

## **WESTERN PROVINCE FINANCIAL MANAGEMENT ORDINANCE 1994**

**[Consolidation:** This is a consolidation of the principal Ordinance and amendments or intended amendments as at 1 October 1995. Errors in spelling or grammar or omissions of words in the Gazetted Ordinance have been corrected in this Consolidation. This is not an authorised version of the Ordinance.

The principal Ordinance came into effect on 8 April 1994 upon Gazettal under 1N 41/94.

The enactments consolidated are:

### WP Financial Management Ordinance 1994.1

AN ORDINANCE to repeal the Western Province Financial Management Ordinance 1984.

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### **PART I PRELIMINARY**

**1. Title and Commencement** - 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. Interpretation** - In this Ordinance, unless the *context* otherwise requires, the words have the meanings as defined in the Provincial Government Act.

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

### **PART II PROVINCIAL TREASURER, ACCOUNTING AND ACCOUNTABLE OFFICERS**

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

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

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

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

**8. In absence of Accounting Officer** - If no Accounting Officer is appointed for any head or part thereof the Provincial Treasurer shall be the Accounting Officer.

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

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

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

**12. Accountable Officers** - 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.

**13. Duties** - 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. Annual Estimates** - 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. Form of Estimates** - 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 I of this Ordinance.

**16. Content of Estimates** - 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. Executive to Inspect and adopt** - 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. Presented to Assembly** - 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. Appropriation Ordinance** – 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 Province's overdraft and other borrowings whatsoever.

**20. Appropriation to lapse at end of financial year** - 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. Premier's Warrant** - No money shall be issued from the Provincial Fund except under the authority of a warrant given by the Premier.

**22. Premier's General Warrant** - 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. Suspension of Expenditure** - 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. Reallocation of Funds** - 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. Virement** - Where 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. Contingency in Warrant** - The Premier may, in accordance with section S6(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. Urgent need for Contingency Warrant** - 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 virement 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. Finance Year** - The financial year shall commence on the 1st day of April and close or, the 31st day of March in the following year

**29. Annual Statement of Accounts** - Within 6 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 submitted to the Auditor-General.

**30. Contents of Annual Statement** - The annual accounts shall comprise:

- (1) A statement of the 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 that year;
  - (c) The total expenditure from the fund during the year with a statement that such expenditure accords-with the funds purposes;
  - (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 losses 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. Auditor-General to report** - 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. Auditor-General's Report to be laid before Assembly** - 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.

**33. Powers and Duties of Auditor-General** – 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. Authority** – 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. Special Funds may be established** - 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. Pay funds to Special Fund by appropriation** – 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. Premier to make Rules** - 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
- (4) The appointment of the Provincial Treasurer as Accounting Officer for the fund.

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

**39. Estimates** - 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 permitted.

**40. Member to receive statements** - 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. Instructions** -- -The Executive shall make instructions for the proper management and safeguard of-provincial funds and property.

**42. Instructions to Include** - The instructions 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**

**43. 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. Conditions for Advances** – 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
- (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. When Advances may be made** – Advances may only be

- (1) For the discharge of functions of Cite 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 office in accordance with the Provincial Staff Instructions.

**46. Provincial Treasurer to be Accounting Officer** - 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. Separate records** - 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. Authority of Provincial Treasurer to hold funds** -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 due and legally 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 not being part of provincial funds** - 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. Unclaimed moneys** - 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. Provincial Treasurer to be authorised** - 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. Moneys to be promptly deposited** - All moneys of the Provincial Fund, provincial special funds, or on deposit will be deposited promptly in the appropriate accounts.

**53. Investment** - The Provincial Treasurer may invest money surplus to requirement provided that such money may only be invested with banks or in Solomon Islands 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**

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

**55. Annual statement of debt** - 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. Principal and Interest a future liability** - 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

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

**58. Guarantees** - 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;
- I(2) In respect of members, by the Premier in accordance with a resolution made and approved wider section 21 of the Provincial Government Act; and
- (3) In respect of officers, by the Provincial Secretary in accordance with the Provincial Staff Instructions.

**59. When guarantees permitted** - No guarantee shall be given in respect of a member or officer whilst a previous guarantee is still effective.

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

**61. Prompt collection** - 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. Annual statement of loans and guarantees** – 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. Contents of Statement** – 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 the 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. Statement of Guarantees** - 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. Amount of guarantees a contingent liability** - The amount 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. Losses to be reported and recovered** - All losses of provincial cost, and other property shall be reported promptly to the Provincial Secretary who shall use all legal means available to recover losses and cost of repair.

**67. Write off's** - 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. Provincial Secretary and Treasurer to consult** - 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. Annual Statement of losses-** and write offs - 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. Surplus property** - The Premier may authorise the disposal of provincial property which is surplus to current and foreseen requirements.

**71. Tender** - Property where the estimated value exceeds \$100.00 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. Donation** - 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 VII AREA COUNCIL ACCOUNTS**

**73. Regulations-** 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. Access to records** - The Provincial Treasurer shall have access to all records of Area Councils, including bank accounts.

**75. Annual Statement of Accounts** - 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 those accounts.

**76. Signed by President** - The annual accounts for each Area Council shall be signed by the President 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. Personal liability** - 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. Offence** - 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. Acting outside authority** - 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 XIV REPEAL**

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

### **SCHEDULE 1.**

Codes Details Approved Proposed Increase

#### **REVENUE**

TOTAL

#### **EXPENDITURE**

TOTAL

SERVICE SUMMARY

**SCHEDULE 2**

AREA COUNCIL

ESTIMATE FOR THE YEAR 1 July 199 .... To June 30, 199 SURPLUS, BEGINNING  
OP THE YEAR \$

**REVENUE**

HEAD	SUBHEAD	DESCRIPTION
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TOTAL REVENUE

EXPENDITURES

HEAD	SUBHEAD	DESCRIPTION
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TOTAL EXPENDITURES

SURPLUS, END OF THE YEAR

I		
PASSED BY RESOLUTION	ASSENTED To BY THE	
OF THE	AREA COUNCIL WESTERN	
19 PROVINCIAL		
	EXECUTIVE 19	
PRESIDENT	PREMIER	
AREA COUNCIL WESTERN		
	PROVINCE	