

**FemiliPNG**

care. support. change.

# **Financial Manual**

**Last updated: 20 May 2023**

## DOCUMENT VERSION

Version	Date	Change	Authorized
1	16 April 2014		MC of 13 May 2014
2	7 Feb 2015		MC of 7 Feb 2015
3	11 April 2015	Remove requirement of monthly budgeting; allow two weeks of petty cash; abolition of Governance, Risk-Management and Finance Committee	MC of 11 April 2015
4	1 August 2015	Define role of Administrative Assistant. Clarify way in which advances provided and recorded. Add information on payroll. Add forms.	MC of 1 August 2015
6	7 May 2016	Change approval thresholds. Adjust to MYOB. Allow overseas per diems.	MC of 7 May 2016
7	5 November 2016	Added CEO/SSW to sign off on finances monthly (1.4.2). Noted asset register to include purchases in PNG and Aus (4.3). Updated wording re Aus account (5.3.3). Added monthly consolidation of PNG and Aus accounts (6.1). Added delegation framework for Aus account and FFPNG (Annex 1a). Updated signatories for Aus account and FFPNG (Annex 1b). Added PIDF and ex post approval forms (Annex 3).	MC of 5 November 2016
8	February 2018	Clarified rules around fundraising. Clarified that our procurement rules should apply if we are funding another organisation. Clarified no PIDF needed for plane tickets. Adjustments for fact Oxfam no longer major funder.	Board of February 10 2018
9	August 2018	Added Annex outlining finance manual variations for Port Moresby. Changed Management Committee to Board.	Board of 4 August 2018
10	May 2019	Rewritten to incorporate Annex regarding POM operations into main body of the manual; changes to reflect appointment of Corporate Manager and two positions of Administrator (HR) and Administrator (Finance)	Board of 18 May 2019
11	May 2020	Include a new delegations framework for signing agreements and contracts.	Board of 23 May 2020
12	August 2020	Include reserves policy, clarify and amend FFPNG expenditure rules and delegations	Board of 22 August 2020
13	November 2020	Section in financial risks amended in line with results of fiduciary assessment. Job codes introduced to assist with grant management.	Board of 21 November 2020
14	March 2021	Annex 1b: Bank Accounts and Signatories updated to reflect change from ANZ bank to Kina Bank and chang	Board of May 2021
15	February 2022	Removed references to Friends of Femili PNG (both organisations now have separate finance manuals)	Board of 26 February 2022
16	November 2022	Removed references to Corporate Manager, replaced with Administration and Finance Coordinator. Update responsibilities following Finance Team Restructure. Update Financial control checks.	Board of 19 November 2022
17	February 2023	Changes made to per diem rates in PNG; and delegations in Australia to reflect staffing changes.	Board of 26 February 2023
18	May 2023	New sections on audit and GST; expanded section on expenditure documentation; general tidying and updated forms.	Board on 20 May 2023

## **POLICY AMENDMENTS**

This document will serve as a working document, and it will be implemented across the organisation. Suggestions for changes can be directed to the Administration and Finance Coordinator or the Chief Executive Officer/Senior Social Worker (CEO/SSW). Any changes to this manual will be forwarded to the Executive Management Committee (EMC) and proposed to the Board for endorsement. This Manual is reviewed on an annual basis.

## **FOREWORD**

The purpose of this manual is to guide Femili PNG (FPNG) in its financial and administrative transactions.

The Financial Manual provides the high-level guidance in all financial issues. More detailed, operational procedures are outlined in the Accounting Manual, which is approved by the EMC.

The basic principles underlying the manual are as follows:

1. Accuracy: all financial documents including receipts and entry are correct and have been reviewed thoroughly.
2. Transparency: all administrative and financial documentations will be available for internal and external audit at all times.
3. Accountability: our funds come from donors, and we will be accountable to them for our finances.
4. Efficiency: efficient financial procedures support service delivery.

## TABLE OF CONTENTS

1.	Delegation of Duties .....	6
1.1	Authority to operate .....	6
1.2	Division of duties.....	6
1.3	Temporary change in the delegation of duties.....	6
1.4	Summary of responsibilities of the Administration and Finance Coordinator .....	6
1.4.1.	Financial Planning .....	6
1.4.2.	Financial Control .....	7
1.4.3.	Financial Reporting .....	7
1.5	Summary of responsibilities of Board and EMC .....	7
2.	Budgeting and Funding .....	8
2.1	Budgeting .....	8
2.2	Receipt of Funds.....	8
2.3	Receipt of Cash Funds .....	8
3.	Expenditure Guidelines.....	8
3.1	Expenditure Authorisation.....	8
3.2	Purchasing Guidelines and Purchase Orders .....	9
3.3	Expenditure Receipts and Documentation .....	10
3.4	Payroll .....	11
3.5	GST .....	12
4.	Fixed Assets.....	12
4.1	Fixed assets purchases and management .....	12
4.2	Fixed asset disposal.....	12
4.3	Fixed assets registers .....	12
5.	Cash and Bank Management .....	13
5.1	Cash Payments .....	13
5.2	Cash Advances .....	14
5.3	Bank Payments.....	15
6.	Accounting, Reporting and Auditing.....	16
6.1	Monthly financial accounts.....	16
6.2	Submission of reports to EMC, Treasurer, Board and donors .....	17

6.3	Financial Risk and Reporting .....	17
6.4	Audit.....	18
7.	Reserves .....	18
7.1	Purpose of reserves .....	18
7.2	Operating Reserves .....	18
7.3	Funding and accounting of reserves.....	18
7.4	Use of reserves – Femili PNG .....	19
	Acronyms and Glossary:.....	20
	Summary of Responsibilities:.....	20
	Annex 1a. Delegation Framework.....	21
	Annex 1b: Bank accounts and signatories .....	21
	Annex 1c: Agreement signatories .....	22
	Annex 2: Staff per diem rates .....	23
	Annex 3: Forms .....	24

## **1. Delegation of Duties**

### **1.1 Authority to operate**

It is paramount that the delegation of duties are clearly specified and documented. This is for the security and safety of the person/entity to whom the responsibilities are given, as well as for the integrity of the organisation.

### **1.2 Division of duties**

This manual sets out the different duties of staff and members of the organisation with regards to financial management. Individuals with financial responsibilities include the following:

- CEO/SSW (Senior Social Worker);
- Operations Directors (Lae and POM);
- Administration and Finance Coordinator
- Financial Adviser (FFPNG Finance and Administration Officer)
- Administrators (Finance);
- Administrator (HR);
- Administrative Assistants;
- Logistics and Security Officers;
- Development Adviser (FFPNG staff)Treasurer;
- Board; and
- Executive Management Committee.

A key reason for the division of duties is to ensure that financial process and control are not being managed by only one person. This process will protect the organisation's credibility and transparency from fraud, misusing of funds, corrupt practices and inappropriate behaviour.

### **1.3 Temporary change in the delegation of duties**

Where individuals are unable to fulfil their delegated financial responsibilities due to absence, arrangements will be put in place by the CEO/SSW consistent with Section 1.2 above.

### **1.4 Summary of responsibilities of the Administration and Finance Coordinator**

The Administration and Finance Coordinator, under the oversight of the CEO, plays a critical financial management role for FPNG. This is detailed in the sections which follow and summarised below.

#### **1.4.1. Financial Planning**

- a. Coordinate annual budgets.
- b. Undertake cash flow planning.
- c. Apart from more general donor and stakeholder liaison responsibilities, assist on financial aspects of donor liaison, including management of earmarked and in-kind contributions.

#### **1.4.2. Financial Control**

- a. Monitor the budget and align expenditures based on the coding system.
- b. Monitor project expenses and ensure purchases are compliant against the donor and partner implementer's policy.
- c. Ensure that financial control and procedures are in place, implemented and complied with.
- d. Implement the authorization system for all expenses and financial commitments.
- e. Implement safe and cash regulations, including end of the month cash counts, completed by the Admin Assist, confirmed by the Administrator and verified by the Operations Director all to sign.
- f. Conduct monthly monitoring of the financial procedure and expenses to ensure ethical and appropriate practices.
- g. Sign off on checklist for monthly financial statements.

#### **1.4.3. Financial Reporting**

- a. Conduct monthly project progress analysis using the financial spreadsheet/MYOB reports.
- b. Submit monthly financial reports to the EMC and quarterly report to Treasurer.
- c. Report any suspected behaviour of dishonestly and fraud to EMC.
- d. Inform EMC of potential or actual deviations from the budget, and obtain approval.

### **1.5 Summary of responsibilities of Board and EMC**

The Board has a vital role to play in financial management. This is summarized below.

#### **1.5.1 The Board**

- a. Responsible for annual budget approval
- b. Responsible for signing off on annual accounts.
- c. Responsible for Financial Manual including financial risk management policies.
- d. Responsible for annual audit reports and responses.

#### **1.5.2 The Executive Management Committee**

- a. Responsible for pre-approving or post-approving sums above the relevant delegation levels.
- b. Responsible for monthly budget monitoring.
- c. Responsible for responding to a financial emergency.

#### **1.5.3 The Treasurer**

- a. Takes the lead on behalf of the Board for budget monitoring.
- b. Responsible for oversight of the audit process.

## **2. Budgeting and Funding**

### **2.1 Budgeting**

- The Board approves the annual budget.
- Budget overruns (>10%) are to be approved by the EMC and endorsed by the Board.

### **2.2 Receipt of Funds**

- Receipts must be written for all donations where practicable.
- If funds are submitted directly to a bank, and there is a discrepancy between the amount in the bank and the amount provided in an invoice, contact the donor. If the amount is due to bank fees, note this on the receipt.
- Donations in-kind (both volunteer labour and goods) are to be recorded in a pro-bono register, updated monthly.
- All cheques to be submitted to the bank individually or, if in a group, with full documentation.
- A separate report (spreadsheet) to be prepared for all major fundraising events showing income and expenditure.
- All tickets and other items for sale (e.g. books, bilums, mugs) to be recorded in separate registers with prices, and regularly reconciled, with purchases recorded as well as remaining items unsold. This is not required for small items (e.g. office shop).
- Internal Revenue Commission to be informed of the Femili PNG staff who are able to issue receipts for donations so that donors can claim tax deductibility on these donations.
- All funds to be given the appropriate project code (type of funding) and job code (funding source).

### **2.3 Receipt of Cash Funds**

- Wherever possible, receive donations by cheque or bank transfer rather than cash.
- When receiving a donation in cash, wherever possible, issue a numbered receipt from a receipt book for cash donations.
- When not possible to issue a receipt, ensure that cash is received in public, and/or where possible in the presence of at least two people.
- Where possible, two people to count and sign cash total at the end of the event.
- When items for sale by cash at an event (e.g. bilum) record sales in register mentioned under 2.2 above.
- Cash received by donation or sale not to be added to petty cash but to be banked and recorded as soon as possible (preferably the next working day).

## **3. Expenditure Guidelines**

### **3.1 Expenditure Authorisation**

- Expenditure must be within the approved budget. (See 2.1 for budget overruns.)
- Expenditure must be approved by the appropriate staff member/s, depending on the amount (see Annex 1a which sets out the delegation framework).



- Payments whose total value or for activities whose total value is greater than K3,000 (or \$1200 if from Australian account) must be supported by a purchase order (PIDF). All requests for purchase orders/PIDFs are prepared by the relevant worker and approved by the relevant supervisor. The purchase order is then submitted to the Administrator for review and confirmation that all supporting documentation is attached. The Administrator then seeks approval from the signatories in line with the Framework (Annex 1a).
- Purchase orders/PIDFs are approved before acquisition takes place.
- Purchase orders/PIDFs are detailed further in the next section.
- Payments for whose total value is less and/or which are part of an activity less than K3,000 (or \$1200 if from Australian account) do not need a purchase order/PIDF. Their justification is to be provided by email/note/as part of the payment advice (see Section 5.3).

### **3.2 Purchasing Guidelines and Purchase Orders**

- No staff shall accept any personal gifts or incentives from any suppliers and must declare and register all gifts to the organisation.
- Procurement procedures should ensure that purchases are efficient (i.e. the process is transparent, fair and uses an appropriate method) and effective (i.e. the price, quality and quantity, and contribution to outcomes are correctly identified and described, price options are rigorously assessed and any contracts are diligently managed).
- Cost is not the only factor determining value for money. Consideration should also be given to: fitness for purpose; performance history of each prospective supplier; relative risk of each proposal; and flexibility to adapt to possible changes.
- For purchases of K3,000 / AUD1,200 or less, direct procurement process can be used. That is, no quotes are required however where possible, prices and quality from alternative suppliers must be checked from time to time to ensure the best value for money. Evidence of a regular check must be held on file for audit purposes.
- For purchases greater than K3,000 or AUD1,200, a competitive quotation process must be used. At least three competitive quotes must be obtained. Where three quotes for the item are not available a 'Bid Waiver Form' must be completed giving reasons for why three quotes were not obtained. Whoever is responsible for approving the expenditure must approve the Bid Waiver prior to the order being approved. Note that even if Femili PNG is not managing the contracting process, but is the donor, then it must make every effort to ensure that its procurement procedures are followed, including via preparation of a PIDF.
- Purchases above K3,000 or AUD1,200 (of a single item or of several items purchased as part of the same activity) must be documented and signed off on through a Purchasing Internal Documentation Form (PIDF), following the template in Annex 3. Who approves the PIDF depends on its value: see Annex 1a.
- The PIDF must be filed in the PO Register with other relevant documentation (e.g. minutes of EMC at which purchase approved if EMC approval required; email approval; bids if required).
- FPNG staff travel must be approved by the CEO/SSW or POM/Lae Operations Director, and can be provided by email or a TOR. Travel and hotel bookings do not require a competitive quotation process when this is not practicable. In these cases, the CEO/SSW and

individuals involved will be responsible for ensuring that value for money is obtained from plane and hotel bookings.

- The payment of goods must not be split to avoid the purchasing controls above.
- When several goods are being purchased, judgement is required as to whether they need to be combined and considered together or separately. If various flights and hotel bookings are being made to finance a trip, they do require to be treated together with a single PIDF. If various purchases are being made at the same time (e.g. a number of computers), they should be treated together. If you are in doubt, put the purchases together into a single PIDF.
- Though accommodation and flights do not require a competitive process, a PIDF is required for an outreach trip, repatriation trip and training activity when expenses cost more than K3,000 and are subject to Annex 1.a. delegation of framework.

### **3.3 Expenditure Receipts and Documentation**

- Adequate expenditure documentation is a fundamental principle of financial management. The basic aim is to provide sufficient proof that the claimed purchase has indeed occurred, whether of goods or services.
- Expense documentation must be filed in paper or online in a manner that allows for easy retrieval of the documentation as and when required. The Administration and Finance Coordinator is responsible to determine the most appropriate filing system for the project to ensure easy reference and retrieval.
- Every expenditure has a project code (type of expenditure) and job code (project/funding source). These are maintained in the Integrated Financial Spreadsheet (IFS) – see below.
- Any uncertainty/disputes about which project code is to be used should be resolved by reference to documented project code descriptions.
- The project code and job code must be written on the supporting documentation for all expenditure.
- The related supporting documentation must be stamped “PAID” regardless of if it is paid by cash, cheque or bank transfer. (Note that this does not apply to online accounting systems.)
- The payment reference number (e.g. cheque number, bank transfer number or receipt number) and date paid should be recorded on the payment documentation.
- Invoices must be complete in terms of quantity of goods supplied or service rendered.
- Goods or services purchased must be verified at the time of delivery or pick up from supplier, as those ordered, before the supporting documentation is processed for payment, or acquittal of the advance.
- Quotes and pro forma invoices do not provide an acceptable record of payment. Every effort must be made to obtain an actual invoice and receipt, even if the amount is there is no change from the pro forma invoice or quote. This applies to the purchase of durables, other expensive items for which quotes are needed and to hotel stays.
- Receipts must be recorded in the month in which they relate, and must not be backdated after the relevant month to which they relate has been closed off.

- Hotel invoices and receipts (actual not pro forma) must be obtained at checkout and retained and sent to the Administrator for filing with relevant invoices and receipts (scanned copies are acceptable). If they are not obtained, finance staff must be informed, and other evidence provided of the stay.
- E-tickets or ticket vouchers are acceptable for plane trips, but evidence of the trip being taken is also required (e.g. boarding pass, minutes of meeting attended, related hotel booking). Boarding passes must be retained and handed in.
- When expenditures under a single PIDF exceed the limit set in Annex 1a, there must be an ex post approval by the EMC (following the template in Annex 3) involving the sighting of receipts and evidence of the expenditure such as photos, trip reports.
- FPNG provides goods and services to partner organisations. When these donations are made, they must be signed for by the partner, with date and detailed list. Other evidence of their existence and being handed over should be obtained, such as photographs. (Photos should include reference to the organisation/person receiving the goods – ie identifying signage.) When the photos are saved to file they need to be clearly identified by funding and recipient.

### **3.4 Payroll**

- Payroll cut-off for fixed contract employees falls on the 15th and the last day of the month. If the cut-off falls on a weekend, payroll is processed a day before the last weekend of the month or the last Friday of the month.
- Each staff is to provide their bank details for the salary transfer; Lae and other staff paid from the Kina bank are encouraged to open an account with Kina bank and Port Moresby staff with Bank of South Pacific. If the staff bank account is not yet available prior to the salary day, the Administration Assistant is to raise a cheque payment advice and seek approval from Administrator and CEO/SSW for cheque payment.
- Monthly salaries for both projects are calculated and prepared by the Admin (HR) using approved payroll software before the 15<sup>th</sup> of every month.
- The monthly salary calculation includes necessary monthly deductions such as Nasfund (employer and employee) contributions, leave acquired and the monthly net tax. If vaccination payments are made, this is also a taxable item.
- The calculated salaries are submitted 3 days before the salary day to Finance and Administration Coordinator for document verification and accuracy. Once cleared, Admin (HR) to process both payments subject to approval process. For staff paid from Kina bank, salary is transfer via Kinadisk pay electronic salary system. The Port Moresby is through the BSP batch electronic transfer payment system.
- Pay slips for both projects are prepared by the Admin (HR) and liaise with project Admin Assist for distribution and staff signing. Pay slip is issued every end month salary.
- For daily workers, the Administration Assistant is to issue the daily time sheets to be completed by the daily worker.
- The daily time sheet will be then attached to the daily worker's payment form, prepared and signed by the staff member supervising the daily worker directly, e.g. the Logistics Assistant

for a daily hired driver. In the absence of the Logistics Assistant or the supervisor, the Administrator can sign on their behalf.

- Salary for daily workers is to be paid on a weekly basis. If the number of work days is less than a week, payment must be given on the last day of work.

### **3.5 GST**

- FPNG is GST exempt, and GST should be avoided wherever possible.
- When GST is paid, it must be recorded (whether by cash or cheque).
- If the tax invoice shows GST then the GST rules apply – if an organization chooses to waive the GST the Tax Invoice needs to be reissued by the supplier.
- Rules regarding plane tickets: GST is calculated on the base rate of the airline ticket. The base rate is separated on the ticket invoice. If the invoice does not indicate the base rate the finance team should seek advice from the issuing agent.
- GST refunds must be sought monthly by the appropriate form: one for Lae and one for POM. GST paperwork needs to be submitted to the IRC by the 21<sup>st</sup> of each month. Submission date should be indicated on the monthly checklist.

## **4. Fixed Assets**

### **4.1 Fixed assets purchases and management**

- The same general rules for general purchases also apply to fixed assets (e.g. authorisation limits, requirement for competitive bids).
- Assets should not be used for private purposes, except assets purchased for and allocated to the CEO/SSW's residence, for the duration of the CEO/SSW's tenure in that residence, or for the staff house maintained by Femili PNG for the Port Moresby office.

### **4.2 Fixed asset disposal**

- The CEO/SSW is responsible for the approval of asset disposal.
- The same approval limits for purchases apply to disposal of fixed assets (see Annex 1a).
- Asset disposals are done through auction or other fair methods.

### **4.3 Fixed assets registers**

- Maintained separately for Lae (CMC, Goroka, and National Office) and POM.
- Individual non-consumable items with an expected useful life of greater than one year purchased must be recorded as a fixed asset in the Asset Register. All purchases recorded in the accounts as set-up costs should be reflected in the Asset Register.
- The fixed assets register records price, date of purchase, type, and code (tag).
- All fixed assets are tagged.
- Location movements of assets are authorised and recorded.
- The damage or loss of assets requires written notification to the Finance and Administration Coordinator, and the Asset Register must be updated to record the sale, loss or damage or disposal of the asset. As per the above, disposal requires approval of the CEO.

- The fixed asset registers will be electronic.
- The fixed asset registers will include both assets purchased in Australia and those purchased in PNG.
- The fixed asset registers and their regular updating are the responsibility of the Logistics and Security Officer.

## **5. Cash and Bank Management**

Cash payments will be avoided wherever possible. However, some payment by cash will be unavoidable. For cash donations, see 2.2.

### **5.1 Cash Payments**

- Femili PNG will operate safes. The safe may be a physical safe or a cash box. The safe will hold a minimum amount of petty cash required for program operations.
- The CEO/SSW, Admin/HR and Operations Director are the only persons authorised to process bank withdrawals and the transfer of cash to the office petty cash.
- For Lae, keys of the safe and petty cash are only accessible by the Administration Assistant and in her absence the Operations Director. For Port Moresby safe and petty cash are accessible by Administration Assist and Operations Director.
- Petty cash is managed by the Administration Assistant and, in her absence, the Admin (Finance) or the Administration and Finance Coordinator (or a staff member delegated by them or by the Operations Director).
- When cash is given out to or returned from staff, the responsible staff person must sign for the cash received or returned in the petty cash book.
- The petty cash book must record all in goings and outgoings from petty cash.
- Apart from cash required during travel, only cash payments not exceeding K300 per single purchase are made from petty cash.
- Approvals for cash advances and payments are given via the “Cash Payment Advice” form (Annex 3) which is to be prepared by the Admin Assist.
- All supporting documentation for each purchase must have the original receipts from the supplier and approval of purchase as per annex 1.a delegation framework. If cash payment is covered by a relevant PDIF, its number to be noted on the Cash Payment Advice form.
- For Port Moresby, all cash advances and cash payments below K1,000.00 is to be approved as per the Annex1.a through the Admin (Finance) Officer via email, SMS or phone calls. Administration Assistant to indicate the form of approval in the payment advise form once approval is given.
- Cash payments can be used when staff are hired as daily workers. Such payments are made on the basis of “Daily Workers Payment Forms” (Annex 3), which are signed by the authorising supervisor, as well as by the recipient of the payment, and the maker of the payment.
- Replenishment of the petty cash funds is done on a weekly or fortnightly basis or when project petty cash buffer is K 2000.00 or below.

- In Lae, weekly and monthly cash counts are undertaken by the Administration Assistant and signed off by Administrator (Finance) verified and signed off by the Operations Director for Lae. In POM weekly and monthly cash counts are done by Administration Assistant and signed off by the Administrator (Finance), verified and signed off by the Operations Director for Port Moresby. Administration and Finance Coordinator to check cash count at the end of every month.
- Petty cash is reconciled by the Admin (Finance) on a weekly and monthly basis.
- Cash discrepancies are reported to the EMC.
- Cash counts take place when responsibility of the cash is handed over from one person to another.

## **5.2 Cash Advances**

- Cash advances to staff (staff advances) must be justified and accompanied with all necessary documents. Cash advances can be of three types: (a) relating to purchases; (b) relating to travel; and (c) for personal reasons.
- Cash advances are requested by “Cash Payment Advice” forms (Annex 3) which are prepared by the Administrative Assistants. If the cash advance is for less than K1,000 it is approved by the Admin (Finance). If it is greater than K1,000 it is approved by the Operations Director or Administration and Finance Coordinator. If above K,3000 it is approved by CEO/SSW and Administration and Finance Coordinator.
- Cash advances are liquidated by “Liquidation Forms” (Annex 3) which authorize the expenditures and have receipts attached. Liquidation forms will be only accepted whilst providing all original receipts and documentation. Liquidation forms must be signed by the relevant staff member and countersigned by the Administration Assistant, the Admin (Finance) and or the Administration and Finance Coordinator. The liquidation form is filed with the cash advance form and receipts. Liquidation forms are required even if there is no change. Liquidation forms are not required in the case of per diems.
- The cash advance must be recorded and monitored until the items have been purchased and all necessary documents are settled with the Administration Assistant and cleared with the Admin (Finance) or the Administration and finance coordinator
- No further advances will be provided until outstanding advances have been settled. Before advancing more funds, the Admin (Finance) must always check previous advances.
- Payment/Advance and Liquidation forms are filed together with the relevant receipts.
- The Admin (Finance) ensures that no cash advances are given out which have not been justified.
- Cash advances can be given out in cash or through bank transfers. The same rules apply to both. In both cases, any change from the advance must be returned as cash to petty cash, and a liquidation form filled in.
- Any staff receiving a cash advance in cash must sign for it in the petty cash book in cash. If cash advance provided by bank transfer, the transfer is documentation that the advance has been provided.

### **(a) Cash advances relating to travel**

- Cash advances will be provided to staff who will be undertaking training or work-related travel outside the area of operation e.g. processing a case for family re-integration. See per diem rates in Annex 2.
- Such work-related cash advances must be requested a week in advance, except in cases of emergency.
- An amount of K 500.00 kina as security money is prepared and given to the staff who are assigned as the travel security responsible. This money is sealed and ONLY to open during an emergency situation. The security money is to be returned.
- They will be given only if approved by the supervisor.
- While per diems do not need to be supported by receipts, other travel related expenses do.
- All advances must be settled on the same day, for travelling staff once they are back from the training or field and on the first day of reporting back to the office.

### **(b) Cash advances relating to purchases**

- See the general information under payments and advances above.

### **(c) Personal staff advances**

- The organisation does not allow personal staff advances at all unless it is a life and death situation e.g. the child of a staff member is hospitalised and in a critical medical condition. Staff advances should be approved by the CEO/SSW in coordination with EMC. Allowable cash advance is maximum of the half month salary of the staff. Any consideration beyond this amount will be approved by EMC.

## **5.3 Bank Payments**

FPNG maintains two bank accounts in PNG (BSP for POM operations, and Kina for everything else) and one in Australia (Commonwealth). See Annex 1b for listing of bank accounts

### **5.3.1 Cheques -- PNG**

- All cheque payment advice, regardless of the amount, is submitted to Administrator (Finance) for verification. Once cleared, the Administrator will endorse the payment advice to Administration and Finance Coordinator or CEO/SSW for approval and payment.
- Cheques are issued on the basis of "Cheque Payment Advice" forms (Annex 3). These forms are prepared by Administration Assistant and authorised by the Administrator. In the absence of the Administrator, the Administration and Finance Coordinator takes over the authorisation role.
- If the payment is covered by a PIDF, the relevant PIDF number must be noted on the Cheque Payment Advice.
- For all offices, the bank account must be in the name of "Femili PNG."

- Additions to bank signatories must be approved by the EMC and endorsed by the Board. The list is to be maintained in Annex 1b.
- The CEO/SSW is responsible to ensure that the bank is notified of any changes to signatories immediately.
- The list of authorised bank signatories must be confirmed with the bank at least on an annual basis. The confirmation must be held on file for review by the auditors.
- The authorised person to sign a cheque is given by the authorisation levels in Annex 1a. 2 signatories must sign any cheque.
- Only authorised persons are to sign cheques. Cheques are crossed as *payee only-non-negotiable* and they bear the name of the account holder.
- Blank cheques must NEVER be signed.
- Staff are not permitted to override their designated signing levels by dividing payments and creating multiple cheques.
- The Admin Assistant is responsible to ensure that the cheque books are held in a locked and fire proof safe.

### **5.3.2 Direct bank transfers - PNG and Australia**

- Direct bank transfers are preferred to cheques and to be used whenever possible.
- Authorisation rules for direct bank transfers are the same as per cheques.
- Internet transfers using Kina bank require two signatories. Internet transfers using BSP require one signatory.

### **5.3.3 Australian bank account**

- The main bank accounts for Femili PNG will be in PNG, but there will also be an Australian (Commonwealth) account for Femili PNG expenses incurred in Australia.
- The signatories for the Australia account are set out in Annex 1b. In accordance with the delegation rules (Annex 1a), the FFPNG Development Adviser is responsible for authorization of expenditures, while the FFPNG Finance Adviser is responsible for actual payments. Two signatories are required for Bank transfers.
- 
- All expenditure out of the Australian account (e.g travel from Australia) needs to be documented in Canberra: e.g. boarding passes and hotel receipts are to be sent to Canberra not Lae). This documentation is to meet the same requirements as the PNG financial documentation (e.g numbered, divided by month) and is to be stored securely (electronically) and available for annual audits. The Australia account documentation is stored entirely online.

## **6. Accounting, Reporting and Auditing**

### **6.1 Monthly financial accounts**

- Income and expenditure are entered by the Administration Assistant on a daily basis into the project cash spreadsheet/MYOB for all offices.



- The Administration and Finance Coordinator travels to Port Moresby to conduct the month end financial closure.
- Administration and Finance Coordinator to ensure that cash, cheques and bank transfer payment financial reports are accurate and complete.
- The Integrated Financial Spreadsheet (ISS) report should be prepared on a monthly basis by the Administration and Finance Coordinator with the assistance of the Financial Adviser integrating the MYOB reports for BSP, Kina Bank and the Australian (Commonwealth) account. The reported receipts and expenditures should be the total receipts and expenditures of the organisation.
- Reports to be submitted by the Administration and Finance Coordinator on a monthly basis for checking by the Financial Adviser as part of the monthly closure:
  - Petty cash spreadsheet, copy of redbook, and MYOB input file for the month
  - MYOB reports for the month (income, balance sheet, reconciliation)
  - Petty cash count at end of month
  - Bank statement
  - Updated Asset Register
  - Updated PIDF register
  - Updated pro-bono funds register
  - Financial checklist for the month.
- Financial Advisor to submit FPNG Australian checklist and related reports for monthly approval to the FPNG Development Advisor.
- All reports to be filed on Dropbox.
- Financial closure for the month to be conducted in a timely manner, with the aim of completing all closure requirements by the 12th day following the end of the month for feedback and comment.

## **6.2 Submission of reports to EMC, Treasurer, Board and donors**

- After checking and approval, the Administration and Finance Coordinator will submit summary reports to the EMC for feedback and comments.
- The Femili PNG monthly financial reports must be sent to the EMC. Monthly financial reports show line reporting relative to budgeted expenses for major projects (job codes).
- Quarterly financial reports will be circulated to the Treasurer and to the Board in line with Board meetings.
- Quarterly, six monthly and annual financial reports are to be prepared in a similar fashion.
- After review and approval, the CEO/SSW or the EMC will submit reports as required to donors.

## **6.3 Financial Risk and Reporting**

- Identification of financial risks is a responsibility shared by all staff, management and the Board.

- Any financial risks identified by staff and management can be raised and discussed at the fortnightly EMC meeting. If the issue is considered high-risk, it can immediately be brought to the attention of the EMC via email or WhatsApp.
- Reporting to the Board will include an analysis of any identified financial risks.
- Where financial risks require a response plan or intervention, this response will be managed and reported by management through the EMC.
- The Risk Management Framework will be updated on a six-monthly basis with any new financial risks.

#### **6.4 Audit**

- Passing the annual audit is a top and joint priority for the financial team led by the Finance and Administration Coordinator and the CEO/SSW.
- All detailed documentation, receipts and record of receipts and expenditures by the project should be kept safely and confidentially for internal and external audits.
- The annual audit must be prepared for during every week and every month of the year.
- Audit queries must be given top priority. If an audit query cannot be satisfactorily responded to, it must be escalated.
- The audit must be completed by and presented to the Annual General Meeting (AGM), which is also responsible for selecting the next year's auditor.
- Recommendations provided by the auditor provide the basis for an financial management improvement matrix which is prioritized over the subsequent year,

### **7. Reserves**

#### **7.1 Purpose of reserves**

- The purpose of attaining sufficient reserves is to ensure the stability of operations and to provide a source of internal funds for organisational priorities such as asset and building purchase, maintaining services to survivors of FSV, program opportunity, and capacity building.

#### **7.2 Operating Reserves**

- The Operating Reserves are intended to provide a source of funds for situations such as a sudden increase in expenses, one-time unbudgeted expenses, unanticipated loss in funding, or uninsured losses.
- The amount of the Operating Reserve Fund target minimum will be submitted to the Board for approval with the annual budget, and actual reserves will be reported every six months.

#### **7.3 Funding and accounting of reserves**

- The reserves will be funded with surplus unrestricted operating funds. The Board may direct that a specific source of revenue be set aside for reserves. Examples could include one-time gifts or bequests, special grants, or special appeals.

- The Reserve Funds will be recorded in the financial records as Reserves. Once built up, the Funds will be available in cash or cash equivalent funds.

#### **7.4 Use of reserves – Femili PNG**

- Reserves will be held in Femili PNG's bank account, or in other assets approved by the Board.
- For Femili PNG, the Executive Management Committee (EMC) will identify the need for access to reserve funds and confirm that the use is consistent with the purpose of the reserves as described in this Manual.
- The Femili PNG Administration and Finance Coordinator will submit a request to use reserves to the Board. The Board will approve or modify the request and authorise use of the reserves for a particular purpose.
- The Femili PNG Administration and Finance Coordinator is responsible for ensuring that the Reserve Funds are maintained and used only as described in this Manual. Upon approval for the use of Reserve Funds, the Administration and Finance Coordinator will maintain records of the use of funds and plan for replenishment, if required.

## **Acronyms and Glossary:**

CEO/SSW	Chief Executive Officer/Senior Social Worker
Delegation framework	Defined member/position within the organisation and level of authority for financial expenditure
EMC	Executive Management Committee
Integrated Financial spreadsheet (ISS)	Spreadsheet that brings all MYOB reports together to create consolidated accounts.
Fixed asset register	A summary list of all acquired assets of the organisation
MYOB	Financial accounting software
Per diem	Defined daily allowance for staff carrying out work related travel outside the area of operation.
Petty cash	A weekly or fortnightly amount of cash that is accessible for daily expenditure

## **Summary of Responsibilities:**

Board	Responsible for strategic oversight of the organisation and managing the CEO/SSW
Treasurer	The Treasurer of the Board. This is the person responsible for oversight of the administrative, bookkeeping and accounting system and procedures of the organisation.
EMC	Responsible for operational oversight of the organisation.
CEO/SSW (Senior Social Worker)	Responsible for ensuring that FPNG has sufficient funds, and implements financial controls and procedures across the organisation.
Administration and Finance Coordinator	In charge of financial planning, operations, oversight and reporting.
Finance Adviser	FFPNG staff who assists with financial management, strengthening and internal audit. Also responsible for making payments from the Australian account and ensuring correct documentation is filed.
Administrator (Finance)	Responsible for undertaking the daily administrative, bookkeeping and accounting system of the organisation.
Administrator (HR)	Responsible for payroll.
Administration Assistant	Manages petty cash, assists the Administrator and other duties.
Logistics and Security Officer	Responsible for the Asset Register, and other duties.
Operations Director	Responsible for client operations and also assists with financial management; separate positions for Lae and POM
Development Adviser	FFPNG position; responsible for ensuring appropriate use, expenditure and receipting for FPNG Australian account

## Annex 1a. Delegation Framework

Papua New Guinea:

Authorised Amount	Approved by (including PIDF signed by if greater than K3,000)	Payment method
<1000 Kina	Admin (Finance) or Admin (HR) (signature required)	Cash or cheque
1000-3000 Kina	Admin (Finance) or Admin (HR), and Operations Director (both signatures required)	Cheque or electronic transfer
3000-6000 Kina	Admin (Finance) or Admin (HR), and CEO/SSW (both signatures required)	Cheque or electronic transfer
6000-10000Kina	Admin (Finance) or Admin (HR), and CEO/SSW (both signatures required) <b>plus ex ante</b> approval by EMC (as recorded in EMC minutes or by email)	Cheque or electronic transfer
>10000 Kina	Admin (Finance) or Admin (HR), and CEO/SSW (both signatures required) <b>plus ex ante and ex post</b> approval by EMC (as recorded in EMC minutes or by email)	Cheque or electronic transfer

Australia – FPNG

Authorised Amount	Approved by	Payment method
<1200 AUD	FFPNG CEO or Development Adviser	Bank card or electronic transfer
1200-2400 AUD	FFPNG CEO or Development Adviser <b>and</b> FFPNG Finance Adviser	Bank card or electronic transfer
2400-4000AUD	FFPNG Development Adviser <b>plus ex ante</b> approval by EMC (as recorded in EMC minutes or by email)	Bank card or electronic transfer
>4000 AUD	FFPNG Development Adviser <b>plus ex ante and ex post</b> approval by EMC (as recorded in EMC minutes or by email)	Bank card or electronic transfer

## Annex 1b: Bank accounts and signatories

Below are the details of Femili PNG's and Friends of Femili PNG's bank accounts including the bank account signatories that have been endorsed by the Board.

Bank account name	Bank	Branch	BSB	Account no	SWIFT	Signatories
Femili PNG Inc.	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Femili PNG Inc	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
PNG Family and Sexual Violence Case Management Centre	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

### **Annex 1c: Agreement signatories**

Below are the details of Femili PNG's agreement signatories that endorsed by the Board.

<b>Type</b>		<b>Signatories</b>
Contract, Agreement, Memorandum of Understanding	Primary signatories	CEO or Chair
	If a second signatory is required	CEO or Chair and Operations Directors or Administration and Finance Coordinator or FFPNG CEO
Exchange of letters	Primary signatories	CEO or Chair or Operations Directors or Administration and Finance Coordinator

## **Annex 2: Staff per diem rates**

Per diem rates are subject to regular review.

### **PNG:**

Breakfast	Lunch	Dinner	Miscellaneous	TOTAL
K35	K45	K60	K10	K150

### **Australia:**

Breakfast	Lunch	Dinner	Miscellaneous	TOTAL
\$20	\$30	\$40	\$10	\$100

### **Other international destinations:**

Equivalent of K200 per day.

This per diem scheme will use the following principles:

- Acquittals are not required for the meal allowances as this is a travel entitlement.
- Where a meal is provided no allowance will be paid for that meal time.
- Acquittals to be made on accommodation and transport costs.
- Miscellaneous costs will include phone cards/top-ups.

### **Meals and allowances for remote trips**

Rates will be determined by the respective supervisor on a case-by-case basis taking into account costs according to each local community hosting the visit.

### **Accommodation and transport costs**

All travel advances need to be approved by the respective supervisor on a case-by-case basis at the time of the request taking into account the amount budgeted for these items.

Alongside with the per diem, the staff will also receive an amount of K500 as security money. This should be returned upon returning back from the work related trip. This amount is intended for unexpected financial insecurity or security threats.

### **Annex 3: Forms**

The following forms are provided below:

- Cheque Payment Advice
- Cash Payment Advice
- Liquidation Form
- Purchasing Internal Documentation Form (PIDF)
- Ex post Approval Form



## CHEQUE PAYMENT ADVICE

CHEQUE NO.: # \_\_\_\_\_

AMOUNT: K \_\_\_\_\_

DATE: \_\_\_\_\_

PIDF NO.: \_\_\_\_\_ / N/A

BEING PAYMENT TO: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

BEING PAYMENT FOR:

PROJECT CODE	PROJECT CODE NAME	JOB CODE	AMOUNT (K)
<b>TOTAL EXCLUDING GST</b>			
<b>GST</b>			
<b>TOTAL</b>			
<b>PREPARED BY:</b> _____ / /			
<b>AUTHORISED:</b> _____ / /			

**CASH  
PAYMENT ADVICE**

AMOUNT: K \_\_\_\_\_

DATE: \_\_\_\_\_

PIDF NO.: \_\_\_\_\_ / N/A

TYPE OF ACTIVITY/PURCHASE: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

BEING PAYMENT FOR:

PROJECT CODE	PROJECT CODE NAME	JOB CODE	AMOUNT (K)
<b>TOTAL EXCLUDING GST</b>			
<b>GST</b>			
<b>TOTAL</b>			
<b>PREPARED BY:</b>		/ /	
<b>AUTHORISED:</b>		/ /	

## LIQUIDATION FORM

Name: \_\_\_\_\_

Date: \_\_\_\_\_

Amount Received: \_\_\_\_\_

**Description of expenses:**

Item	Amount (K)
<b>TOTAL</b>	

Amount returned (change): \_\_\_\_\_

Add TOTAL + Amount returned (should equal amount received): \_\_\_\_\_

Prepared by: \_\_\_\_\_

Position: \_\_\_\_\_

**PURCHASING  
INTERNAL  
DOCUMENTATION  
FORM**

**FPNG PIDF xxxx**

*Complete this form before you  
commit to pay  
AUD 2,500 or more for physical  
goods or for services of any kind.*

**A. The Need**

Requester name <i>(Must not be approver):</i>		Date: Day/Month/Year
Title		
What do you need? Why? When?		
Detailed Requirements		
Other important decision factors:		

**B. Initial Cost Estimate**

How much do you think this will cost.	
How did you estimate the cost?	

*NOTE: If you collect 3 firm quotes that meet Step A specifications, they can be used to complete Bid Comparison Table*

C. Budget and Funding

The budget line item/account code and job code to be charged for this purchase? (Note there may be more than one code, in which case show each budget code and amount adding to the total)	
Is the total budget will result for the project to overspend?	If yes, attach email authorizing overspend.
If yes, I have confirmed that this purchase complies with funding terms and budget	Name:

D. Bid Collection and Comparison

Collect 3 bids or 3 firm quotes from step B. to complete bid comparison table	
Number of vendor bids: 1	If fewer than 3 bids or quotes provide explanation in box provided in the 3 <sup>rd</sup> page of this form.
Name of recommended vendor:	Bid Amount:
Attach EMC/MC email approval except for airlines, hotels, utilities and telecommunication.	

E. Authorization to Purchase

I approved the vendor selected and authorize spending a maximum of

Approver (Authorization to purchase to be given by email or electronic signature):

➤ PGK 3000-6000	Admin and CEO (both signatories required)	Date: __ __/ __ __/ __ __
➤ PGK 6,000 -10,000	Admin and CEO (both signatories required) plus ex ante approval by EMC (as recorded in EMC minutes or by email).	Email date: __ __/ __ __
➤ PGK 10,000	Admin and CEO (both signatories required) plus ex-ante and ex-post approval by EMC (as recorded in EMC minutes or by email).	Email date: __ __/ __ __

**F. Purchase Completion**

Goods match specifications were received, added to inventory if appropriate, and placed into service or service meet specifications have been received. Yes OR No (circle the one that applies)		If no, attach explanation
Is this purchase an Asset?	Yes OR No	If yes, scan the vendor invoice and email to EMC
Does this involve a contract?	Yes Or No	If yes, scan the contract and email to EMC

I confirm step F is indicated: Name: \_\_\_\_\_ Signature: \_\_\_\_\_

**PIDF Bid Collection & Comparison (Step D) or Quote Comparison (Step B)**

Name of the person who collected, compare bids, quotes or recommended vendor	
Written request to 3 or more vendors, letter or emails attached	
Did any requirements change after PIDF step A or Step B?	Yes or No, if yes, explain below

**Bid Comparison Table** (if more than 3 bids were obtained, extend last row). If fewer than 3 bids, explain in box below. If vendors provided written bids, attach them to the printed PIDF.

Vendor Name	Price Quoted	Reliability, other factors considered/Comments

**Recommended Vendor**

Which bid is recommended and why? (If lowest bid was not chosen, describe reasonable factors that took precedence.)

--

Explanation if fewer than 3 bids/quotes were obtained.

--

## Ex post approval form

**Table 1**

Title	
Amount (K)	
Budget code(s) [If more than one code show the breakdown of the total by code]	
PIDF Number	
PIDF approved by EMC date	
PIDF amount (K)	
Month in which expenditure appears in financial statement	
Cheque No.	
Cheque Amount	
Month in which cheque appears in bank statement	
Receipt attached	
Physical evidence of expenditure	
Comments	

**Note: If there is more than one purchase and/or cheque and/or receipt leave yellow shaded items in Table 1 above blank and fill in the table below. Can also add cash payments to this table.**

**Table 2**

Purchase	Amount (K)	Cheque No	Cheque Amount	Month of financial statement	Month of Bank statement	Budget Code	Receipt sighted	Evidence of expenditure
<b>TOTAL</b>								

Note: Total (K) in Table 2 must equal Amount (K) in Table 1

If discrepancy between PDIF proposed and actual expenditure, provide a brief explanation

Prepared by:

Approved by

Date of submission:

Date of approval