

# FALEKAUPULE ACT

## Financial Guidelines

June 2001

(Issued by the Minister of Home Affairs and Rural Developments  
Under the authority of Section 72 of the Falekaupule Act)

(Re Printed – 23/09/2015)

## Table of Contents

1.	INTRODUCTION .....	1
1.1	Introduction .....	1
1.2	Objectives of these Guidelines .....	1
1.3	Scope of Guidelines .....	1
1.4	Structure.....	2
2.	STAFF WITH FINANCIAL RESPONSIBILITIES.....	3
2.1	The Pule o Kaupule .....	3
2.2	Permanent staff .....	3
2.3	Temporary staff .....	3
3.	BUDGETING .....	4
3.1	Financial Year.....	4
3.2	The make up of the budget .....	4
3.3	Budget documentation .....	4
3.4	Budget format .....	4
3.5	Budget preparation and timing .....	4
3.6	Budget authorization.....	5
3.7	Failure to pass the budget .....	5
3.8	Use of Falekaupule Trust Fund Distributions .....	6
3.9	Supplementary budget .....	6
4.	STATUTORY REVENUES .....	7
4.1	Rating authority .....	7
4.2	Types of rates.....	7
4.3	Special rate .....	7
4.4	Payment of rates .....	7
4.5	Exemption from and remission of rates .....	7
4.6	Claim for amount of rate.....	8
4.7	Evidence of rate .....	8
4.8	Penalty for refusal to pay rates and willful misrepresentation .....	8
4.9	Penalty for inciting a person to refuse to pay rates .....	8
4.10	Penalty for unauthorised collection of rates.....	8
4.11	Duty to give information.....	9
4.12	Rate collectors .....	9
4.13	Offences by rate collectors .....	9
4.14	Assessment Committee.....	9
4.15	Legal proceedings .....	9
4.16	Display of public notice regarding receipts .....	10
4.17	Production of receipt books .....	10
4.18	Issue of receipts .....	10
4.19	Disposal of copies of receipts .....	10
4.20	How receipts are to be used .....	10
4.21	Gross receipts to be accounted.....	10
4.22	Receipts to be issued to payers only .....	11
4.23	Signing of receipts .....	11
4.24	Amendments to receipts.....	11
4.25	Cancellation of receipts .....	11
4.26	Duplicates .....	11
4.27	Postings of receipts to cash book.....	11
4.28	Responsibility of Kaupule Treasurers.....	11
4.29	Refunds of revenue .....	11
4.30	Quarterly returns of arrears of revenue .....	12
4.31	Abandonment of irrecoverable revenue .....	12
4.32	Register of receipt books .....	12
4.33	Auditor-General to be advised of all issues .....	12
4.34	Loss of or damage to receipt books .....	12
4.35	Custody of used and unused receipt books .....	12
4.36	Return of used and unused receipts .....	13
4.37	Safe custody of cash and valuable documents .....	13
4.38	Cash books, etc., to be placed under lock .....	13

4.39	Cash holdings .....	13
4.40	Cash to be balanced daily .....	13
4.41	Only Kaupule money to be kept in strong safe .....	13
4.42	Copied or duplicate keys.....	14
4.43	Money received through mail .....	14
5.	STATUTORY EXPENDITURES .....	15
5.1	Statutory expenditures .....	15
5.2	Exercise of proper economy .....	15
5.3	Control of expenditure .....	15
5.4	Lapse of authorising expenditures .....	15
5.5	Classification of expenditure .....	15
5.6	Payment for stores .....	15
5.7	Credits to expenditure votes .....	15
5.8	The Kaupule ledger.....	16
5.9	Inspection of ledgers.....	16
5.10	Reconciliation of ledgers .....	16
5.11	Authorities to be quoted on vouchers .....	16
5.12	Monthly statement of revenue and expenditures .....	16
5.13	Financial commitments to be settled within year of commitment .....	17
5.14	Payments to be vouched for.....	17
5.15	Numbering of vouchers .....	17
5.16	Separate vouchers to be used .....	17
5.17	Particulars to be inserted in vouchers .....	17
5.18	Extend of examination before payment is made .....	17
5.19	Preparation of payment vouchers.....	18
5.20	Alterations in vouchers .....	18
5.21	Copies of vouchers .....	18
5.22	Personal claims .....	18
5.23	Paid stamps .....	18
5.24	Posting of payment vouchers to cash book.....	18
5.25	Payments to be made to rightful payees.....	18
5.26	Deductions .....	19
5.27	Lost payment voucher.....	19
5.28	Payment and computation of salaries .....	19
5.29	Reconciliation of salary payments .....	19
5.30	Mode of salary payments.....	20
5.31	Cessation of salary payments.....	20
5.32	Control of wages.....	20
5.33	Payment of income tax .....	20
5.34	Payment of National Provident Fund (NPF) contributions .....	21
6.	FINANCIAL STATEMENTS.....	22
6.1	Monthly accounts.....	22
6.2	Year end accounts .....	22
7.	AUDITING.....	23
7.1	Auditing of accounts.....	23
7.2	The Auditor-General's report .....	23
7.3	Publication of the Auditor-General's report .....	23
7.4	Power and duties of the Auditor-General .....	23
7.5	Special relief for officers .....	24
7.6	The Auditor-General's evidence.....	24
7.7	Payment of certified sums.....	24
7.8	Recovery of sums certified to be due.....	24
7.9	Appeals against the Auditor-General's decision.....	24
8.	BANKING SERVICES .....	26
8.1	The Island Development Revolving Fund .....	26
8.2	Power to lend money .....	26
8.3	Investment of funds .....	26
8.4	Power to borrow money.....	26
8.5	Overdraft.....	26
8.6	Bank accounts signatories.....	26

8.7	Custody of banking documents.....	26
8.8	Reconciliation of bank accounts .....	27
8.9	Acceptance of cheques.....	27
8.10	Encashment of cheques.....	27
9.	MANAGEMENT OF DEBTORS .....	28
9.1	Records of debts .....	28
10.	MANAGEMENT OF FIXED ASSETS .....	29
10.1	Definition of fixed assets .....	29
10.2	Register of fixed assets .....	29
10.3	Purchase of fixed assets .....	29
10.4	Assets received by way of donation.....	29
10.5	Disposal of assets.....	29
11.	BOARD OF SURVEY ON CASH .....	30
11.1	Appointment and duties of members .....	30
11.2	Constitution of the Board of Survey .....	30
11.3	Presence of Kaupule Treasurer .....	30
11.4	Procedures where survey lasts more than a day .....	30
11.5	Report of the Board .....	30
11.6	Surpluses and shortages .....	30
12.	HANDING AND TAKING OVERS.....	32
12.1	Handing/Taking over statement to be rendered during handing over .....	32
12.2	Failure to keep records up to date .....	32
12.3	Where taking over officer is not satisfied .....	32
12.4	Cashbook to be balanced .....	32

## **1. INTRODUCTION**

### **1.1 Introduction**

- i) These Guidelines are given by the Minister of Local Government, Women and Youth in exercise of the power to give instructions vested in him by Section 72 of the Falekaupule Act. These Guidelines are issued in accordance with the Consultancy Agreement signed on the 12<sup>th</sup> of February 1999 between the Ministry of Home Affairs and Rural Development and a Local Consultant who was tasked to produce it.
- ii) These Guidelines shall come into operation upon the written Order of the Minister.
- iii) Where there is any conflict between these Guidelines and the written law, the written law shall prevail. Any person becoming aware of any such conflict shall immediately notify in writing the Minister of Local Government, Women and Youth.
- iv) Nothing in these Guidelines shall impair any obligations imposed by any written law.
- v) Where there is any conflict between the Guidelines and the directions given under Part VII of the Act, the direction shall prevail.

### **1.2 Objectives of these Guidelines**

- i) The objectives of these Guidelines are to:
  - (a) produce a document which incorporates the regulation, control, management and operation of the financial affairs of Kaupule; and
  - (b) formulate the document so as to comply with the provisions of the Falekaupule Act 1997 and any other laws, regulation and Financial Instructions of the Government of Tuvalu.

### **1.3 Scope of Guidelines**

- i) The Guidelines are intended to assist all Falekaupule in the management and administration of their financial affairs. It primarily focuses on the collection and disbursements of funds in compliance with the laws for which Kaupule are held responsible and accountable, but issues of importance like budgeting, management of assets and debts, banking, financial statements preparation and audit will also be addressed. The order in which the different areas are covered in the Guideline follows that in section 1.4.
- ii) These Guidelines are not the Falekaupule accounting standard and should not be taken as such. Its main purpose is to provide financial guidance of descriptive nature to the Kaupule, especially the staff who work in Kaupule and who hold financial responsibilities.

## **1.4 Structure**

i) The Guidelines are in twelve parts:

- |               |                                       |
|---------------|---------------------------------------|
| (a) Part I    | Introduction                          |
| (b) Part II   | Staff with financial responsibilities |
| (c) Part III  | Budgeting                             |
| (d) Part IV   | Statutory revenues                    |
| (e) Part V    | Statutory expenditures                |
| (f) Part VI   | Financial statements                  |
| (g) Part VII  | Auditing                              |
| (h) Part VIII | Banking service                       |
| (i) Part IX   | Management of debtors                 |
| (j) Part X    | Management of Fixed Assets            |
| (k) Part XI   | Board of Survey                       |
| (l) Part XII  | Handing and Taking overs              |

## **2. STAFF WITH FINANCIAL RESPONSIBILITIES**

### **2.1 The Pule o Kaupule**

- i) The Pule o Kaupule of each Falekaupule area shall be the chief executive in regards to any financial matter. Any financial matter under dispute shall be referred to him. He will deal with such dispute in accordance with relevant laws, legislation and regulations.
- ii) The Pule o Kaupule shall seek advice from the Attorney General, the Auditor-General and the Minister for Internal Affairs, Rural & Urban Development on any matters that he may not be able to solve at the local level.
- iii) His locally stationed advisor is the Kaupule Secretary

### **2.2 Permanent staff**

- i) The Act provides five permanent positions in each Kaupule. These positions are:
  - (a) the Kaupule Secretary (Failautusi ote Kaupule);
  - (b) the Kaupule Treasurer (Ofisa Teu Tupe);
  - (c) the Community Planning and Development Officer (Ofisa o Aofaga);
  - (d) the Kaupule Clerk (Kilaaki); and
  - (e) the Women's Community Worker (Ofisa o Fafine).
- ii) The functions of these positions are determined by the Minister after consultation with the Falekaupule but it is very likely that in some way or another, holders may be required to deal with cash, but at varying degree of responsibilities. It is therefore very important for holders of these positions to have sound understanding of financial management. This Guideline will be their basic tool to guide and help them in executing their financial responsibilities.

### **2.3 Temporary staff**

Temporary staff who may be employed to deal with financial activities can use this Guideline.

### **3. BUDGETING**

#### **3.1 Financial Year**

Financial year means the period from the 1st of April in one calendar year to the 31st March in the following year.

#### **3.2 The make up of the budget**

i) Every Kaupule shall in each financial year prepare a budget for the following year. The budget should include:

- (a) an estimate of revenues for the year;
- (b) an estimate of expenditures for the year;
- (c) proposals as to how revenues are to be raised;
- (d) explanations of the estimated expenditures; and
- (e) a development (or capital) budget.

ii) The estimate of expenditures in a Kaupule budget shall not exceed the estimate of revenues.

#### **3.3 Budget documentation**

i) Budget documentation shall be prepared for every budget. It shall contain:

- (a) a budget message from the Pule o Kaupule. The message should be brief and set out the main activities in the budget, particularly those related to the island development plan (IDP);
- (b) a brief summary of the projects and activities to be carried out to achieve the goals and objectives of the Falekaupule and the Kaupule for that year, especially those related to the delivery of basic services; and
- (c) a budget summary.

#### **3.4 Budget format**

i) All Kaupule shall prepare their budgets on such budget format as may be approved by the Minister for Internal Affairs, Rural and Urban Development.

#### **3.5 Budget preparation and timing**

i) On or before the second week of October of each year, Te Ofisa Teu Tupe shall submit to the Kaupule Secretary the following:

- (a) a statement of income and expenditures of the preceding financial year;
- (b) the actual income and expenditures for the first six months of the current Financial year;
- and



(c) the estimated income and expenditures for the remaining six months of the current financial year.

ii) Upon receipt of the statements from te Ofisa Teu tupe, the Kaupule, te Failautusi ote Kaupule shall prepare a proposed Kaupule budget for the ensuing financial year. On or before the second week of January in each year, the Failautusi ote Kaupule shall submit the proposed budget to the Committee on Budget and Appropriations.

iii) On receipt of the proposed Kaupule budget, the Committee on Budget and Appropriations shall review and evaluate it and in particular shall:

- (a) determine the feasibility of the income projected for the ensuing financial year;
- (b) recommend to the Kaupule the appropriate tax and other revenue measures which may be adopted to support the budget;
- (c) recommend to the Kaupule the level of annual expenditure for economic, social and general services based on the approved local development plan; and
- (d) recommend to the Kaupule, with reference to the island development plan, the proper allocation of expenditures for each development activity between current operating expenditures and capital outlay.

iv) After reviewing and evaluating the Kaupule budget, the Committee on Budget and Appropriations shall return the proposed budget to the Pule o Kaupule with its recommendations and comments for consideration by the Kaupule on or before the first working day of February.

### **3.6 Budget authorization**

i) On the first week of March in each year and after due consideration by the Kaupule of the recommendations and comments of the Committee on Budget and Appropriations, the Kaupule shall submit the proposed Kaupule budget with any appropriate changes, to the Falekaupule for approval at the annual Falekaupule Assembly.

ii) Where amendments to the Kaupule budget are proposed, they cannot be passed unless:

- (a) these are agreed to by a majority of the Kaupule present at the Assembly; and
- (b) they do not result in a budget that would not enable the Falekaupule or Kaupule to perform their respective functions in the ensuing year.

iii) When the Kaupule budget is approved, it shall be signed by the Ulu Aliko to signify that the budget has received the approval of the Falekaupule. The Kaupule shall then make an appropriations by-law for the ensuing year, in accordance with section 54 of the Act. The appropriations by-law does not require further approval by the Falekaupule.

### **3.7 Failure to pass the budget**

If a Kaupule fails to pass its by-law to authorize the annual Kaupule budget at the beginning of any financial year, the Kaupule may incur expenditures on recurrent heads of expenditures in accordance with the approved estimates for the previous year for a period of three months.

### **3.8 Use of Falekaupule Trust Fund Distributions**

i) The Falekaupule Trust Fund distributions shall be appropriated as revenue in each Kaupule Budget. The Budget shall meet the following requirements with regards to the distributions from the Falekaupule Trust Fund.

(a) Each Kaupule Budget should include a development (or capital) budget

(b) The distribution to the Kaupule from the Falekaupule Trust Fund for the relevant year, as approved by the Falekaupule Trust Fund Board, must be equal to, or more than, the sum of appropriated expenditure in the development (or capital) budget and appropriated maintenance expenditure in the recurrent budget not covered by government tied grants (See calculation below).

(c) 
$$\begin{array}{lcl} \text{E\textsubscript{Falekaupule Trust Fund Distribution}} & = & \text{Development (or Capital) budget expenditure + } \\ \text{of} & & \text{Maintenance expenditure in recurrent budget} \\ & & \text{(not covered by government tied grants)} \end{array}$$

(d) The Kaupule will allow the Secretariat of the Falekaupule Trust Fund full access through National Bank of Tuvalu to the information in these accounts in order to monitor use of the Funds for the Falekaupule Board.

ii) If the distribution of the Falekaupule Trust Fund is not large enough to fund a project in the development budget, the Kaupule can invest this money under Section 70 of the Falekaupule Act until another distribution becomes available to fund the project. The funds invested, plus any returns from these funds must be used according to the purposes set out in the Falekaupule Trust Fund Deed. With the aid of this additional distribution, the necessary funds to fund the project will be appropriated in a subsequent year in the Kaupule Budget.

### **3.9 Supplementary budget**

i) Where it appears to a Kaupule that a specific need is desirable and that no, or insufficient, provision has been made in the budget, the Pule o Kaupule may submit an application for a supplementary appropriation to the Ulu Alik.

ii) On receipt of the supplementary application, the Ulu Alik shall, as soon as practicable, convene a meeting of the Falekaupule to consider it. The Falekaupule may approve or disapprove it, amend or reserve any item or items in it. The Ulu Alik shall notify the Pule o Kaupule accordingly, whereupon the procedures described in section 54 (4) and (5) in respect to proposed by-laws shall be followed.

iii) The supplementary application form shall be in such format as may be approved by the Minister for Internal Affairs, Rural & Urban Development.

## **4. STATUTORY REVENUES**

### **4.1 Rating authority**

In every Falekaupule area, it is only the Kaupule that has the authority to make or levy rates.

### **4.2 Types of rates**

i) A Kaupule with the approval of the Falekaupule obtained in the Falekaupule Assembly, may by resolution levy for each financial year, general rates based on one or more of the following systems:

- (a) a community development tax, at a uniform or graduated amount per capita on all residents of or above the age of eighteen years of the Falekaupule area;
- (b) a property tax, at a uniform amount per dollar on the assessed value of immovable property situated within the Falekaupule area; and
- (c) a possession tax, assessed on the assessed value of the possessions or any category of possessions of residents in the Falekaupule area.

ii) Every Kaupule shall in every financial year and by resolution, levy one or more of these rates.

iii) A person shall not be liable to pay tax on immovable property under both the Landowners Taxation Act and the Falekaupule Act.

### **4.3 Special rate**

A special rate, to be levied at a uniform or graduated amount per capita, may be imposed by a Kaupule on any person or class of persons in its Falekaupule area to provide for some specific purpose. This is subject to the approval of the Minister for Internal Affairs, Rural & Urban Development and to any regulation made under section 86 of the Falekaupule Act, and with the approval of the Falekaupule by resolution.

### **4.4 Payment of rates**

i) All Falekaupule residents and every person who has stayed in that Falekaupule area for a continuous period of nine months during the previous financial year shall be liable to pay any rate that has been levied.

ii) It shall be the duty of every person liable to pay any rate to the Kaupule, to pay the amount of such rate to a duly appointed Kaupule rate collector on such time and at such place as may be specified by the Kaupule.

iii) If the Kaupule has specified no time or place, the time shall be on or before the 30th April in every year and the place shall be the Office of the Kaupule Treasurer.

### **4.5 Exemption from and remission of rates**

i) If a person in a Falekaupule area has paid a similar rate to another Falekaupule area in that same financial year and produces a valid receipt to that effect, that person shall not be liable to pay the rate for that first mentioned Falekaupule area.

ii) The followings are exempted from assessing and rating:

- (a) lands and buildings used for public worship;
- (b) cemeteries and burial grounds;
- (c) the Falekaupule buildings and charitable and educational institutions; and
- (d) other immovable properties exempted by the Minister by order.

iii) A Kaupule, by resolution, may reduce or remit the payment of any rate by any person on account of inability or any other good reason.

iv) A Kaupule, by resolution, may exempt any person from liability to pay any rate.

#### **4.6 Claim for amount of rate**

i) If a person fails to pay any rate he is liable to pay on or before the due date, the Kaupule may recover such rate as a civil claim together with related costs and penalty.

ii) A Kaupule cannot make any claim for any rate that is three years old.

#### **4.7 Evidence of rate**

Rate books and other records should be maintained up-to-date as these shall be used as evidence on any proceedings to recover rates.

#### **4.8 Penalty for refusal to pay rates and willful misrepresentation**

i) Any person who refuses or willfully neglects to pay any rate payable by him shall be liable to a fine of \$200 and imprisonment for six months.

ii) Any person who willfully misrepresents his ratable capacity shall be liable to a fine of \$200 and imprisonment for six months.

iii) The conviction of any person on these charges does not stop the Kaupule from bringing civil proceedings for the recovery of any rate due from that person.

#### **4.9 Penalty for inciting a person to refuse to pay rates**

A person who incites another person to refuse to pay rate or who incites or assists him to misrepresent his ratable capacity, shall be liable to a fine of \$400 and imprisonment for twelve months.

#### **4.10 Penalty for unauthorised collection of rates**

An authorised person who collects or attempt to collect rates or collect or to collect any rate other than those approved in the budget, shall be liable to a fine of \$400 and imprisonment for twelve months.

#### **4.11 Duty to give information**

- i) Any person who is required by the Kaupule, rate collector or assessment committee to give any information for the purpose of assessing or the collecting of a rate, must provide such information.
- ii) A person who is required to give information willfully misleads or attempts to mislead any Kaupule, rate collector or assessment committee or their agents shall be liable to a fine of \$200 and in default of payment, to imprisonment for six months.
- iii) If a person who is required to give information refuses or willfully neglects to give such information shall be liable to a fine of \$200 and in default of payment, to imprisonment for six months.

#### **4.12 Rate collectors**

- i) A rate collector may be appointed by the Pule o Kaupule on resolution by the Kaupule to collect rates in part or the whole of the Falekaupule area. It is the duty of the rate collector to:
  - (a) provide the Kaupule with an up-to-date nominal roll of all ratable persons and immovable property in the Falekaupule area;
  - (b) collect the rates from persons who are liable to pay rates;
  - (c) pay to the Kaupule Treasurer amounts collected by him; and
  - (d) report to the Pule o Kaupule the names of persons who failed to pay rates due from them.

#### **4.13 Offences by rate collectors**

- i) A rate collector who:
  - (a) fails to pay to the Kaupule Treasurer any money collected by him as rates;
  - (b) demands from any person an amount in excess of the assessed rates;
  - (c) renders false returns orally or in writing of the numbers of rate payers or the amounts collected by him; or
  - (d) willfully fails to carry out any duty imposed upon him as a rate collector shall be liable to a fine of \$400 and imprisonment for twelve months.

#### **4.14 Assessment Committee**

- i) A Kaupule may appoint one or more assessment committees to assess the liability of any person or persons for payment of any rate levied or to be levied.
- ii) The procedure, powers and duties of an assessment committee are governed by regulations made under section 86 of the Falekaupule Act

#### **4.15 Legal proceedings**

Proceedings for the recovery of any rate or penalty shall be taken by the Pule o Kaupule or by any other person appointed by him.

#### **4.16 Display of public notice regarding receipts**

A public notice in English and Tuvaluan should be displayed in the Kaupule Office where revenue is collected. It should be displayed in the most appropriate place so that people can see and read it. The notice should tell people that they must obtain an official receipt for any sum of money they pay to the Kaupule.

#### **4.17 Production of receipt books**

- i) All Kaupule shall produce their own triplicate receipt books so as to reflect the name of their own Falekaupule area, but the format of the receipt should be in the prescribed form as may be approved by the Minister for Internal Affairs, Rural & Urban Development.
- ii) It is the duty of every Kaupule Secretary to ensure that there is always enough supply of receipt books on hand and to see that orders for the production of receipts are placed well in advance before receipts on hand run out.

#### **4.18 Issue of receipts**

- i) An official receipt must be issued for every sum of money paid in to the Kaupule. In no circumstances shall an unofficial or temporary receipt be issued for accounting of Kaupule revenue.
- ii) Ballpoint pens must be used on original receipts and carbon paper used to make duplicate and triplicate copies.
- iii) Receipts must be issued in clear handwriting and appropriate details on them must be fully completed.

#### **4.19 Disposal of copies of receipts**

The original receipt shall be issued to the payer and the duplicate shall be included in the monthly account that is forwarded to the Minister for Internal Affairs, Rural & Urban Development.

#### **4.20 How receipts are to be used**

Only one receipt book shall be used at any one time. If more than one is required to facilitate collection, prior approval of the Failautusi ote Kaupule and the Pule o Kaupule, in consultation with the Auditor-General, shall first be obtained.

#### **4.21 Gross receipts to be accounted**

In all cases it is the gross amount that is received by rate collectors that shall be accounted for in the receipt that is to be issued to the payer of such amount.

#### **4.22 Receipts to be issued to payers only**

In all cases, receipts shall be issued in the name of the person from whom the payment is actually due.

#### **4.23 Signing of receipts**

- i) Rate collectors shall sign all receipts in full when they are issued. Use of facsimile signature stamp is not permitted.
- ii) Pre-signing of receipts is not acceptable and shall not be practiced.

#### **4.24 Amendments to receipts**

No amendments whatsoever shall be made to a carbon copy receipt without the approval of the Auditor-General.

#### **4.25 Cancellation of receipts**

When a receipt is spoilt or wrongly made out, all the three copies of the receipt shall be marked cancelled with the word "CANCELLED" written across it. This cancelled receipt shall be posted to the cash book but the word "CANCELLED" shall be written in the amount column of the cash book. The original and the duplicate of the cancelled receipt shall be included in the monthly account that is sent to the Minister for Internal Affairs, Rural & Urban Development.

#### **4.26 Duplicates**

If an issued original receipt is lost and a duplicate is requested, a certified true copy may be furnished. A new receipt shall never be issued to replace a lost receipt.

#### **4.27 Postings of receipts to cash book**

Receipts must be posted daily to the cashbook. Receipt entries shall include dates, numbers, names and amounts of all receipts issued. Cancelled receipts must also be recorded.

#### **4.28 Responsibility of Kaupule Treasurers**

Kaupule Treasurers shall be personally responsible for prompt collections of all revenue due to the Kaupule. They shall ensure that bills are sent promptly to debtors and that follow-up actions for the recovery of debts are taken.

#### **4.29 Refunds of revenue**

- i) Unless otherwise directed by the Kaupule, authority to approve refunds of revenue is delegated to the Kaupule Treasurer, Kaupule Secretary, Pule o Kaupule and Kaupule within the following limits:

(a) Up to \$10 in each case	Kaupule Treasurer
(b) Over \$10 up to \$30	Kaupule Secretary
(c) Over \$30 up to \$50	Pule o Kaupule
(d) Over \$50	Kaupule

#### **4.30 Quarterly returns of arrears of revenue**

- i) It shall be the duty of the Kaupule Secretary to forward quarterly returns of arrears of revenue to the Pule o Kaupule for his information and necessary action into lodging of civil claims against defaulters. It shall be the duty of the Pule o Kaupule to table the returns of arrears of revenue half yearly in a Falekaupule meeting for the general information of the public.
- ii) The tabling of returns of arrears of revenue does not stop or deter the Pule o Kaupule from taking proceedings to recover such revenue that had become due.

#### **4.31 Abandonment of irrecoverable revenue**

A Kaupule may authorise the abandonment of irrecoverable revenue of up to \$100 in each case, provided all possible steps including legal action have been taken. Abandonment of revenue in excess of \$100 in each case shall require the approval of the Falekaupule after consultation with the Minister for Internal Affairs, Rural & Urban Development.

#### **4.32 Register of receipt books**

- i) All Kaupule shall maintain receipt book registers for registering of every receipt book received by the Kaupule. Every receipt book must be thoroughly checked for correct serial numbering, etc., and must be promptly entered in the register.
- ii) Receipt books that are found to be faulty shall be returned immediately to the supplier for prompt reproduction or for refunding of printing and other related costs.

#### **4.33 Auditor-General to be advised of all issues**

- i) The Auditor-General must be advised by all Kaupule of serial numbers of every issue of receipt books received by them.

#### **4.34 Loss of or damage to receipt books**

Officers having custody of receipt books shall promptly notify the Minister for Internal Affairs, Rural & Urban Development and the Auditor-General of the loss of or damage to unused receipts under their care.

#### **4.35 Custody of used and unused receipt books**

- i) All used receipt books, obsolete vouchers and relevant documents shall be retained under lock and key for audit inspection. They shall only be destroyed on the advice and written approval of the Auditor-General.



ii) All receipt books and other documents shall be kept in a locked safe after working hours and adequate measures should be taken to safeguard them during working hours.

iii) Rate collectors who are being issued with receipt books and other relevant documents shall be responsible for safeguarding them and will be held responsible if they get lost.

#### **4.36 Return of used and unused receipts**

The Minister for Internal Affairs, Rural & Urban Development and the Auditor-General shall be furnished with returns of used and unused receipts quarterly.

#### **4.37 Safe custody of cash and valuable documents**

All cash, cheques, and valuable documents once received, shall be deposited immediately into a strong safe.

#### **4.38 Cash books, etc., to be placed under lock**

Cashbooks and other principal documents shall be securely locked in a safe place when not in use.

#### **4.39 Cash holdings**

i) All Kaupule shall retain just sufficient cash to meet their immediate requirements. Surplus cash shall be promptly deposited to their respective bank accounts. Drawings from bank accounts shall only be done if cash on hand is not sufficient to meet approved expenditures.

ii) The safe custody of cash on hand of the Kaupule shall be the sole responsibility of the Kaupule Treasurer.

#### **4.40 Cash to be balanced daily**

i) All Kaupule Treasurers shall check and balance their cashbooks daily by having their daily receipts and payments entered in the cashbook and the cash on hand determined. Cash on hand per the cash book should tie with the actual cash on hand. Cash surpluses shall be receipted immediately and shortages made good by the officer responsible.

ii) For cash shortage in excess of \$50 it shall be reported immediately to the Kaupule Secretary and the Pule o Kaupule for appropriate actioning. Material loss of over \$200 shall be reported immediately to the Auditor-General who shall cause for an audit investigation to be carried out.

#### **4.41 Only Kaupule money to be kept in strong safe**

Only Kaupule money shall be kept in the Kaupule strong safe. Private money found in the safe during routine internal cash check by the Kaupule or external checks by auditors shall be receipted and credited as miscellaneous revenue to the Kaupule.

#### **4.42 Copied or duplicate keys**

- i) Cash box, strong box or strong safe keys shall never be duplicated or copied. Lost keys shall be reported immediately to the Pule o Kaupule, Minister for Internal Affairs, Rural & Urban Development and the Auditor-General.
- ii) No one is allowed to have access to any cash box, strong safe or strong box other than the authorised person who handles the key to such box or safe.

#### **4.43 Money received through mail**

- i) All money that come in by way of letters shall be registered and highlighted in the Kaupule inward mail register. The register shall be signed by two Kaupule officers to certify the receipt of the money. The money shall be receipted immediately and allocated to the purpose for which it was sent.
- ii) Overseas cheques, bank drafts and foreign notes shall be cleared first by the National Bank of Tuvalu before they are receipted.
- iii) The inward mail register shall be inspected periodically by the Kaupule Secretary to ensure that all money sent by mail has been genuinely accounted.

## **5. STATUTORY EXPENDITURES**

### **5.1 Statutory expenditures**

A Kaupule may incur all expenditures reasonably necessary for the carrying out of its statutory functions and those of the Falekaupule.

### **5.2 Exercise of proper economy**

The Kaupule Treasurer shall exercise due care for economy when expending Kaupule funds by ensuring that value is received for all amounts expended.

### **5.3 Control of expenditure**

- i) Payments shall only be done for expenditures planned and budgeted. Payments for expenditures that were not budgeted are not permitted unless absolutely necessary and for which the Falekaupule has expressed its approval by resolution for a supplementary budget to cater for that need.
- ii) No payment shall be made before they are due. All expenditures that are chargeable to a year shall be made in that year and they must not be deferred for the purpose of avoiding excess expenditure on a vote.

### **5.4 Lapse of authorising expenditures**

- i) Authority to spend money approved in the budget and supplemented by virement and supplementary budget in any financial year shall end on the 31 March of that financial year.
- ii) No spending shall be permitted for the purpose of simply using up the provision in the budget. Any spending of this sort shall be regarded as misuse of public money.

### **5.5 Classification of expenditure**

All expenditures made shall be classified according to approved allocations per the budget. Every vote shall be applied strictly for the purpose for which it was approved.

### **5.6 Payment for stores**

Stores shall not be bought if they are not required for prompt use.

### **5.7 Credits to expenditure votes**

Credits to expenditure votes are not permitted except when made in adjusting of overpayments or incorrect sums charged wrongly to a particular vote in the same financial year. Adjustments shall only be made by journal vouchers numbered in numerical sequence with relevant supporting documents properly retained for audit purposes.

## **5.8 The Kaupule ledger**

i) The Kaupule Treasurer shall maintain a Kaupule ledger that shall be kept up-to-date at all times. The ledger shall be in such form as may be directed by the Minister for Internal Affairs, Rural & Urban Development. The top of the ledger shall show the following:

- (a) the amount approved in the budget;
- (b) the amount of any additional by provision by virement or supplementary;
- (c) any reduction to a subhead caused by a virement; and
- (d) the title of the Kaupule.

ii) The following columns shall be provided in the body of the ledger:

- (a) the date of payment;
- (b) particulars of payment;
- (c) the journal or payment voucher reference;
- (d) the amount of expenditure incurred;
- (e) the monthly total; and
- (f) the total expenditure to date.

## **5.9 Inspection of ledgers**

All Kaupule expenditure ledgers are liable for inspection at any time by the Auditor-General or any other person duly authorised by him, the Minister for Internal Affairs, Rural & Urban Development or any other person duly authorised by him, the Pule o Kaupule or any other person duly authorised by him.

## **5.10 Reconciliation of ledgers**

The Kaupule Treasurer shall reconcile his ledger regularly and ensures that the balances to date of all votes at the close of monthly accounts agree with vote balances of respective months' trial balances.

## **5.11 Authorities to be quoted on vouchers**

The Falekaupule resolution number in which the appropriations bylaw for the ensuing financial year's budget was approved shall be quoted on the payment voucher as authority to expend money. In the case of virement and supplementary appropriation budget, their numbers shall be quoted in the vote ledger as authority to increase the provision, but the appropriations by law resolution number shall still be quoted as the overall authority to expend money.

## **5.12 Monthly statement of revenue and expenditures**

i) The Kaupule Treasurer shall prepare a statement at the end of every month to show the month's revenues and expenditures, the accumulated revenues and expenditures to the end of that month and the remaining balances of each expenditure vote. The statement should also disclose the closing balances of cash on hand, investments and savings accounts.

ii) The Kaupule Treasurer must present the statement to the Kaupule on the Kaupule's first meeting after the statement has been prepared and a copy of the statement should form part of the monthly account that is submitted to the Minister for Internal Affairs, Rural & Urban Development.

#### **5.13 Financial commitments to be settled within year of commitment**

Every Kaupule must ensure that their financial commitments are paid in the same financial year the commitments are made. It is therefore very important that reminders are sent to people or organisations for which commitments are not yet paid to forward their bills in the first instant so that payments are done before the close of the financial year.

#### **5.14 Payments to be vouched for**

All payments must be made by way of payment vouchers. The payment voucher shall be in the prescribed form and in such manner as may be approved by the Minister for Internal Affairs, Rural & Urban Development.

#### **5.15 Numbering of vouchers**

Payment vouchers shall be numbered in serial sequence each year. If a Kaupule has a current account and make payments by cheque, the number of the cheque must be stated on the payment voucher.

#### **5.16 Separate vouchers to be used**

A separate voucher shall be used for different payments of different allocations.

#### **5.17 Particulars to be inserted in vouchers**

i) All vouchers must contain full particulars of payment. In paying for service rendered to the Kaupule, the date of service, number of service and rate of service must be noted on the voucher. Original documents from the supplier of service must be attached to the voucher to support the payment.

ii) Where appropriate, the following particulars shall be given on the voucher:

- (a) reference to contract;
- (b) reference to special authorities; and
- (c) the appropriate authorities under the budget, virement or supplementary budget.

iii) It is the gross amount payable that shall be certified as the amount paid. It is also the amount that must be posted to the cashbook.

#### **5.18 Extend of examination before payment is made**

The Kaupule Treasurer shall examine that all vouchers are in order and that they have been authorised by the signature of the authorised accounting officer of the Kaupule before payment is paid out.

#### **5.19 Preparation of payment vouchers**

Payment vouchers if at all possible should be typed, if not, they should be made out in clear ball-point handwriting. Facsimile signature stamps and twink (erasure) must not be used on vouchers.

#### **5.20 Alterations in vouchers**

Alterations to vouchers shall be initialed by the Kaupule Treasurer certifying the voucher or by the payee if the alteration is made to the form of receipt thereon.

#### **5.21 Copies of vouchers**

Payment vouchers shall be prepared in duplicate. The original voucher shall form part of the monthly account that is sent to the Minister for Internal Affairs, Rural & Urban Development and the duplicate shall be retained as Kaupule's file copy. The original voucher if possible, shall be on coloured paper to differentiate it from the duplicate that shall be printed on white paper. The duplicate copy shall be clearly stamped or marked "DUPLICATE."

#### **5.22 Personal claims**

The Kaupule Secretary shall certify payments due to the Kaupule Treasurer.

#### **5.23 Paid stamps**

Once payment has been made, the original voucher and supporting documents and the duplicate shall be stamped with the word "PAID" to avoid double payment. If no stamp is available, the word "PAID" shall be neatly written on all vouchers and supporting documents.

#### **5.24 Posting of payment vouchers to cash book**

Paid out payment vouchers shall be entered in the cashbook on the same day they are paid. The cashbook, which is maintained in duplicate, shall be balanced up at the close of business everyday. The cash on hand as per the cashbook shall equal to the actual cash on hand.

#### **5.25 Payments to be made to rightful payees**

- i) Payments shall only be made to payees noted in the vouchers and it is the duty of every paying officer to certify himself that the money is paid out to the right person.
- ii) Payments to persons other than the rightful payees shall only be entertained on the production of a written and certified authority written by the payee authorising another person to collect his money. The authorised person shall sign his own name on the voucher and the authority shall be attached to the payment voucher as a supporting document.

## **5.26 Deductions**

Advances and any other sums recoverable from payments due shall be deducted from the gross amount of the payment voucher and such deductions shall be clearly noted in the voucher. The gross amount shall be posted to the cashbook and the deductions shall be receipted to the credit of respective votes and posted to the cashbook as well.

## **5.27 Lost payment voucher**

- i) If an original voucher is lost before payment, a replacement voucher shall not be prepared without the prior authority of the Kaupule Secretary in consultation with the Pule o Kaupule.
- ii) If either a triplicate order or an original account attached to a voucher is lost or accidentally destroyed, the following certificate shall be endorsed on the voucher:

“Certified that the triplicate order/original account has been lost/accidentally destroyed and that no payment has been made in respect thereof.”

.....

Signature

## **5.28 Payment and computation of salaries**

Payment of salaries of the Pule o Kaupule and permanent staff shall be made fortnightly. In the case of a broken period, payment shall be on pro-rata basis. This means that the number of days served in that period should be divided by the total number of days in that year multiplied by the annual rate.

## **5.29 Reconciliation of salary payments**

- i) It is the duty of the Kaupule Treasurer to keep up-to-date records of each Kaupule employee. A Record of Pay sheet should be prepared for each employee in each financial year. The Record of Pay sheet shall contain the following details:

- (a) name of employee;
- (b) salary level and incremental date;
- (c) the financial year the Record of Pay sheet relates to;
- (d) pay period;
- (e) date of payment;
- (f) gross pay;
- (g) allowance for the period (if any);
- (h) total gross pay and allowance;
- (i) deductions, like PF, advance, house rent, tax, etc.; and
- (j) net pay.

- ii) The Kaupule Treasurer must reconcile salary payments monthly.

- iii) Records of Pay sheets for each financial year must be retained in the Kaupule office until such time an order for their destruction is received from the Auditor-General.

### **5.30 Mode of salary payments**

- i) All Kaupule are encouraged to pay out salaries through employees' bank accounts held in the National Bank of Tuvalu. This calls for the Treasurer to process all salaries and deposit the net pays to individual staff's account with the National Bank of Tuvalu. For this to be effective in the outer islands, proper arrangement shall first be made between Kaupule and the Bank.
- ii) The second mode of payment that can be arranged, especially for Kaupule in the outer islands, is through the Fusi. The same process of salary payments is adopted but the net salaries of staff are deposited to their Fusi accounts. This is more convenient for the outer islands and proper arrangement shall first be made with all Fusi. Staff shall make their own arrangement to open their own accounts in their respective Falekaupule Fusi.

### **5.31 Cessation of salary payments**

The Pule o Kaupule, through the Kaupule Secretary, shall promptly notify the Kaupule Treasurer of any cases in which salary is to be ceased, for whatever reason.

### **5.32 Control of wages**

- i) Where casual workers are employed, a Time Record Sheet shall be opened for each employee for each pay period. The Time Record Sheet shall contain the followings:
  - (a) name of employee;
  - (b) rate of pay;
  - (c) time in and time out for each day;
  - (d) total daily hours worked;
  - (e) overtime hours (if any);
  - (f) total hours worked for the period;
  - (g) calculated wage for normal working hours;
  - (h) calculated overtime hours;
  - (i) gross wage due; and
  - (j) signature as endorsement for payment of the employee's immediate supervisor.
- ii) The Time Record Sheet shall be counter-checked by the Kaupule Secretary and must be authorised by him first before it is passed for payment by the Kaupule Treasurer.
- iii) Payment of wages can be done by cash or through workers' accounts in the NBT or the Fusi.

### **5.33 Payment of income tax**

- i) The Kaupule Treasurer, after deducting tax from individual staff salaries, must pay that right away to the Tuvalu Fund by issuing receipts in the names of individual staff whom were taxed. The receipts shall be attached to the original salary payment voucher as supporting documents for tax deducted on that particular payment voucher.



ii) It is the duty of the Kaupule Treasurer to promptly inform the Director of Customs and Taxation Department, the Auditor-General and the Treasury of the names of those who were taxed and the related tax deducted from each person.

#### **5.34 Payment of National Provident Fund (NPF) contributions**

i) The Kaupule Treasurer, after deducting contributions from staff salaries, must deposit such to the credit of the National Provident Fund's account held by him (in the Tuvalu Fund). The relevant NPF forms with a summary of individual and employer's contributions shall be promptly completed and forwarded to the NPF's head office as soon as practicable, but not later than the 15th of the following month.

ii) It is the duty of the Kaupule Treasurer to ensure that all persons in his Kaupule area who are liable to pay contributions, are registered.

iii) Quarterly returns (form C3A) must be rendered not later than the 15th of January, 15th of April, 15th of July and 15th of October.

iv) Voluntary and extra contributions by staff shall not be made through the payroll. The staff should make his own arrangement with the NPF to that effect.

v) An employee whose earning amounts to less than \$20 in a month is exempted from contributing to the Fund.

vi) It is the full responsibility of the Kaupule Treasurer to ensure that the Kaupule is not surcharged for any late payment of contributions.

vii) It is not legal to collect contribution on any salary that has been paid out. It is important therefore to deduct the contribution before payment.

viii) An officer who fails to deduct employees' contributions or who is responsible for late payment of contributions to the NPF, may be liable to be surcharged with the loss sustained by the Kaupule in accordance with section 14 of the Tuvalu Provident Fund Act.

ix) Copies of NPF forms C1, C2 and C3A must be retained by the Kaupule for a period of not less than six years.

## **6. FINANCIAL STATEMENTS**

### **6.1 Monthly accounts**

i) Every Kaupule shall keep proper accounts and other records in relation to financial transactions of the Falekaupule. Unless otherwise directed, the following shall form part of the monthly account that is forwarded to the Minister for Internal Affairs, Rural & Urban Development:

- (a) duplicate receipts
- (b) original and supported payment vouchers
- (c) original of cash book
- (d) schedules of receipts and expenditures
- (e) trial balance

### **6.2 Year end accounts**

i) At the close of the financial year, the Kaupule shall bring its accounts to a balance. Statements of actual revenue and actual expenditures measured against budget shall be prepared. A balance sheet to show the balances of assets and liabilities shall also be prepared.

ii) The trial balance for the March account shall be the source document in the preparation of the statements of actual revenue and actual expenditures and the balance sheet.

iii) Detailed explanations shall be disclosed as to why revenue items were under-collected and why expenditure items were over-spent.

iv) The balance sheet shall reflect the position of all Kaupule assets, liabilities and the capital account as at the end of the financial year (31 March).

v) A certificate, signed by the Pule o Kaupule and the Treasurer shall be issued to signify that the accompanying accounts are true and fair. Once the certificate has been signed, the Pule o Kaupule shall forward a copy to the Ulu Alikī for endorsement. Upon endorsement by the Ulu Alikī, the accounts shall then be forwarded to the Auditor-General for auditing. A copy of the endorsed accounts shall also be forwarded to the Minister for Internal Affairs, Rural & Urban Development.

## **7. AUDITING**

### **7.1 Auditing of accounts**

- i) The Auditor-General shall audit the Kaupule financial statements upon receipt of the statements from the Kaupule. The audit shall be carried out in accordance with audit procedures and standards to provide assurance that the financial statements are free of material errors and to satisfy the Auditor-General to form an opinion on the accounts.
- ii) The Minister for Internal Affairs, Rural & Urban Development who is keeping Kaupule monthly accounts shall provide such accounts to the Auditor-General for audit and examination as and when requested by the Auditor-General.

### **7.2 The Auditor-General's report**

- i) On completion of the audit, the Auditor-General shall provide a report on his examination and audit of the accounts and send his report with the audited financial statements to the Pule o Kaupule.
- ii) The Auditor-General shall forward a copy of his report to Parliament through the Speaker of the House of Parliament for tabling in Parliament's first session after the receipt of the report by the Speaker.

### **7.3 Publication of the Auditor-General's report**

- i) The Pule o Kaupule shall cause the Auditor-General's report to be published at the Kaupule Office within six weeks upon receipt by him of the report. The following shall be published:
  - (a) the annual balance sheet and a statement or abstract of amounts for each item of revenue and expenditures and the differences between the actual and budget; and
  - (b) the Auditor-General's report on the accounts and abstracts.

### **7.4 Power and duties of the Auditor-General**

- i) For every audit of Kaupule accounts, the Auditor-General may:
  - (a) disallow any expenditure item that is not in line with the law;
  - (b) surcharge the amount disallowed by him on the person responsible for incurring or authorising the expenditure;
  - (c) surcharge any amount not brought into account on the person by whom the sum ought to have been brought into account; and
  - (d) surcharge the amount of any loss or deficiency upon the person who was responsible for such loss or deficiency.
- ii) It is the duty of the Auditor-General:
  - (a) to certify the amount surcharged on any person; and

- (b) to certify at the end of the audit his allowance of the accounts, subject to any disallowance or surcharge that he had made.

### **7.5 Special relief for officers**

Any officer who incurred expenses in accordance with a resolution of the Falekaupule or Kaupule or a committee duly appointed by the Kaupule shall not be surcharged by the Auditor-General if the Auditor-General is satisfied that the officer acted according to such resolution.

### **7.6 The Auditor-General's evidence**

i) The Auditor-General or any other person duly authorised by him under section 26(1)(b) of the Public Finance Act may:

- (a) take evidence and examine witnesses upon oath or affirmation; and
- (b) by summons in writing, bring people he thinks fit to appear in person before him at a time and place to be stated in the summons and to produce all such books and papers, including minutes of proceedings of the Falekaupule or of the Kaupule or of any committee as he may consider necessary for examination.

ii) All witnesses summoned shall give evidence to the Auditor-General or any other person duly authorised by him in the same manner as if they are giving evidence before a court.

iii) A person ,without reasonable excuse:

- (a) neglects or refuses to obey the summons;
- (b) appeared as summoned but refuses to take or be examined on oath or affirmation; or
- (c) having taken oath or affirmation, refuses to answer questions put to him,

shall be liable for every neglect or refusal to a fine of \$200 or in default of payment, to imprisonment for six months.

### **7.7 Payment of certified sums**

All sums certified by the Auditor-General as due from any person shall be paid by that person to the Kaupule within 60 days from that date of certification. If an appeal is lodged against the Auditor-General's decision, within 30 days after the appeal is heard, or abandoned or failed.

### **7.8 Recovery of sums certified to be due**

i) All sums certified by the Auditor-General as due to the Kaupule shall be recovered by the Kaupule as civil debts.

ii) A certificate signed by the Auditor-General and a certificate signed by the Pule o Kaupule or Kaupule Treasurer, shall be used as evidence of non-payment.

### **7.9 Appeals against the Auditor-General's decision**

- i) Any person who is not satisfied with the Auditor-General's decision shall appeal to the magistrate's court. An appeal for an amount exceeding \$1,000 shall be dealt with in the High Court.
- ii) Appeals against the Auditor-General's decision must be filed within 60 days from the date of the decision or certification. Those that are filed after the 60 days have lapsed will be disallowed.
- iii) A magistrate's court or a high court may confirm, vary or quash the decision of the Auditor-General and remit the case to the Auditor-General with such directions as it thinks fit in its decision.

## **8. BANKING SERVICES**

### **8.1 The Island Development Revolving Fund**

Every Kaupule shall provide its own banking service to its Falekaupule residents through its Island Development Revolving Fund. This Fund shall be managed in accordance with its standing guideline as stipulated in its operating manual and in accordance with its ruling policy under the guidance of its own management committee.

### **8.2 Power to lend money**

i) A Kaupule by resolution and with the approval of the Falekaupule may lend money within Tuvalu.

ii) Conditions of lending money shall first be drawn with proper controls built into the lending system. The system shall be reviewed by the Auditor-General to ensure that it is strong and sound. His prior approval of the system shall first be obtained before lending commences.

### **8.3 Investment of funds**

i) With the approval of the Falekaupule and by resolution of the Kaupule, all or part of Falekaupule moneys held by the Kaupule and which are not needed to meet recurrent expenditures shall be held in such investments in Tuvalu as the Falekaupule and the Kaupule may think fit.

ii) Investments of moneys outside Tuvalu shall be made with the prior approval of the Minister for Internal Affairs, Rural & Urban Development on the advice of the General Manager of the National Bank of Tuvalu.

### **8.4 Power to borrow money**

A Kaupule with the approval of the Falekaupule may borrow money from any source within Tuvalu for development purposes of the Falekaupule area.

### **8.5 Overdraft**

A Kaupule may seek overdraft facility (advances) from banks. Such advance shall not exceed 10 percent of the annual estimate of revenue.

### **8.6 Bank accounts signatories**

Every Kaupule shall by resolution approve a list of signatories to its bank accounts. A copy of the list shall be forwarded to the bank. The list shall be updated regularly to reflect any change to signatories.

### **8.7 Custody of banking documents**

All banking documents must be properly maintained and retained. Investment, borrowing and lending documents and books of records shall be properly maintained and locked away when not in use. Passbooks and chequebooks must be kept under lock at all times.

#### **8.8 Reconciliation of bank accounts**

Depending on circumstance, Kaupule that operate cheque accounts must arrange with the NBT to send them daily or weekly bank statements for reconciliation purposes.

#### **8.9 Acceptance of cheques**

For outer islands Falekaupule, the Kaupule Treasurer must clear every local cheque with the NBT before accepting them as revenue. The same also applies for overseas cheques and notes.

#### **8.10 Encashment of cheques**

No individual or official cheque is allowed to be cashed.

## **9. MANAGEMENT OF DEBTORS**

### **9.1 Records of debts**

- i) It is duty of the Kaupule Treasurer to ensure that a proper register of debtors is maintained and from which quarterly returns of arrears of revenue are prepared and brought up to the Pule o Kaupule for tabling in the Kaupule and Falekaupule meetings.
- ii) The register shall be updated with names of debtors that are confirmed by the Auditor-General but not yet recorded in it.
- iii) It is the duty of the Kaupule Treasurer to make sure that the register is updated with records of payment once payment is made. This will ensure that the record of debtors is kept up-to-date as well as in assisting in the filing of civil claims.



## **10. MANAGEMENT OF FIXED ASSETS**

### **10.1 Definition of fixed assets**

A fixed asset is an item owned by the Kaupule that has a life span of more than two years, is readily depreciated, costs at least \$500 and can be expected to need maintenance at some stage to keep it in good working condition.

### **10.2 Register of fixed assets**

i) As soon as practicable and through the assistance of the Government, a stocktake of all Kaupule fixed assets shall be undertaken. This stock take shall be the base in which the first ever register of fixed assets to be maintained in the latest technological form shall be opened for all Kaupule.

ii) When the registers are ready, they shall be handed over to each Kaupule. It shall then be the full responsibility of each Kaupule to maintain them up-to-date at all times. Specific responsibility for the asset register belongs to Te Ofisa Teu Tupe. New fixed assets must be promptly recorded and obsolete ones written off under proper authority and shall be promptly removed from the register.

iii) The costs of fixed assets and their approved depreciation rates that comply with standing Government rates shall be recorded in the register.

### **10.3 Purchase of fixed assets**

No asset of any value shall be purchased without the prior approval of the Kaupule.

### **10.4 Assets received by way of donation**

Fixed assets received by way of donation from the Government, overseas governments and organisations shall be promptly entered in the register. Their values shall be determined and recorded.

### **10.5 Disposal of assets**

Fixed assets are to be disposed by way of sale or auction through the Kaupule, whichever way the Kaupule thinks best. If in the opinion of the Kaupule the asset cannot be disposed by sale or auction it should be written off and discarded.

## **11. BOARD OF SURVEY ON CASH**

### **11.1 Appointment and duties of members**

- i) The Pule o Kaupule shall appoint in writing, a Board of Survey to examine the Kaupule cash position at the end of each financial year. It is the duty of the Kaupule Treasurer to keep and balance up his cashbook and other financial records by the 31st of March each year for inspection and examination by the Board members. The Board shall determine whether or not the cash counted agrees with the cash on hand per the cashbook.
- ii) The Board shall also confirm the actual balances of each Kaupule account held in banks.
- iii) Where contacts by the Board to banks are slow or difficult, the Office of the Auditor-General shall be approached by the Board for assistance. In this instant, the Office of the Auditor-General will get the banks to confirm the bank balances in writing. On receipt of the confirmation, the Auditor-General shall transmit a copy of the bank's reply by fax to the Kaupule concerned.

### **11.2 Constitution of the Board of Survey**

The Board shall comprise three experienced and reliable persons who are not employees of the Kaupule. The three persons appointed should be residents of the relevant Falekaupule area and one of them shall be appointed by the Pule o Kaupule as the chairperson.

### **11.3 Presence of Kaupule Treasurer**

All Kaupule Treasurers shall be present at all times when the Board is surveying cash under their charge.

### **11.4 Procedures where survey lasts more than a day**

Where survey lasts more than a day, the portion of money that is not yet counted shall be sealed by board members. The strong safe in which the cash is kept shall also be sealed. The seals shall only be broken when the board members and the Kaupule Treasurer are present.

### **11.5 Report of the Board**

- i) At the end of the survey, the members shall prepare their report and submit it within one week of completion to the Pule o Kaupule with copies to the Auditor-General and the Minister for Internal Affairs, Rural & Urban Development. The Board will await confirmation of bank balances, two days after the receipt of confirmation from the Auditor-General.
- ii) The Pule o Kaupule shall table the report in the Kaupule's first meeting following the survey and shall also cause the report to be tabled in the next Falekaupule meeting.

### **11.6 Surpluses and shortages**

- i) Where a surplus is disclosed, it shall be credited to the Kaupule miscellaneous revenue item. Where a shortage is disclosed it shall be debited to the advance account of the responsible officer and shall be reported immediately to the Pule o Kaupule, the Auditor-General and the Minister for Internal Affairs, Rural & Urban Development.
- ii) The Auditor-General shall examine and verify the loss to determine its cause. If the cause cannot be determined, the Auditor-General shall inform the Pule o Kaupule about it and the Pule o Kaupule shall institute recovery action of the advance from the responsible officer.

## **12. HANDING AND TAKING OVERS**

### **12.1 Handing/Taking over statement to be rendered during handing over**

i) For every handing/taking over exercise, a statement in the prescribed form shall be prepared and signed by the taking over and handing over officers for the following:

- (a) cash;
- (b) savings accounts;
- (c) investment documents;
- (d) used and unused receipts;
- (e) license forms;
- (f) receipt forms;
- (g) keys;
- (h) fixed assets register (including strong safe);
- (i) register of rates;
- (j) orders;
- (k) circular books;
- (l) financial guideline;
- (m) staff guideline;
- (n) register of debtors; and
- (o) other relevant documents.

### **12.2 Failure to keep records up to date**

Where registers are not kept up to date, the handing over officer shall give full and clear explanation as to why he failed to keep them up to date. The matter shall be reported immediately to the Pule o Kaupule who shall cause disciplinary action to be taken on the handing over officer.

### **12.3 Where taking over officer is not satisfied**

The taking over officer must not sign the handing/taking over certificate if he is not satisfied with the contents of the certificate. His signing of the certificate shall render him to any false revelation in the statement for which he will take charge.

### **12.4 Cashbook to be balanced**

The cashbook must be balanced before it is signed by the handing/taking over officers. A certificate of agreement shall be recorded in the cashbook where both officers shall sign when both of them agree to the balance in the cashbook.