.

76. Records of imprests
Standing imprest holders will keep a proper record of all payments for subsequent periodic inspection and replenishment by the Treasurer. Special imprest holders will whenever possible be issued with payment vouchers to cover the full amount of the cash advanced.

77. Imprests for specific purpose(s)
Imprests may only be used for the purpose for which they are issued, and are the full responsibility of the holder until payment vouchers have been examined and found correct.

78. Receipts for imprests
Imprests must be retired at the office where they were issued. Payment Vouchers and or cash for the full amount of the imprest must be produced. A receipt will be given for the total amount of the imprest.

79. Separate account in Ledger
A separate account for each imprest holder will be maintained on the Ledger.

PART 13 – LEDGER

80. Form of Ledger
The ledger will be in the approved form and a new ledger will be opened for each Council on the 1st July in each year.

81. Provisions of Ledger
A page will be reserved in the ledger for the following:

Each sub-head of revenue
Each sub-head of expenditure
Each advance account including imprests
Each deposit account
Remittances
Surplus Account

82. Details to be included in Ledger
At the top of each ledger page will be written the details of the Head and Sub-Head; the amount allocated to that Sub-Head in the Approved Estimates will be written at the top of the right hand side of the page. Payments (which are DEBITS to Expenditure) will be written in the left-hand columns, and receipts (which are CREDITS to Revenue) will be written in the right-hand columns.

83. Separate ledgers for revenue and expenditure
Separate ledgers will be kept to record revenue and expenditure on each item for which a separate estimate is identified in the approved Budget for the year concerned. The accounts for these items in the ledgers should appear in the same order as the items appear in the approved estimates.

84. Entries in Ledger
At the beginning of the year, the opening entries in the Ledger will normally be:

(a) in the left-hand columns:
Any balance figures remaining on any of the previous year's advance accounts;

(b) in the right-hand column:
The balance figure remaining in the previous year's Surplus Account;
Any balance figures remaining on any the previous year's Deposit Accounts.

85. Details to be included in Vouchers
The Treasurer will enter details of the Vouchers for every month as follows:

(a) Receipt vouchers' amounts and details will be written on the right-hand column according to Head and Sub-Head;

(b) Payment vouchers' net amounts payable and the details of payments for goods or services will be written on the left-hand column according to Head and Sub-Head.

86. Vouchers covering remittance
Vouchers covering remittances of cash to or from Council Headquarters will be checked by the Treasurer, and entered in the ledger.

PART 14 – ADJUSTMENTS

87. Adjustments between accounts
An adjustment voucher is used when it is necessary to transfer amounts from one account to another, e.g. correction of accounting errors, transferring sums (advances, deposits etc.) to either revenue or expenditure.

88. Information on adjustment vouchers
An adjustment voucher must clearly state the reason for the transfer and must provide the following or any other relevant information:

(a) full reference to the original entry in the accounts of the debit or credit being adjusted;

(b) a reference to or a copy of any special authority or other supporting correspondence.

89. Copy to Ministry
A copy of each adjustment voucher must be forwarded to the Department of Local Government with the monthly accounts.

PART 15 – TRIAL BALANCE

90. Trial Balance
A Trial Balance will be completed monthly and a copy forwarded with the monthly returns to the Minister.

91. Trial Balance how made
Each account in the ledger will be balanced off and the balance entered on the Trial Balance form, together with the cash in hand and the Bank account balance. The two columns will then be added up to check that the totals are the same.

92. Errors in Trial Balance
If the Trial Balance in any month is incorrect, it is the responsibility of the Treasurer to check all Cash Book entries and ledger postings to locate the error.

PART 16 – FINAL ACCOUNTS

93. Final Accounts
The June Trial Balance will be used in the preparation of the Final Accounts.

94. Form of statement of Actual Revenue
A statement of Actual Revenue collected will be prepared by entering the balance figures from the revenue accounts in the ledger.

95. Form of statement of Actual Expenditure
A statement of Actual Expenditure incurred will be prepared by entering the balance figures from the expenditure accounts in the ledger.

96. Total amounts of expenditure and revenue
The Total amounts of Actual Expenditure and Actual Revenue will be entered in the Surplus Account.

97. Statement of Ledger Balances
A Statement of Ledger Balances will be prepared. The Total "Debit" column must equal the Total "Credit" column to confirm that the complete accounts are correct.

98. Final Accounts
The Final Accounts of the Council will therefore comprise:

Statement of Actual Revenue Collected;
Statement of Actual Expenditure Incurred;
Surplus Account;
Statement of Ledger Balance.

99. Final Accounts and other documents to be forwarded to auditor
The Secretary or the Treasurer shall –

(a) produce to the auditor within three (3) months of the conclusion of the year to which they relate the final accounts of the Council, together with all books of accounts and other documents as required by Section 41 of the Act, and

(b) make available to the auditor all necessary facilities for the auditing of the Council's accounts.

100. Secretary to lay auditor's report before Council
The Secretary shall –

(a) within thirty (30) days of the receipt of the auditor's report on the accounts of the Council for any year submit the accounts together with such reports to the Minister; and

(b) lay the accounts before the Council together with the auditor's report thereon in accordance with Section 41(6) of the Act.

PART 17 – CUSTODY OF COUNCIL MONEY

101. Security of cash etc.
(1) All cash, cheques, stamps, receipt and security books and other documents of value received by Council officers must be held in a safe or strong room.

(2) Except when on tour when a cash box is used for convenience, it must be deposited in a strong room or safe outside working hours or during the treasurer's absence from the office.

102. Safe custody of keys

An officer holding the key of a Council strong room, safe or other containers for cash is personally responsible for its safe custody; except when it is officially handed over to another officer the key must not leave his personal possession.

103. Loss of keys

(1) The loss of any safe or cash box key must be reported immediately to the Treasurer and the Secretary, who will advise the Minister accordingly.

(2) Maximum security precautions must be put into effect until the safe or cash box has been opened and the contents removed. The duplicate key will be obtained only to open the safe or cash box for removal and verification of the contents, and may not therefore be used until the lock has been altered and new keys provided. The work will be carried out by the Government Public Works Department and in no circumstances may any other agency undertake the cutting of safe keys or the altering of locks.

(3) The officer responsible for losing the key of a Council safe or cash box will usually be called upon to meet the cost of altering the lock or the provision of new keys at the discretion of the Minister.

(4) If a key holder has any suspicions that the keys or locks of a safe or cash box have been interfered with, he must take action as if the key had been lost.

104. Handing over cash, stamps, keys etc.

(1) On each occasion on which cash, stamps, receipts books, safes and cash boxes etc., are handed over from one officer to another a handing over statement should be prepared, signed by both officers and forwarded to the Secretary, with a copy to the Minister.

(2) When handing over to another officer, cash and stamps will be checked in full, and receipt and security books will be checked against the receipt book register.

(3) The balances in hand will be recorded in the handing over statements and the cash book and register will be signed by both officers handing over and taking over. Any discrepancies must be reported to the Council Secretary.

(4) All keys of strong rooms, safes and cash boxes handed over should also be recorded in the handing over statement.

105. Register of money received through the post

(1) Where possible, all mail shall be opened by a responsible officer in the presence of another officer. Neither officer should be responsible for the issue of receipts. All money received, in whatever form, will be recorded in a register, and the officer responsible for issuing receipts shall sign in the register for all money passed to him, and insert the receipt number.

(2) In small offices where the officer responsible for opening the mail also issue receipts the foregoing section will not fully apply. In such cases the officer must issue a receipt immediately.

(3) In this Instruction, "responsible officer" means a Council Officer specifically appointed by the Secretary to carry out this duty.

PART 18 – LOSSES OF COUNCIL FUNDS

106. Definition

This Part lays down the procedure for dealing with losses of funds, that is to say cash, cheques, postal of money orders, stamps and any other negotiable documents of monetary value. The procedure for dealing with losses of stores is laid down in Stores Instructions. Where a loss involves both funds and stores the procedure laid down in this Part will be followed.

107. Minor Losses
Minor losses of up to VT 1,000 should be made good immediately by the responsible officer. If money cannot be immediately refunded, it will be charged to an advance account in accordance with Part 11.

108. Action by Treasurer
In the case of all other shortages or losses action will be taken by the Treasurer as follows:

(a) If the matter has been reported by a Revenue Collector, take immediate steps to ascertain the details of the loss;

(b) Immediately report to the Secretary;

(c) Immediately report to the Police if there is any possibility of fraud or theft;

(d) As soon as possible send a detailed written report to the Minister.

109. Report not to be withheld
It is not within the discretion of any Council Officer to withhold a report of any cash in which the theft, fraud or misuse of Council funds is known or suspected, even if the money has been repaid, nor will a report be delayed so that the money can be repaid.

110. Executive Committee to examine reports
The Secretary will arrange for the Executive Committee of the Council as soon as possible to examine the reports submitted, with a view to sending written recommendations to the Minister for write off or recovery of all or part of the loss from the officers responsible.

111. Action by Minister
Following a report to the Minister of any loss of Council funds or property, the Minister may:

(a) decide whether or not the loss should be written off or all or part of it recovered from the officers responsible; and

(b) inform the Secretary and the Auditor General of his decision, or

(c) convene a Board of Enquiry to conduct appropriate investigations into the matter before he gives his decision.

112. Board of Enquiry
A Board of Enquiry will consist of three officers including the chairman who must be a senior officer from a Government Department other than the Local Government Department. It will meet as soon as possible to examine the reports and will submit a report which must include:

(a) the amount of the loss;

(b) an opinion as to whether the system was at fault, with suggestions as to any possible remedy;

(c) a recommendation as to the degree of responsibility of an officer involved.

113. Action on report
In these Instructions "senior officer" means a Public Officer occupying a Public Service Post of which the rank is not below that category 7. On receipt of such a report, the Minister will inform the secretary of its recommendations and specify action to be taken.

114. Ex-Gratia payment
(1) Ex-gratia payments may only be made with the prior approval of the Minister. They are made in exceptional circumstances and after the receipt of the advice of the Attorney General. Ex-gratia payments include the following –

(a) compensation payments made to claimants who allege that damage or injury has been caused to them by the Council or its servants;

(b) extra contractual and ex-gratia payments to contractors;

(c) other ex-gratia payments as approved by the Council.

(2) Before payment is made of any claim, which is being settled on an ex-gratia basis, an acknowledgement will be detained from the claimant that the sum approved for payment is in full and formal settlement of the claim.

(3) All ex-gratia payments will be recorded in the Council's accounts in the annual statement of losses.

115. Minister's powers of write-off

(1) The Minister has power to write-off losses of cash in each case as follows –

(a) in the case of all abandoned claims, VT 50,000;

(b) in the case of Council money, stores or other movable property, VT 50,000.

(2) Losses in excess of the amounts laid down in subsection (1) of this instruction will be reported by the Minister to the Council of Ministers, with his recommendations.

PART 19 – PAYMENT OF WORKS AND SERVICES

116. Use of Local Purchase Order

(1) A Local Purchase Order will be used:

(a) where the cost of a specific work or service is less than VT 20,000; or

(b) for all sea/air passages and freight within Vanuatu; or

(c) for the hire of all land transport; or

(d) for the payment of hotel costs for officers on tour;

except that in circumstances where a cash payment is more practical than the issue of a Local Purchase Order, these requirements may be waived.

(2) The Local Purchase Order shall be in the form as set out in Part 20 of the Schedule.*

117. Extraordinary expenditure

Specific items that appear in the approved estimates for extraordinary expenditure up to the value of VT 100,000 may be requisitioned by a Local Purchase Order.

118. Formal contract with supplier

The purchase of any works and services other than those laid down in Instructions 116 and 117 will be made by formal contract with the supplier, and will be subject to approval by the Minister.

119. Signed by Treasurer

The Treasurer or in his absence, the Secretary, will be authorised to sign Local Purchase Orders.

120. Purchase Order listed as commitment

The issue of a Local Purchase Order is an expenditure commitment which must be monitored closely by the Treasurer. Every Local Purchase Order will be listed on a commitment form to be cleared only when the order is returned with the invoice for payment, and entered in the cash book and ledger.

121. Copy with monthly accounts

The Treasurer will attach a copy of outstanding commitments to the monthly accounts and will at all times ensure that commitments do not exceed the approved estimate for expenditure on any sub-head.

**Editor's note: This Order, as published, did not include a Schedule.*

PART 20 – MISCELLANEOUS

122. Restriction on use of green ink
The use of green ink or pencil on accounting records is restricted to the auditor or person acting on his behalf.

123. Alterations in Cash Books or Vouchers
Any alterations in any Cash Books or Vouchers must be initialled by the responsible officer.

124. Forms to be made available
The Minister or any officer duly authorised by him shall prescribe the forms as specified under this Order.

125. Council to retain originals and copies of financial transactions
Originals and copies of receipts and vouchers may be destroyed three years after they were used provided that they have been audited and there are no queries outstanding. Principal account books will be retained indefinitely at Council Headquarters.