

FemiliPNG
care. support. change.

Friends of
FemiliPNG
care. support. change.

Financial Manual

Last updated: 22 May 2021

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 [REDACTED] Remove signatory [REDACTED]	

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 Corporate Manager or the Chief Executive Officer/Senior Social Worker (CEO/SSW) or the FFPNG CEO. Similarly, references to the CEO unless otherwise specified are to both CEOs. 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) and Friends of Femili PNG (FFPNG) in all of their financial and administrative transactions. References to the organisation and such like should be taken to apply to both organisations.

The Financial Manual provides the high-level guidance for both organisations 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 Corporate Manager	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	7
2.1	Budgeting	7
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.....	9
3.3	Expenditure Receipts	10
3.4	Payroll	10
4.	Fixed Assets.....	11
4.1	Fixed assets purchases and management	11
4.2	Fixed asset disposal.....	11
4.3	Fixed assets register.....	11
5.	Cash Management	12
5.1	Cash Payments	12
5.2	Cash Advances	13
5.3	Bank Payments and Statements	14
6.	Accounting and Reporting	15
6.1	Monthly financial accounts.....	15
6.2	Submission of reports	16
6.3	Charging of staff time and other Lae / Canberra expenses to Bel Isi Initiative	16

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

1. Delegation of Duties

1.1 Authority to operate

It is paramount that the delegation of duties are clearly specified, documented and filed. 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. These documents will be also available during the internal or external financial review.

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 (FFPNG)/SSW (Senior Social Worker);
- Operations Directors (Lae and POM);
- Corporate Manager;
- Administrator (Finance);
- Administrator (HR);
- Administrative Assistants;
- Logistics Assistants;
- CEO (FFPNG)/DM (Development Manager);
- Technical Support Officer (FFPNG)
- Chair;
- Treasurer;
- Board members; and
- Executive Management Committee members.

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 Corporate Manager

The Corporate Manager, under the oversight of the CEO, plays a critical financial management role for FPNG; the same role is played by the Technical Support Officer for FFPNG. This is detailed in the sections which follow, and summarised below.

1.4.1. Financial Planning

- a.** Prepare 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 authorisation system for all expenses and financial commitments.
- e. Implement safe and cash regulations, including the regular cash count at the end of the month with the Administrator.
- 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 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 summarised 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.
- All donations to Femili PNG to be recorded in the Femili PNG funds register for each office and updated monthly. FFPNG donations to be recorded in financial statements.
- Donations in-kind (both volunteer labour and goods) are to be recorded in a pro-bono register (one for each organization), also 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.

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 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).
- All requests for purchase orders are prepared by the relevant worker, approved by the relevant supervisor, and a payment advice submitted to the Admin (Finance) Officer. Once cleared, Corporate Manager to seek approval for payment as per annex 1.a. Delegation Framework.

- Purchase orders are approved before acquisition takes place.
- 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.

3.2 Purchasing Guidelines

- 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 together) must be documented and signed off on through a Purchasing Internal Documentation Form (PIDF), following the template in Annex 3. Who signs the PIDF depends on the value of the purchases: see Annex 1a.
- The PIDF must be filed with the receipts (and bids if greater than K3,000 / AUD1,200 or Bid Waiver Form) and other relevant documentation (e.g. minutes of EMC at which purchase approved if EMC approval required; cheque).
- FPNG staff travel must be approved by the CEO/SSW or POM/Lae Operations Director, and can be provided by email or a TOR. FFPNG staff travel is approved by the CEO. 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 not require to be treated together with a single PIDF.

But 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

- Expense documentation must be filed in a manner that allows for easy retrieval of the documentation as and when required. The Corporate Manager/FFPNG CEO is responsible to determine the most appropriate filing system for the project to ensure easy reference and retrieval.
- The FFPNG filing system is entirely online. The requirements below apply to the FPNG hard-copy filing system.
- The expenditure account code, including the project 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.
- The payment reference number and date paid should be recorded on the payment documentation.
- 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 receipts must be retained and sent to the Administrator for filing with relevant receipts (scanned copies are acceptable).
- 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).
- 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.

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 staff are encouraged to open an account with ANZ 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 15th 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.
- The calculated salaries are submitted 3 days before the salary day to Corporate Manager for document verification and accuracy. Once cleared, Admin (HR) to process both payments subject to approval process. For Lae project salary is transfer via ANZ disk pay electronic salary system. The Port Moresby is through the BSP batch electronic transfer payment system.
- Pay slips for both projects are prepared by 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.
- The above requirements apply to FPNG. For FFPNG, pay is fortnightly, and requirements are set out in the accounting manual.

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.
- Asset purchases are to be included in the monthly financial reports.

4.2 Fixed asset disposal

- The CEO/SSW is responsible for 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 register

- Individual non-consumable items with an expected useful life of greater than one year purchased and over the equivalent of K2,000 must be recorded as a fixed asset in the Asset Register (one for each organisation). The Asset Register should also contain items with a life of over 12 months that are regarded as valuable and portable.
- The fixed assets register records price, date of purchase, type, and code (tag).
- All fixed assets are tagged.

- All assets above K2,000 or \$1, 000 should be verified by the CEO/SSW/Corporate Manager and designated auditor annually. A separate fixed assets register containing assets above K2000 should be prepared for the audit.
- Location movements of assets are authorised and recorded.
- The damage or loss of assets requires written notification to the Corporate Manager, and the Asset Register must be updated to record the sale, loss or damage or disposal of the asset.
- The fixed asset register will be electronic.
- The fixed asset register will include both assets purchased in Australia and those purchased in PNG.
- The fixed asset register and its regular updating is the responsibility of the Logistics and Security Officer.

5. Cash Management

Cash payments will be avoided wherever possible. However, some payment by cash will be unavoidable. Given the low safety risks in Australia and the very low use of cash (one for donations in fundraising events), the guidelines below apply to FPNG. For cash donations, see 2.2.

5.1 Cash Payments

- Femili PNG will operate a safe. The safe may be a physical safe or a cash box. The safe will hold the minimum amount of money required for program operation for a week or fortnight (petty cash).
- The CEO/SSW, Admin/HR and Operations Director are the only persons authorised to process bank withdrawals and to transfer 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 Corporate Manager. 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 Corporate Manager.
- For Port Moresby, petty cash is managed by Administration Assistant and, in her absence, Port Moresby Operations Director. In the absence of both, Corporate Manager will appoint specific staff to take charge. In the event that the Administration assistant is sick and no proper petty cash hand-over made, Port Moresby Operations Director to get one trusted staff to do a petty cash count and signing.
- 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 K1,000 per single purchase are made from petty cash. 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.

- 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 cash counts are undertaken by the Administration Assistant and signed off by Admin (Finance) while in POM weekly cash counts are to be done by Administration Assistant and Operations Director for Port Moresby. Corporate Manager to check cash count at the end of every month.
- Petty cash is reconciled by the Admin (Finance) and Corporate Manager 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 provided by “Cash Advance 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 Administrator. If it is greater than K1,000 it is approved by the CEO/SSW.
- Cash advances are liquidated by “Liquidation Forms” (Annex 3) which itemise 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 the Admin (Finance) and or the Corporate Manager . The liquidation form is filed with the cash advance form and receipts.
- 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 Corporate Manager.
- No further advances will be provided until outstanding advances have been settled. Before advancing more funds, the Admin (Finance) must always check previous advances.
- 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.

(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 advances and purchases 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 and Statements

5.3.1 Cheques and bank payments - PNG

- All cheque payment advice, regardless of the amount, is submitted to Admin (Finance) for verification. Once cleared, the Corporate Manager will endorse payment for approval and preparation of 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 Corporate Manager takes over the authorisation role.
- For both offices, the bank account must be on 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.
- 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 Corporate Manager 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.

5.3.3 Australian bank accounts

- The main bank accounts for Femili PNG will be in PNG, but there will also be an Australian account for Femili PNG expenses incurred in Australia. There is also a separate FFPNG account.
- The signatories for the Australia accounts are set out in Annex 1. In accordance with the delegation rules, the Development Manager is responsible for authorization of expenditures, while the Technical Support Officer is responsible for actual payments. Both parties jointly authorise supplier invoices when required.
- 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.
- See Annex 1b for listing of bank accounts.

6. Accounting and Reporting

6.1 Monthly financial accounts

- Receipts are entered by the Administration Assistant on a daily basis into the project financial spreadsheet/MYOB for both offices using the expenditure coding which categorises receipts into budget lines.
- The Admin (Finance) and/or Corporate Manager travels to Port Moresby to conduct the month end financial closure.
- Corporate Manager to ensure that cash, cheques and bank transfer payment financial reports are accurate and complete.
- The project financial spreadsheet report should be prepared on a monthly basis by the Corporate Manager on a cash accounting basis integrating the MYOB reports for POM and Lae and the spreadsheet for Canberra. The reported receipts and expenditures should be the total receipts and expenditures of the project. All detailed documentation, receipts and

record of receipts and expenditures by the project should be kept safely and confidentially for internal and external audits.

- Financial accounts for the Port Moresby office will itemise two cost centers separately (Safe House and Case Management Centre) using job codes.
- Job codes are also used for major projects that require separate accounting – for example, donor funding for specific projects.
- The monthly accounts will consolidate the Femili PNG Australia and both PNG accounts.
- Separate accounts will be prepared for FFPNG using MYOB.
- The Femili PNG monthly financial reports must be sent to the EMC. FFPNG finances are reported quarterly to EMC. Both monthly financial reports show line reporting relative to budgeted expenses.

6.2 Submission of reports

- Reports to be submitted by Corporate Manager on a monthly basis for checking by a delegated volunteer:
 - Financial spreadsheet
 - MYOB reports
 - Petty cash count at end of month
 - Bank statement
 - Asset Register
 - PIDF register
 - Funds register
 - Stakeholder resourcing register (for purchases for other organisations)
 - Financial checklist.
- Technical support officer to submit FPNG Australian and FFPNG account statement and asset register for monthly approval.
- After checking and approval, the Corporate Manager and Technical Support Officer will submit summary reports to the EMC for feedback and comments.
- All files to be filed on Dropbox.
- Financial reporting to be conducted in a timely manner, with the aim of completing all reporting requirements by the 12th day following the end of the month for feedback and comment.
- Quarterly financial reports will be circulated 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 Charging of staff time and other Lae / Canberra expenses to Bel Isi Initiative

- Time spent by Lae and Canberra staff directly on the Bel Isi Activity can be charged to the project. In addition, Lae and Canberra will from time to time be required to incur expenses on behalf of the Bel Isi project.
- With respect of staff, the procedure to account for these charges is as follows:

- 1) Lae and Canberra offices will maintain a spreadsheet in an agreed format to record staff time working on the project. This is to be printed out and signed off on every month by the agreed senior staff.
- 2) Every month, each office will calculate a total value for staff time.
- 3) Allocations of Lae and Canberra staff time to the Bel Isi project will be done through the integrated spreadsheet.
 - With respect to non-staff purchases, the same coding system and receipt documentation as normally followed should be used and the Bel Isi CMC or Safe House job code used as appropriate.

6.4 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.

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.
- Femili PNG and Friends of Femili PNG maintain separate reserves.

7.4 Use of reserves – Femili PNG

- Reserves will be held in Femili PNG's bank account.
- 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 Corporate Manager 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 Corporate Manager 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 Corporate Manager will maintain records of the use of funds and plan for replenishment, if required.

7.5 Use of reserves – Friends of Femili PNG

- Reserves will be held in Friends of Femili PNG's bank account.
- The CEO/DM will identify the need for access to Friends of Femili PNG's reserve funds and confirm that the use is consistent with the purpose of the reserves as described in this Manual
- The CEO/DM 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 CEO/DM 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 Development Manager 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
Financial spreadsheet	Monthly project expenditures
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:

Treasurer	The Treasurer of the Board. This is the person responsible for oversight of the administrative, bookkeeping and accounting system and procedures of the project.
CEO/SSW (Senior Social Worker)	Responsible for ensuring that FPNG has sufficient funds, and implements financial controls and procedures across the organisation.
Administrator (Finance)	Responsible for undertaking the daily administrative, bookkeeping and accounting system of the project.
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.
Corporate Manager	In charge of financial planning, operations, oversight and reporting.
Operations Director	Responsible for client operations and also assists with financial management; separate positions for Lae and POM
CEO/DM (Development Manager)	Responsible for ensuring that FFPNG has sufficient funds, and implements financial controls and procedures across the organisation.
Technical Support Officer	Responsible for making payments from the Australian account and ensuring correct documentation is filed. Responsible for reviewing the asset, funds, purchase order and stakeholder resourcing registers on a monthly basis.
Board	Responsible for strategic oversight of the project and managing the CEO/SSW and CEO/DM
EMC	Responsible for operational oversight of the project.

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) plus ex ante 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) plus ex ante and ex post approval by EMC (as recorded in EMC minutes or by email)	Cheque or electronic transfer

Australia – FPNG and FFPNG

Authorised Amount	Approved by	Payment method
<1200 AUD	CEO/DM	Bank card or electronic transfer
1200-2400 AUD	CEO/DM and Technical Support Officer	Bank card or electronic transfer
2400-4000AUD	CEO/DM plus ex ante approval by EMC (as recorded in EMC minutes or by email)	Bank card or electronic transfer
>4000 AUD	CEO/DM plus ex ante and ex post 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.	Kina Bank PNG Ltd	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Femili PNG Inc	BSP	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
PNG Family and Sexual Violence Case Management Centre	Commonwealth Bank	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Friends of Femili PNG Inc	Commonwealth Bank	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Annex 1c: Agreement signatories

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

Type		Signatories
Contract, Agreement, Memorandum of Understanding	Primary signatories	[REDACTED]
	If a second signatory is required	[REDACTED]
Exchange of letters	Primary signatories	[REDACTED]

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

Type		Signatories
Contract, Agreement, Memorandum of Understanding	Primary signatories	[REDACTED]
	If a second signatory is required	[REDACTED]
Exchange of letters	Primary signatories	[REDACTED]

Annex 2: Staff per diem rates

PNG per diem rates have been adapted from Oxfam.

PNG urban areas:

Breakfast	Lunch	Dinner	Miscellaneous	TOTAL
K25	K30	K45	K5	K105

PNG rural areas:

Breakfast	Lunch	Dinner	Miscellaneous	TOTAL
K15	K15	K20	K5	55

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:

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

CASH PAYMENT ADVICE

AMOUNT: K _____

DATE: _____

TYPE OF ACTIVITY: _____

BEING PAYMENT FOR:

BUDGET LINE	ACCOUNT NAME	AMOUNT (K)
	TOTAL	
PREPARED BY: _____ / /		
AUTHORISED: _____ / /		

CHEQUE PAYMENT ADVICE

CHEQUE NO.: # _____

AMOUNT: K _____

DATE: _____

BEING PAYMENT TO: _____

BEING PAYMENT FOR:

BUDGET LINE	ACCOUNT NAME	AMOUNT (K)
	TOTAL	
PREPARED BY: _____ / /		
AUTHORISED: _____ / /		



**PURCHASING
INTERNAL
DOCUMENTATION
FORM**

Office: Lae PIDF #: X/2016

Complete this form before you commit to pay PGK 3,000 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
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 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 3bids 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 rd 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	Ex ante approval by EMC or Treasurer	Email date: __/__/__
➤ PGK 10,000	Ex post approval by EMC or Treasurer	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 a fixed 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
TOTAL								

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

Prepared by:

Approved by

Date of submission:

Date of approval