

SUPPLEMENT to the Solomon Islands Gazette

Friday, 8th April 1994

S.I. No. 11

[Legal Notice No. 41]

**THE WESTERN PROVINCE FINANCIAL MANAGEMENT
ORDINANCE 1994**

**AN ORDINANCE TO REPEAL THE WESTERN PROVINCE
FINANCIAL MANAGEMENT ORDINANCE 1984.**

Passed by the Western Provincial Assembly this tenth day of
February 1994.

This printed impression has been carefully compared by me with
this Ordinance passed by the Western Provincial Assembly and
found by me to be a true and correct copy of the said Ordinance.

ERIC KIKOLO

Clerk of the Western Provincial Assembly

Assented to by the Honourable Minister for Provincial Government
and Rural Development this thirtieth day of March 1994.

OLIVER ZAPO

Minister for Provincial Government & Rural Development

Made under the Common Seal of the Western Provincial Assembly
this tenth day of February 1994.

IODINE PANASASA

Deputy Premier of Western Province

WESTERN PROVINCE FINANCIAL MANAGEMENT
ORDINANCE 1994

PART I - PRELIMINARY

1. This Ordinance may be cited as the Western Province Financial Management Ordinance 1994 and shall come into effect when assented to by the Minister in accordance with section 32 of the Provincial Government Act 1981.

2. In this Ordinance, unless the context otherwise requires, the words have meanings as defined in the Provincial Government Act.

3. The financial powers of the Premier under this Ordinance and under section 37 of the Provincial Government Act may be delegated to another member of the Executive chosen by the Premier.

PART II - PROVINCIAL TREASURER, ACCOUNTING
AND ACCOUNTABLE OFFICERS

Provincial
Treasurer.

4. There shall be a Provincial Treasurer. He will be appointed by the Public Service Commission in the case of a seconded officer and by the Provincial Public Service Commission if a direct employee.

5. The Provincial Treasurer shall be provided with sufficient experienced and qualified staff to enable him to perform his duties under this Ordinance.

6. The principal duties of the Provincial Treasurer must be defined in the Accounting Instructions made under Part VII of this Ordinance.

Accounting
Officer.

7. The Premier may, as part of the annual estimates, designate an Accounting Officer for any head or specified part thereof.

8. If no Accounting Officer is appointed for any head or part thereof the Provincial Treasurer shall be the Accounting Officer.

9. The Premier may at any time appoint, in writing, another provincial officer to be accounting officer for any head or specified part thereof.

10. With the written consent of the Provincial Treasurer and subject to any limitations imposed by the Accounting Instructions made under section Part VII, an Accounting Officer may delegate his functions, but not his responsibilities.

11. The principal duties of the Accounting Officer must be defined in the Accounting Instructions issued under Part VII of this Ordinance.

12. All provincial officers of whatever designation who are entrusted with the custody or use of provincial property, including cash, are accountable officers for the purposes of this Ordinance.

Accountable
Officer.

13. The principal duties of the accountable officer must be defined in the Accounting Instructions issued under Part VII of this Ordinance.

PART III - ESTIMATES AND APPROPRIATION

14. The Provincial Treasurer, in consultation with the Provincial Secretary and Accounting Officers, shall prepare annual estimates of revenue and expenditure to be presented to the Executive at its meeting next prior to the annual budget meeting of the Assembly.

15. The annual estimates shall be in such form as the Provincial Treasurer may from time to time direct, subject to the approval of the Ministry of Provincial Government. The format to be used appears in Schedule 1 of this Ordinance.

16. The estimates must include:

(1) The definition of the sources and amount to be collected from each source of revenue:

(2) The scope of each head and the sum required to be applied to each head by appropriation from the Provincial Fund;

(3) Each head shall contain sufficient detail of services to be provided and the amount allocated for each service for the full information of the members and the proper management of funds; and

(4) Estimates of statutory expenditure shall contain a reference to the law authorising such expenditure to be a charge on the Provincial Fund.

17. The Executive shall examine the annual estimates of revenue and expenditure at its meeting next prior to the annual budget meeting of the Assembly, amend them as necessary, and adopt them as the budget for the next financial year.

18. The annual estimates of revenue and expenditure shall be presented to the Assembly by the Premier in the form of an Annual Appropriation Bill at the annual budget meeting.

19. In addition to appropriations from the Provincial Fund, the annual Appropriation Ordinance shall provide:

(1) A financial limit to the powers of the Premier to authorise advances from the Provincial Fund in advance of appropriation by way of Contingency warrants; and

(2) A financial limit to the powers of the Premier to authorise advances from the Provincial Fund for the purposes specified in section 45; and

(3) A financial limit on the Provinces overdraft and other borrowings whatsoever.

20. Every appropriation by the Assembly from the Provincial Fund in respect of any financial year shall lapse and cease to have effect at the close of the financial year.

PART IV - WARRANTS FOR EXPENDITURE

21. No money shall be issued from the Provincial Fund except under the authority of a warrant given by the Premier.

22. On the coming into operation of any Appropriation Ordinance or Supplementary Appropriation Ordinance, the Premier shall by warrant under his hand, in accordance with section 37 of the Provincial Government Act, authorise the Provincial Treasurer to issue from the Provincial Fund such sums as may have been applied by such Ordinances. This warrant is to be known as a General Warrant.

23. The Premier may limit or suspend any expenditure, with or without cancelling the warrant, if in his opinion financial exigencies or the public interest so require.

24. Where it appears to the Premier to be in the public interest to increase the amount allocated for any purpose within a head or to allot funds for the provision of a new service within a head, he may warrant under his hand to reallocate funds within or between heads provided that the total funds expended do not increase and that the new service is within the scope of the head concerned. Such a warrant is to be known as a Virement Warrant.

25. Where the Provincial Treasurer is concerned that funds for a particular sub-head may become exhausted, he may recommend to the Premier a virement to correct the situation. Virement is to be preferred to Supplementary Appropriation.

26. The Premier may, in accordance with section 36(3) of the Provincial Government Act, and subject to the limitations imposed by the Annual Appropriation Ordinance, authorise by warrant under his hand the issue of money in advance of appropriation. This warrant is to be known as a Contingency Warrant.

27. The Premier may only issue a Contingency Warrant if an urgent need for expenditure has arisen:

- (1) For which no appropriation has been made or for which the existing appropriation is insufficient; and
- (2) For which funds cannot be vired in accordance with section 24; and
- (3) Which cannot be deferred without detriment to the public interest; and
- (4) Which is due to circumstances which could not have been foreseen.

PART V - ANNUAL ACCOUNTS AND AUDIT

28. The financial year shall commence on the first day of April and close on the thirty-first day of March in the following calendar year.

29. Within six months after the close of the financial year to which they relate the Provincial Treasurer shall prepare and sign a statement of accounts. This will be countered by the Premier and submitted to the Auditor-General.

30. The annual accounts shall comprise:
- (1) A statement of Assets and Liabilities at the close of the financial year;
 - (2) A statement of receipts and payments;
 - (3) A comparative statement of estimated and actual revenue and expenditure;
 - (4) A summary statement of special funds showing in respect of each fund;
 - (a) The balance of the fund at the beginning of the financial year;
 - (b) The total revenue to the fund for the year;
 - (c) The total expenditure from the fund during the year with a statement that such expenditure accords with the fund's purposes; and
 - (d) The balance of the fund at the year end.
 - (5) A statement of advances outstanding and deposits held at the end of the year.
 - (6) A statement of loans made and guarantees given and outstanding at the year end.
 - (7) A statement of Provincial debt.
 - (8) A statement of losses, claims abandoned and amounts written off during the year in accordance with section 69.
31. The Auditor-General shall examine, report upon and certify the statements submitted to him in accordance with section 108(3) of the Constitution and Part VI of the Public Finance and Audit Act.
32. The Auditor-General shall lay his report and certificate, together with copies of the annual statements, before the Assembly in accordance with section 40(3) of the Provincial Government Act.
33. The powers and duties of the Auditor-General shall apply equally to:
- (1) The accounts of the Province;
 - (2) The accounts of any agent appointed under section 31 of the Provincial Government Act; and
 - (3) The accounts of the Area Councils.
34. The Auditor-General shall have authority to report to the Premier, Executive or Assembly, at any time, on financial matters.

PART VI - SPECIAL FUNDS

35. The Premier, with the approval of the Executive, may establish special funds for the furtherance of any of the functions or services of the Executive.

36. No money due to or forming part of the Provincial Fund may be paid into a special fund except by way of an Appropriation Ordinance.

37. The Premier, in consultation with the Provincial Treasurer, shall make rules for the proper management of each special fund established. The rules shall include:

(1) A clear statement of the aims and purposes of the fund. This will include whether the fund should exist until a specific objective has been achieved or whether the fund should be of a permanent, revolving, nature;

(2) An exclusive list of expenditure to be financed from the fund;

(3) The establishment of a separate, interest bearing, bank account for the fund; and

(4) The appointment of the Provincial Treasurer as Accounting Officer for the fund.

38. Expenditure from the special funds may not be appropriated by the Assembly.

39. Estimates of revenue and expenditure for each special fund shall be submitted to the Assembly for information of the members when those for the Provincial Fund are submitted.

40. Each member shall be supplied annually with a detailed statement of the transactions of each special fund signed by the Provincial Treasurer and Premier and certified by the Auditor-General.

PART VII - ACCOUNTING INSTRUCTIONS

41. The Executive shall make Instructions for the proper management and safeguard of provincial funds and property.

42. The Instructions should include due provision for:

(1) The prompt and efficient collection, recording, safe custody and deposit of provincial revenues;

- (2) The proper documentation, authorisation and recording of expenditure from provincial funds;
- (3) The proper authorisation, recording and control of advances, deposits and imprests;
- (4) The use of Provincial Funds and other property with the utmost regard to economy, efficiency and effectiveness and the avoidance of waste;
- (5) The purchase, receipt, custody, recording, survey, issue and use of provincial stores; and
- (6) The write off of revenue that cannot be collected or which would be uneconomic to collect.

PART VIII - ADVANCES AND DEPOSITS

Advances.

On the coming into effect of any Appropriation Ordinance the Premier shall, by warrant under his hand, authorise the Provincial Treasurer to make advances for the purposes set out in section 45 up to the financial limit imposed by the Appropriation Ordinance. This warrant is known as the Advances Warrant.

44. In respect of advances:

- (1) No advance shall be made without the prior consent of the Provincial Secretary in writing;
- (2) No advance shall be made to or on behalf of an individual officer or member while a previous advance to or on behalf of that officer or member is outstanding in full or in part; and
- (3) The Premier at his discretion may at any time suspend or restrict advances or any classes of advance with or without the withdrawal of the warrant.

45. Advances may only be made:

- (1) For the discharge of functions of the provision of services under section 35 of the Provincial Government Act;
- (2) To or on behalf of a member of the Assembly in accordance with a resolution made and approved under section 27 of the Provincial Government Act; or
- (3) To or on behalf of a provincial officer in accordance with the Provincial Staff Instructions.

46. The Provincial Treasurer shall be the Accounting Officer for all advances and he shall maintain records of advances and ensure their prompt recovery or acquittance according to the conditions of the advance.

47. The Provincial Treasurer shall maintain separate records of moneys received and held which do not form part of the Provincial Fund or a provincial special fund. Such moneys will be held in a separate bank account.

48. The authority of the Provincial Treasurer to receive and hold moneys which do not form part of the Provincial Fund or a provincial special fund is restricted to:

(1) Moneys legally due and payable to provincial members, officers and agents, where payment cannot immediately be effected;

(2) Moneys due to but withheld from contractors under the terms of a contract;

(3) Moneys held in trust where the Assembly, the Executive or a member of the Assembly or Executive in his official capacity is a trustee; or

(4) Moneys received in advance for the provision of works or services by the Executive under agency or contractual agreement.

49. Moneys held by the Provincial Treasurer which do not form part of the Provincial Fund or a provincial special fund shall not be applied to the purposes of the Provincial Fund or of any special fund.

50. Moneys so held by the Provincial Treasurer will, if unclaimed for five years, be paid into the Provincial Fund. Provided that if any person entitled thereto shall subsequently prove to the satisfaction of the Premier his claim to such moneys, the Premier shall thereupon authorise the release of moneys from the Provincial Fund.

PART IX - BANKING AND INVESTMENTS

51. The Provincial Treasurer must be authorised by the Premier to maintain bank accounts on behalf of the Province at a designated bank or banks.

52. All moneys of the Provincial Fund, provincial special funds, or on deposit will be deposited promptly in the appropriate account.

53. The Provincial Treasurer may invest moneys surplus to requirement provided that such moneys may only be invested with banks or in Solomon Island Government Bonds. Moneys may not be invested in commercial enterprises unless from a special fund established for that purpose.

PART X - BORROWING, LOANS AND GUARANTEES

Borrowing.

54. The Provincial Treasurer must maintain accurate records of all borrowings authorised by the Minister under section 41 of the Provincial Government Act.

55. In the case of borrowings, except temporary borrowing by way of overdraft, the Provincial Treasurer shall produce an annual statement of debt outstanding at the end of the financial year. The statement shall include for each debt outstanding:

- (1) Details of the authority;
- (2) The purpose of the borrowing;
- (3) The lender, rate of interest and terms of repayment;
- (4) The total amount of the borrowing and the date it was borrowed;
- (5) The cumulative principal repaid;
- (6) Any amounts of interest due but unpaid; and
- (7) The principal outstanding at the year end.

56. The amount of principal outstanding and interest due, but unpaid, as detailed in section 55 shall be totalled and the aggregate amount added as a future liability on the annual statement of assets and liabilities.

Loans.

57. Loans as defined in and limited by section 42 of the Provincial Government Act may only be made from the Provincial Fund if prior appropriation is made for the purpose by the Assembly in an Appropriation Ordinance. Provided that the Premier may authorise loans from a special fund established for that purpose under section 35.

Guarantees.

58. Guarantees as defined in and limited by section 42 of the Provincial Government Act may only be authorised:

- (1) In respect of corporate bodies, by the Premier with the prior approval of the Executive;
- (2) In respect of members, by the Premier in accordance with a resolution made and approved under section 27 of the Provincial Government Act; and
- (3) In respect of officers, by the Provincial Secretary in accordance with the Provincial Staff Instructions.

59. No guarantee shall be given in respect of a member or officer whilst a previous guarantee is still effective.

60. The Provincial Treasurer shall maintain accurate records of loans made and guarantees given under section 42 of the Provincial Government Act.

61. The Provincial Treasurer shall use all legal means at his disposal to ensure prompt collection of interest and principal repayments due under the terms of a loan made from the Provincial Fund or from any special fund.

62. The Provincial Treasurer shall prepare a statement of loans made from the Provincial Fund and still outstanding and guarantees given and still in effect at the end of each financial year.

63. For each loan outstanding, the statement shall include:

- (1) The authority for the loan;
- (2) The borrower;
- (3) The date the loan was made, rate of interest and terms of repayment;
- (4) The total amount lent;
- (5) The cumulative amount of principal recovered;
- (6) Any amounts of principal repayment and interest due but uncollected;
- (7) The action being taken to recover the amount; and
- (8) The balance outstanding at the year end.

64. Guarantees made, and still effective, shall be scheduled in a statement showing;

- (1) The beneficiary;
- (2) The lender;
- (3) The purpose of the loan;
- (4) The dates when the guarantee was given and when it will expire;
- (5) The full amount guaranteed; and
- (6) The amount still subject to guarantee.

65. The amounts shown as still subject to guarantee in the annual statement shall be totalled and the aggregate amount shall be added to the annual statement of assets and liabilities as a contingent liability.

PART XI - LOSSES AND WRITE-OFFS

66. All losses of provincial cash and other property shall be reported promptly to the Provincial Secretary who shall use all legal means available to recover losses and costs of repair.

67. If he is satisfied that all legal means of recovery have failed, the Provincial Treasurer may write off the value of the loss or cost of repair. If he is satisfied that costs of recovery will exceed the value of the loss or cost of repair, he may authorise a write-off without further recovery action.

68. The Provincial Secretary and the Provincial Treasurer shall consult on all losses and damages, recoveries and amounts written off and the Provincial Treasurer shall maintain records thereof.

69. At the end of each financial year the Provincial Treasurer shall prepare a statement of all losses, damages, write-offs and claims abandoned during the year.

70. The Premier may authorise the disposal of provincial property which is surplus to current and foreseen requirements.

71. Property where the estimated value exceeds \$100 is to be advertised for tender throughout the Province or nationally if appropriate. If no reasonable tender is received from within the Province, the property may be re-advertised nationally.

72. If no acceptable tender is received, the Premier may donate the property to a charitable or educational institution. Where the Premier indicates in writing that an object is worthless it may be dumped.

PART XII - AREA COUNCIL ACCOUNTS

73. The Provincial Treasurer shall make regulations concerning the maintenance of accounting records and the control of finances and property by the Area Councils, subject to approval by the Ministry of Provincial Government.

74. The Provincial Treasurer shall have access to all records of Area Councils, including bank accounts.

75. Within six months after the close of each financial year each Area Council shall prepare an annual statement of account in the form described in Schedule 2 to this Ordinance. The Provincial Treasurer shall provide assistance where necessary to enable the Area Council to prepare these accounts.

76. The annual accounts for each Area Council shall be signed by the President of the Council and laid before the Assembly. A further copy of the accounts shall be sent to the Auditor-General who may examine the statement and report thereon to the Assembly and Area Council.

PART XIII - VIOLATIONS

77. Any Accounting Officer whose spending exceeds the moneys appropriated for his use or who fails to collect the sums estimated for his division may be held personally and pecuniarily liable for the sums so over expended or under-collected.

78. Any person, being subject to this Ordinance, who wilfully violates any provision of this Ordinance shall be liable on conviction to a fine not exceeding one thousand dollars and/or imprisonment not exceeding six months.

79 Any person acting outside of his authority shall be personally liable in any civil action brought for recovery of funds involved in such actions.

PART IV - REPEAL

80. The Western Province Financial Management Ordinance 1984 is hereby repealed.

SCHEDULE 1

CODES	DETAILS	APPROVED EST...19.....	PROPOSED EST...19.....	INCREASE DECREASE
-------	---------	---------------------------	---------------------------	----------------------

REVENUE

TOTAL

EXPENDITURE

TOTAL

SERVICE SUMMARY

WESTERN PROVINCE

AREA COUNCIL

ESTIMATE FOR THE YEAR 1, 199..... TO JUNE 30, 19.....

SURPLUS, BEGINNING OF THE YEAR \$.....

REVENUE HEAD	SUBHEAD	DESCRIPTION	
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

TOTAL REVENUE _____

EXPENDITURES HEAD	SUBHEAD	DESCRIPTION	
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

TOTAL EXPENDITURES _____

SURPLUS, END OF THE YEAR \$ _____

PASSED BY RESOLUTION OF
.....AREA COUNCIL
.....19.....

ASSENTED TO BY THE
WESTERN PROVINCIAL
EXECUTIVE.....19.....

PRESIDENT
AREA COUNCIL

PREMIER
WESTERN PROVINCE

