



Pacific Immigration
Directors' Conference



Members of PIDC



PACIFIC IMMIGRATION DIRECTORS' CONFERENCE (PIDC)

FINANCIAL REGULATIONS

**FINAL
JULY 2016**

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INTERPRETATION

<i>PIDC</i>	The Pacific Immigration Directors' Conference
<i>PIDC Secretariat</i>	The office established to deliver the PIDC's work programme.
<i>Head of Secretariat</i>	The person appointed to manage the PIDC Secretariat.
<i>PIDC Member(s)</i>	The immigration agency or agencies of member countries as listed in the PIDC Constitution.
<i>PIDC Chair</i>	The Chair of the PIDC and its Board.
<i>Regular Annual Meeting</i>	The Annual Meeting of PIDC Members specified in Article 16 of the Constitution, unless otherwise stated.
<i>Board</i>	For the purposes of the PIDC the Board shall comprise the Chairperson and the Vice-Chairperson as well as one representative from each of the Principal Donor countries, and elected representatives.
<i>Constitution</i>	The Constitution of the PIDC.
<i>Donor</i>	A PIDC member country which makes a financial commitment to the PIDC in addition to its 'member contribution', or a non-member country or organisation which makes a financial contribution to the PIDC.
<i>Principal Donors</i>	Australia and New Zealand, who provide substantial contributions to the PIDC operating budget.
<i>High Officers</i>	Positions within the Secretariat that are defined within the Headquarters Agreement.
<i>Member Contributions</i>	The financial contributions made by PIDC Members to the PIDC.
<i>Audit and Risk Committee</i>	The PIDC Board Committee assigned with understanding and effectively mitigating PIDC's financial and non-financial risks.
<i>Special Meeting</i>	An inter-sessional general meeting of the PIDC specified in the Constitution of the PIDC.
<i>Annual Report</i>	The PIDC report on its performance that includes audited financial statements for the year ended 30 June.
<i>Core Operating Principles</i>	Principles that inform and underpin PIDC's financial management processes, decisions and relationships.

Introduction

The PIDC has established a governance and management regime that is based on clarity of roles and core operating principles.

This approach is aligned with the PIDC Constitution and the organisation's operating context.

The Financial Regulations (Policies and Procedures) set out in this document are designed to enable best practice financial management and to support effective Governance and management of the PIDC.

Roles and Responsibilities

The Board

Is responsible for setting the strategic direction and ensuring the PIDC's programme of work and other objectives are delivered and are adding value. It is also responsible for ensuring that the PIDC is a going concern; that reputational, financial and non-financial risks are identified and effectively mitigated and that policies are in place that ensure resources are used responsibly and with accountability.

The Secretariat

With the support of the Secretariat, the Head of Secretariat, is responsible for enabling the Board to deliver the PIDC's annual work programme within the approved budget. This includes following Board policies and procedures; regular and timely reporting and the highest levels of integrity in providing services and advice to member countries.

Core Operating Principles

Accountability

Consistent with the roles and responsibilities the Board will provide the PIDC Secretariat with clear direction on priorities and the resources available to meet those priorities. Under the leadership and direction of the Head of Secretariat the Secretariat will give effect to the Board decisions through, its representational and management roles, in an efficient and professional manner.

In setting budgets and in making expenditure and investment decisions, the Board and Secretariat staff with authority to commit and spend PIDC resources will ensure that the commitment to spend PIDC funds:

- supports the goals of the PIDC
- is justifiable to donors or other stakeholders
- will not create adverse publicity for the PIDC
- forms part of the approved budget.

Communication and “No Surprises”

To achieve key outcomes, undertake best practice financial management and operate a “no surprises” culture there will be timely communication and reporting between the Board, member countries and the PIDC Secretariat.

Training and Development

PIDC Secretariat staff will be trained and developed to carry out their roles and trusted and empowered to perform their duties with confidence within a clear set of conduct expectations.

Integrity and Transparency

The Board and Head of Secretariat will ensure a high standard of integrity and transparency in the management of PIDC finances and in the management of key relationships; including with donors, auditors and suppliers.

It may be that for certain payments of for payments above a specified limit, the signature of the Chair and or the formal approval of the Board is required.

PIDC FINANCIAL REGULATIONS (POLICIES AND PROCEDURES)

REGULATION 1

Applicability

- 1.1. These Regulations inform the financial administration of the Pacific Immigration Directors' Conference (hereinafter referred to as "the PIDC"), the Board of the PIDC (hereinafter referred to as "the Board"), the PIDC Secretariat (hereinafter referred to as "the Secretariat") and any subsidiary bodies or sub-committees respectively established under the PIDC Constitution (hereinafter referred to as "the Constitution").
- 1.2. Subject to the provisions of the Headquarters Agreement with the Independent State of Samoa and the PIDC's Constitution, these Regulations may be amended by the Board in accordance with its Rules of Procedure.
- 1.3. These regulations should be reviewed and updated periodically in response to new requirements, changing business practices, technological change, latest accounting standards and agreed audit recommendations.

REGULATION 2

Financial Year

- 2.1. The PIDC's financial year commences on the 1st July and ends on the 30th June.
- 2.2. The PIDC Regular Annual Meeting will be scheduled for the last quarter of the financial year to enable the upcoming financial year's revenue and expenditure budget and work programme to be discussed and agreed by consensus.
- 2.3. The Board would normally meet prior to Regular Annual Meeting to consider current year performance and the latest financial position, and with that information establish priorities and budget recommendations for discussion and agreement at the Regular Annual Meeting.
- 2.4. The audited financial statements and draft annual report of the PIDC will normally be considered at the first Board meeting of the new financial year. On behalf of the Board the Secretariat will provide the Annual Report, including year-end financial statements and the auditor's opinion, to all member countries as soon as is practicable after that meeting.

REGULATION 3

PIDC Revenue

- 3.1. In accordance with the Constitution, all PIDC revenue will go towards furthering the aims and objectives of the PIDC.
- 3.2. PIDC revenue sources include:
 - annual contributions made by Principal Donors and PIDC Members as agreed at the Regular Annual Meeting;

PIDC Financial Regulations

- voluntary contributions made by PIDC Members and other organisations for specified or unspecified purposes related to the mission and purpose of the PIDC;
 - project funding from current and new donors;
 - any other revenue which the PIDC may secure through the development and implementation of its Donor Strategy and the recovery of costs associated with the delivery of programmes and services; and
 - investment income.
- 3.3. Annual contributions from Principal Donors and any other funds which the PIDC may receive and accept (with the exception of annual member contributions and voluntary contributions) shall be coded to the "General Fund" and deposited into the PIDC bank account.
- 3.4. Annual member contributions and voluntary contributions shall be coded to the "Member Contribution Fund" and deposited into the PIDC bank account.
- 3.5. Having considered the costs and benefits, and after the provision of specialist advice, the Board may agree to establish Trust and Special Funds for the intention of receiving funds and making payments for one-off or developmental purposes that are linked to the outcomes of the PIDC.
- 3.6. One-off and standalone arrangements can add complexity, cost and risk and therefore the establishment of such arrangements would be the exception rather than the rule.
- 3.7. The status of any Trust or Special Fund arrangements would be reported to the Board and included in the PIDC's Annual Financial Statements.
- 3.8. Principal Donor contributions, and Member Contributions acknowledged and confirmed at the Regular Annual Meeting will normally be invoiced in the June, to enable payments to be made in accordance with agreed and documented funding disbursement profiles and as early as possible in the new financial year.
- 3.9. PIDC is exempted from paying GST on Donor and Member Contributions in the Independent State of Samoa and invoicing arrangements will reflect that.
- 3.10. Any other revenue will be invoiced as agreed with the recipient of PIDC services and in accordance with the Independent State of Samoa's invoicing and tax requirements.
- 3.11. Member countries are encouraged to pay their agreed contribution in full within the first month of the new financial year.
- 3.12. PIDC investment income will be reported to the Board and in the Annual Report and Year End Financial Statements in accordance with the accepted accounting practice in the Independent State of Samoa.

PIDC Financial Regulations

- 3.13. Miscellaneous income shall be subject to the same financial controls, reporting and accountabilities as activities financed from regular budget appropriations. If the Miscellaneous Income relates to a designated project the Board, on the advice of the Head of Secretariat will confirm that the project is aligned with the aims, objectives and priorities of the PIDC.
- 3.14. Voluntary contributions shall be coded to the Member Contribution Account unless otherwise requested by the donor or unless a Trust or Special Fund is to be established under Regulation 3.5.

REGULATION 4

Banking Policy and Procedures

- 4.1. The Board on the advice of the Head of Secretariat, and in consultation with Principal Donors has designated a bank in the Independent State of Samoa in which all of the funds of the PIDC shall be kept.
- 4.2. The Board will also agree to the number and purpose of any accounts opened in the PIDC's name and the Board and High Officer's positions within the Secretariat that will be signatories to each account. The Board will agree who can authorise payments from the account, and who may have read only access to the account, including as considered necessary the PIDC's auditor and nominated Principal Donor representatives.
- 4.3. The current list of signatories is to be kept up to date by the Head of Secretariat. This includes meeting bank requirements for new signatories taking up a Governance or High Officer role that is an established signatory to the account or advising the bank of new roles that are a signatory and providing all the necessary details for the incumbent in that role.
- 4.4. Administration and management of the bank accounts, including the application of internal controls is the responsibility of the Head of Secretariat.
- 4.5. No PIDC bank account is permitted to have an overdraft facility, and all bank accounts are to be managed with the intent that they do not go into overdraft at any time.
- 4.6. The Board expects that the PIDC cash position will be closely monitored by the Head of Secretariat, and that it will be informed on a "no surprises basis" if it appears that a positive cash flow position in any of its accounts may not be able to be sustained.
- 4.7. A bank reconciliation is a fundamental internal control. It is to be completed each month and countersigned by a second person in the Secretariat. The bank reconciliation documentation is to be retained for Audit purposes. If any irregularities are evident the PIDC Chair is to be advised immediately.
- 4.8. The Board will receive reports from the Head of Secretariat on the PIDC's actual and budgeted cash flow position. A Statement of Cash Flows will be included in the PIDC's Year-End Financial statements.

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- 4.9. The Board may make decisions to invest cash reserves into interest bearing term deposit accounts at the PIDC's designated bank.
- 4.10. In consultation with the Board, the Head of Secretariat may make short-term investments (of up to 6 months) of cash reserves not needed for the immediate requirements of the PIDC. Such investments shall be restricted to interest bearing deposits at the PIDC's designated bank.
- 4.11. Investments of more than 12 months can be authorised by the Board provided such action is consistent with the terms under which the funds were lodged with the PIDC e.g. for replacement of assets in out-years or meeting staff relocation and repatriation costs, that are known but will not be incurred for 12 months or more.

REGULATION 5

General Fund

- 5.1 In accordance with Regulation 3 of these Regulations, annual contributions from Principal Donors and any other funds which the PIDC may receive and accept (with the exception of annual Member Contributions) shall be recorded as contributions to the General Fund.
- 5.2 With regard to the aims and objectives of the PIDC the purpose of revenue received into the General Fund is to finance the core activities of the PIDC, as set out in the PIDC's results management suite and annual work plan.

REGULATION 6

Member Contribution Fund

- 6.1 In accordance with Regulation 3 of these Regulations, annual Member Contributions shall be recorded in the PIDC's financial system as contributions to the Member Contribution Fund.
- 6.2 The minimum amount to be paid by each member in the following year shall be agreed at the Regular Annual Meeting and shall be recorded in the minutes of that meeting. The agreed contributions will be included in the PIDC budget for the following year and be the basis for the PIDC invoicing member countries in June each year so that they can make their payment as early as possible in the new financial year.
- 6.4 The Board may agree to a member country being exempted from paying its contribution if that country is the next host of the Regular Annual Meeting.
- 6.5 While the "Membership Contribution Fund" forms part of the overall budget, its primary purpose is to fund participation in PIDC activities including training capability development and secondment programmes and member travel associated with attendance at Board meetings or to the Regular Annual Meeting.

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- 6.6 In accordance with the recommendations of the '2009 Institutional Review', Member Contributions are set at the Regular Annual Meeting according to ability to pay. Member Contributions are established based on the best available GDP figures for each country divided by Immigration staff numbers in each country.
- 6.7 Regardless of the tier into which a Member is positioned, each Member retains an equal vote in respect to PIDC business and decision making.
- 6.8 The table below provides the tier details. Tier contributions and PIDC Members assignment to a tier are confirmed at each Regular Annual Meeting.

Member Country – Tier Levels	
Exempt	
Australia and New Zealand	
Tier 1 - NZD 5,000	Tier 2 – NZD 4,000
French Polynesia	American Samoa
Guam	CNMI
New Caledonia	Cook Islands
Papua New Guinea	Fiji
Samoa	Solomon Islands
	Vanuatu
Tier 3 – NZD 3,000	Tier 4 – NZD 2,000
Kiribati	FSM
Marshall Islands	Nauru
Tonga	Niue
	Norfolk Island
	Palau
	Tuvalu
	Wallis and Futuna

- 6.9 the Secretariat will invoice Members in early July of each year which is the first month of the PIDC financial year;
- 6.10 Members are to pay their contributions for the financial year within the first three months from the date of when the invoice is issued;
- 6.11 where Members are not in a position to meet their obligation within three months from the date of invoice, for example due to their financial year being aligned to the calendar year, Members must inform the Secretariat and provide an alternative date for when payment is to be made;
- 6.12 Members be provided with the option of paying two instalments (being 6 months and end of financial year) for the full payment of prior years' outstanding contribution;
- 6.13 as a consequence of non-payment by the agreed date and where no arrangement has been made for the full payment of such, Members may not be eligible to PIDC financial support to attend PIDC activities until all outstanding contributions are paid in full. Members affected will be informed of such measures at every Regular Annual Meeting.

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- 6.14 The Secretariat will continue to update the Board regarding Membership contribution funds on a regular basis; and
- 6.15 as a prudent measure to collecting outstanding contribution and proactively reminding members of their Membership commitments, the Secretariat will send out statement no later than the 15th of each month due until full payment is received.

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REGULATION 7

Debt Management and Reporting

- 7.1 The PIDC expects that the vast majority of the money owed to it will be paid on time and in accordance with agreements reached.
- 7.2 Some debts may become outstanding. The Secretariat, on behalf of the Board, has the responsibility to recover monies owing in a timely and efficient manner. The longer recovery action is delayed the more difficult and expensive it can become to collect the money owed.
- 7.3 The Secretariat will apply prudent debt management practices including;
- Raising invoices in a timely manner for agreed revenue streams from PIDC Members and from services that have or are scheduled to be provided. Account details must be recorded correctly and GST only applied for cost recovery activities undertaken by the PIDC in the Independent State of Samoa.
 - Preparing and reviewing an aged debt report each month and providing an aged debt report for each Board meeting.
 - Keeping in early and regular contact with overdue debtors, including issuing statements or follow up letters to overdue debtors at month end.
 - Where debts have been incurred in the provision of services and these are well overdue the Secretariat can review whether services will be provided to the debtor until overdue amounts have been paid.
 - Recommending the debt write-offs when all avenues have failed or it is considered uneconomical to proceed.
- 7.4 The Head of Secretariat can enter into arrangements for the payment of debts over a period time as long as the objective is to ensure payment in full and there is a reasonable prospect of the debt being repaid. At the Head of Secretariats discretion, a debt repayment agreement may include interest rate being applied to outstanding debt.
- 7.5 Aged debts that are over 183 days overdue shall be identified and recorded in the accounts of the PIDC as a doubtful debt. Aged debts that are less than 183 days may be provided for in the accounts if the recovery of the debt is considered unlikely.
- 7.6 Debts may be written off by the Board on the recommendation of the Head of Secretariat. Write off action is an accounting action and does not mean that the

debt is not payable to the PIDC or that any subsequent offer to pay the debt is to be refused.

REGULATION 8

The Budget

- 8.1 At each Regular Annual Meeting the Head of Secretariat, shall present a venue and expenditure budget for the following financial year in Western Samoa Tala. The Budget is to include an associated work programme that clearly sets out the linkage to results. PIDC members will consider the budget package and agree to adopt it by consensus.
- 8.2 The PIDC's annual budget and work programme for the upcoming financial year will reflect Board direction and input; will have been consulted with key stakeholders and would be linked to the current year's programme of work and the longer-term delivery and financial strategies for the PIDC.
- 8.3 The proposed budget and associated work programme will include;
- A statement of PIDC income from all confirmed sources.
 - A proposed PIDC expenditure budget that links with the results management suite that will be delivered in the upcoming financial year.
 - A breakdown indicating which elements of the budget are being financed from Principal Donor contributions and which are to be financed from other sources, including from annual Member Contributions.
 - Commentary on any key issues or developments in respect of the budget and what these developments might mean for the PIDC's mission, strategic direction, and its ongoing financial viability.
- 8.2 The expenditure budget will not exceed confirmed and available funding, including any unallocated reserves built up from the current or previous years. The draft budget should also detail programmes of work and investments that commit the PIDC to expenditure over more than one financial year.
- 8.3 Along with the proposed budget, the Head of Secretariat shall present an estimated year-end financial position for the current financial year.
- 8.4 Following consideration of all of the information and discussion, the PIDC shall adopt its annual operating budget and associated work programme by consensus.
- 8.5 If the PIDC is unable to reach such a consensus, expenditure shall be limited to essential spending only until such time as a new budget can be agreed to by the Board. No new programmes will be commenced and those in place may need to be suspended until the budget position is confirmed.
- 8.6 The approved budget for the following financial year and the associated work programme will be overseen by the Board on behalf of member countries.

- 8.7 The Head of Secretariat is responsible for implementing the budget and managing the PIDC's financial resources consistent with the guidance in these regulations.

REGULATION 9

Appropriations - Linkage to Results Management Suite

- 9.1 The PIDC's annual budget will be made up of a number of appropriations. The PIDC will present its budget in terms of outputs (the results that will be achieved) as well as inputs (the various expenditure categories). This will enable the PIDC to plan and account for its performance.
- 9.2 Linking "Appropriations to Results" enables stakeholder and donor expectations to be met, with the PIDC specifying:
- The results it expects to achieve with the available funding
 - The inputs that will be allocated to achieve those results
 - The measures being applied to each result
 - The monitoring and evaluation plan.
- 9.3 The appropriations adopted by the PIDC shall constitute authorisation for the Head of Secretariat to commit expenditure and make payments on behalf of the PIDC. This will be on the basis that each commitment relates to one or more result areas and the resulting expenditure can and will be allocated accordingly.
- 9.4 The Head of Secretariat is authorised to make appropriation budget transfers of up to \$WST40,000. Any transfers must be reported by the Head of Secretariat to the next meeting of the Board.
- 9.5 Transfers in excess of \$WST40,000 will require the authorisation of the Board.
- 9.6 Unless the Board decides otherwise, the Head of Secretariat may commit expenditure against next year's budget before it is formally agreed. These commitments are limited to those being necessary for the continued effective functioning of the PIDC (e.g. staff salaries and allowances) and to programmes of work that cross financial years that are underway and have previously been agreed to by the Board.
- 9.7 Any such commitments must be identified in the draft budget prepared for the Regular Annual Meeting.
- 9.8 In making these decisions, the Head of Secretariat would need to be satisfied as to the likelihood of continued funding and should consult with the Board if there are uncertainties and concerns about future year funding being sufficient to meet base level expenditure requirements.
- 9.9 The Board and Head of Secretariat can establish criteria for unbudgeted expenditure on unforeseen and extraordinary events or agree to manage

issues on a case by case basis, noting the possible need to reprioritise activities and approved budgets from time to time.

REGULATION 10

Reporting

- 10.1 The Head of Secretariat is responsible for timely, accurate, complete and informative reporting to the Board, the Board's Audit and Risk Committee, member countries, Principal Donors and other donors and stakeholders.
- 10.2 Reports to the Board and others would normally include an update of the Secretariat's activities and progress against the PIDC's agreed work plan. Alongside this report there would be a report on expenditure against budget with commentary of key trends and variances.
- 10.3 The Head of Secretariat shall provide to each Regular Annual Meeting, Board meeting, or Special Meeting, information and reporting that is required to conduct the business of that meeting.
- 10.4 The Board shall satisfy itself that the financial reports provided by the Head of Secretariat at each Board meeting are an accurate reflection of financial position and operational performance of the PIDC and that the expenditure remains consistent with the aims and objectives of the PIDC, the current year work programme and the Core Operating Principles that inform these Financial Regulations.
- 10.5 To ensure these requirements and responsibilities are met, the Head of Secretariat is responsible for establishing the PIDC's ledger and chart of accounts and for maintaining accurate, accessible and up-to-date financial records and data and information to enable reporting on the work programme and key results being sought by the PIDC.
- 10.6 The Head of Secretariat shall submit to the Board, no later than 1 September immediately following the end of each financial year, the finalised PIDC Annual Report, including audited annual financial statements.
- 10.7 The annual report financial statements shall be presented, in WST. They should be prepared in accordance with the Generally Accepted Accounting Practices of the Independent State of Samoa. The annual report would include a Statement of Service Performance, (results achieved for the money expended); Statement of Financial Performance (Income and Expenditure); Statement of Financial Position (Balance Sheet); and Statement of Cash Flows (Cash Flows and Liquidity).
- 10.8 The Board will receive and review the audited financial statements from the external auditor and through the Secretariat will make the audited annual financial statements available to all PIDC member countries as soon as practicable.

REGULATION 11

Internal Control

- 11.1 The PIDC's internal controls promote the achievement of its business plans and enable goals and objectives to be met.
- 11.2 The Head of Secretariat is responsible for the Secretariat having processes, plans and systems in place that demonstrate control and transparency over the PIDC's operation and its financial management.
- 11.3 This includes providing the Board with assurance that all financial and non-financial data and information is accurate, reliable, complete and timely; that the actions of the Secretariat and others in the PIDC are in compliance with PIDC policies and standards; and that the PIDC's non-financial and financial resources are used effectively and are adequately protected.
- 11.4 The Head of Secretariat will maintain an Internal Control Checklist for all aspects of the PIDC's operations.
- 11.5 As a minimum, the Head of Secretariat is responsible for ensuring that:
- a monthly bank reconciliation for each PIDC bank account is undertaken, reviewed by a second High Officer and signed off,
 - any journals to enable the most materially accurate and up to date financial position to be presented are actioned,
 - the signed accounts payable documentation, including automatic payment and direct debit payment details are filed monthly under the cover of a summary report. This documentation must be retained for a period of seven (7) years.
 - the PIDC ledger is otherwise properly maintained and enables the PIDC to meet its reporting and financial management responsibilities to a reliable and consistently high standard.
- 11.6 The Head of Secretariat is responsible for ensuring a periodic review of all controls is carried out, and for documenting the outcome of those reviews including the implementation of any audit recommendations or continuous improvement and business enhancement initiatives.

REGULATION 12

External Audit

- 12.1 External audit is an important aspect of PIDC's financial management. It provides a level of assurance to the Board, Secretariat, Principal Donors and stakeholders that PIDC's financial affairs are in order. It is a way of ensuring that the organisation has systems, policies and controls in place and that they are working as intended. The external audit function brings an independent view but does not replace the need for other processes including internal

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control checks, ongoing reviews of policies and procedures, and good quality and timely financial reporting

- 12.2 An external and independent auditor ("the auditor") from a reputable accountant should be appointed by the Board on the recommendation of the Board's Audit and Risk Committee and the Head of Secretariat for a minimum of one year and that appointment be reviewed each year.
- 12.3 For continuity, and to achieve full value out of the relationship, the auditor can be re-engaged by the Board on the basis that the Board has received independent, high quality, timely and cost-effective audit services and advice and that there is a reasonable expectation that will continue.
- 12.4 The main focus for the auditor will be to form an opinion on the PIDC's year-end financial statements. The auditor may also make recommendations for change where current practices are not serving the PIDC well or where there are opportunities for improvement.
- 12.5 The auditor shall conduct his or her examination of the PIDC's financial statements in conformity with accepted auditing standards and shall report to the Board, through the Head of Secretariat on all relevant matters, including:
 - a) whether, in their opinion, the statements are based on proper accounts and records;
 - b) whether the statements are in agreement with the accounts and records; and
 - c) whether, in their opinion, the income, expenditure and investment of moneys and the acquisition and disposal of assets by the PIDC during the year have been in accordance with PIDC's Constitution and these Regulations.

The Head of Secretariat and the auditor are required to work together to develop a plan for the year-end audit or any other audits that may be commissioned.

- 12.6 While the PIDC is a relatively straight forward organisation with relatively few transactions, the agreed plan can include the auditors been engaged before the end of the financial year to undertake preliminary audit tasks with the Secretariat. This work might include sampling of key transactions and processes including those relating to salary and other staff-related payments, and travel payments and reimbursements.
- 12.7 The year-end audit is required to be completed and the opinion issued in time for the annual financial statements to be tabled at the first PIDC Board meeting in the new financial year or no later than 1 September.
- 12.8 The Board, through its Audit and Risk Committee will receive and review the audited financial statements from the auditor and will make those audited annual financial statements available to all PIDC member countries as soon as practicable.

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- 12.9 The auditor shall be entitled at all reasonable times to full and free access to all accounts and records of the PIDC relating directly or indirectly to the receipt or payment of moneys by the PIDC or to the acquisition, receipt, custody or disposal of assets by the PIDC or to the granting or exercise of any financial delegation.
- 12.10 The auditor may take copies of documents if audit work is required to be undertaken off-site, and access extracts for audit activity undertaken in the Secretariat's offices. The auditor is trusted to care for and respect the commercial and private information that is included in or can be inferred from the PIDC's financial records.
- 12.11 The Head of Secretariat shall provide the auditor with the facilities they may require in the performance of the audit.
- 12.12 The Board, or the Boards Audit and Risk Committee, may invite the external auditor to attend discussions on the annual financial statements, on recommendations arising out of the audit and on any other matters that the Board or the Board's Audit and Risk Committee may wish to discuss.
- 12.13 The Board, through the Head of Secretariat, and in consultation with other stakeholders shall ensure agreed audit recommendations are addressed and implemented as soon as practicable. A register of outstanding audit recommendations, and their status, will be maintained by the Head of Secretariat and be reviewed by the Board's Risk and Audit Committee.

REGULATION 13

Financial Delegations

- 13.1 The Head of Secretariat shall have financial authority to expend PIDC funds or incur PIDC expenses or liabilities within the limits set out in this and related policies and procedures. Such authority shall be constrained by the funding and budget limits of the annual operating budget and the various result-based appropriations that make up that budget.
- 13.2 The Head of Secretariat may, either generally or particularly, delegate to the Deputy Head of Secretariat, Office Manager or any other professional staff member, any of the financial responsibilities or powers of the Head of Secretariat, provided that delegation is provided in writing and is specific in nature, providing full details of the nature, time-frame and extent of the delegated authority.
- 13.3 All delegations must be exercised in accordance with these Regulations, the legal requirements of the Independent State of Samoa, as well as being within the specified limits of the delegation held.

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- 13.4 Delegation holders must ensure that any other matters arising from an exercise of a financial delegation are considered and authorised including compliance with procurement requirements, employment contract provisions, and staff regulations.
- 13.5 In general terms as long as the expenditure is within budget and an established appropriation the Head of Secretariat, or his authorised nominee can commit PIDC funds. The Head of Secretariat can also make capital purchases for items included in the PIDC's approved capital investment programme.
- 13.6 There may be times when the Head of Secretariat needs to commit expenditure that was not anticipated or specifically budgeted. Without reference to the Board and on the basis that the commitment can be met within the overall budget or capital investment programme the Head of Secretariat may;
- Make an ex gratia payment of up to \$WST1,000 for an expense that the PIDC is not legally bound to make but for other reasons deems it appropriate and reasonable to pay- e.g. funding support in compassionate or bereavement situations or reimbursement for clothing damaged at work;
 - Engage consultants or legal advice for assignments that are not programmed up to a total estimated cost of \$WST30,000 for one or more non-programmed assignments;
 - Approve travel that has not been programmed up to \$WST30,000 (as long as that travel does not relate to the Head of Secretariat and can be funded within budget or through additional revenue);
 - Approve additional capital expenditure of up to \$WST15,000 on an approved investment on the basis that it can be accommodated within the current year capital investment programme. Offsetting reductions could be achieved through savings or through reprioritisation.
 - Make appropriation budget transfers of up to \$WST40,000 per year. Transfers in excess of \$WST40,000 will require the authorisation of the Board.
- 13.7 Where any of these discretions have been applied they are to be formally reported to the next Board meeting, along with updated budget profile. This provides confidence and assurance to the Board that the unplanned expenditure or investment was appropriate and can be accommodated with or without impact, on key deliverables and PIDC's overall financial position.
- 13.8 Delegation holders need to apply sound judgement in all decisions. They may need consult and to refer to the Core Operating Principles and other related policies for situations that are more complex. These situations might be out of the ordinary; they might involve or be perceived to involve a political dimension, or they might involve a disclosed or suspected Conflict of Interest.
- 13.9 Where any matter handled under delegated authority may be considered contentious or in some other way have implications for the PIDC, the Head of Secretariat and/or the PIDC Chair are to be kept fully informed. The same

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principle applies to any breaches of delegated authority. If there is doubt or uncertainty about whether the delegation holder needs to seek guidance or clarification, they should discuss the situation with the Head of Secretariat or the PIDC Chair as appropriate.

- 13.10 A Delegations Register is held by the Head of Secretariat, who is responsible for ensuring the details of the register are up-to-date.
- 13.11 Decisions made under delegated authority will be subject to internal control checks and the external audit process. The decision and documentation to support the decision must be recorded in writing and appropriately filed. The documentation filed should also include any advice that may have been sought or offered.

REGULATION 14

Travel- Board, Staff and PIDC Programmes

Introduction

- 14.1 PIDC is an organisation that is supporting and advancing regional capacity and capability development. It has a travel programme that is linked to its mission and that accounts for a significant proportion of its annual operating budget.
- 14.2 Travel expenditure and the value from it is a point interest for member countries and donors and is subject to external audit review and internal control checks. The PIDC requires expenditure on its travel to be necessary, moderate, well controlled and documented.
- 14.3 The Head of Secretariat is responsible for overseeing and ensuring compliance with this regulation and for developing an annual travel programme and associated budget for inclusion in the PIDC's annual budget that is considered by the Board and approved at the Regular Annual Meeting. The travel programme and associated budget will be aligned with PIDC priorities, be consulted with key stakeholders, and be affordable. The expenditure will also be linked to PIDC's Results Management Suite.
- 14.4 Even though the travel may be on the approved travel plan alternatives to travel (e.g. video conferencing, telephone and conference calls) may still warrant consideration and in any event should be used prior to, or in between meetings and other PIDC funded activities, to ensure maximum value from "face to face" time.
- 14.5 The Head of Secretariat has discretion to amend the travel programme to reflect latest priorities and requirements and to enable additional funded activity to be carried out. As per Regulation 13.7, the Head of Secretariat has authority to spend up to \$WST 30,000 per year for travel that has not been programmed but can be accommodated within budget. Any use of this discretion is to be reported to the Board and included in updated budget allocations and forecasts.

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- 14.6 The travel programme and budget requirements can be updated through the year. Actual or proposed changes to the travel programme, whether approved by the Head of Secretariat or not, require to be formally advised to the Board. The Board will confirm any decisions made by the head of Secretariat under their delegated authority and decide whether other proposals should proceed.
- 14.7 The PIDC's policy is that anyone travelling on PIDC business or when travelling on development opportunities, such as attending PIDC training sessions, should not be personally out of pocket due to travel.
- 14.8 The Secretariat are expected to be represented at Board meetings and the Regular Annual Meeting, and any other such meetings as determined by the Board, and for the travel programme and budget to make provision for this.

Domestic Travel

- 14.9 Domestic travel relates primarily to Secretariat staff working in the Independent State of Samoa. Domestic travel does not include travel to and from airports. This is covered under the International Travel.
- 14.10 Secretariat staff may ~~not~~ use their personal car for PIDC business as approved by Head of Secretariat. Such travels will be logged and mileage recorded. Reimbursement will be based on travel kilometre based on recorded mileage at the rate as approved.
- 14.11 From time to time there may be a requirement to work late or to undertake host responsibilities. On these occasions the cost of a taxi fare(s) can be can be reimbursed with the prior agreement of the Head of Secretariat.
- 14.12 Secretariat staff may use taxis in carrying out PIDC business locally. Rental cars can also be used when this provides the best combination of cost effectiveness and convenience compared to other options. Insurance costs and excess will be met by the PIDC unless the insurance is voided by illegal use of the vehicle.
- 14.13 The PIDC will endeavour to establish and maintain an arrangement with one taxi company. This company should provide quality reliable and safe service, be cost competitive, and be able and prepared to invoice the PIDC for taxi travel undertaken. Such an arrangement reduces the use of petty cash and makes travel simple and convenient for Secretariat staff and others using taxis on PIDC business in the Independent State of Samoa.
- 14.14 Any actual or reasonable costs will be reimbursed through production of receipts and if this is not possible, through the provision of a statement from the person claiming the costs.

Commented [SS2]: 2018 Cook Islands Board Meeting

International Travel

- 14.15 International travel is a feature of PIDC business.

Travel Bookings

PIDC Financial Regulations

- 14.16 All approved and confirmed international travel will be arranged through the PIDCs Travel Agent.
- 14.17 The earlier the Travel Agent is advised of travel the better it is for both the traveller and the PIDC budget. Earlier booking enables cheaper fares and accommodation room and meal rates to be negotiated. It can also enable more flight options to be offered.
- 14.18 Without compromising health, security and safety the Travel Agent is charged along with the Office Manager to get the air travel, accommodation and meals costs at the best price, and for as much of the travel cost to be charged back to the PIDC as possible.
- 14.19 To achieve this outcome, it is important that then traveller is clear about requirements at the outset and that the number of changes to booking arrangements is kept to a minimum. Booking and travel arrangement changes do not come for free and the cost of airfares and accommodation will likely increase, with changes to itineraries and flight and accommodation arrangements.

Per Diems

- 14.20 Once arrangements are confirmed the Office Manager will communicate those costs being met by charge back (including meals provided) and this will form the basis for per diem coverage and calculations.
- 14.21 Per Diems relate solely to travel expenses. They will normally cover meals not provided at the meeting or training programme and an incidentals allowance to meet various costs incurred over the duration of the PIDC travel i.e. from time of departure to time of arrival back at the traveller's home country. Travellers receiving Per Diems would not normally expect to recover actual and reasonable costs for expenditures such as dry cleaning, laundry, telecommunications, internet access, toiletries, morning and afternoon teas not provided at the meeting venue.
- 14.22 With the introduction of Corporate Credit, Debit and Purchase Cards and enhanced use of preferred suppliers with charge back arrangements many jurisdictions have done away with Per Diems and have actual and reasonable policy for any residual expenditure incurred on business travel. The PIDC's operational context requires that Per Diems be retained at least until such time as the services referred to above are common practice across the Pacific.
- 14.23 Per Diem rates will be agreed by the Board each year and will be based on latest United Nations rates ~~applied in New Zealand converted to WST~~ and moderated as considered appropriate by the Board, on the advice of the Head of Secretariat. In setting the Per Diem rates each year the Head of Secretariat will weigh the requirement for travellers on PIDC business not to be out of pocket against the need for travel to be appropriate and cost effective.
- 14.24 Per Diems are not an advance and do not need to be reconciled with actual expenditure. They will normally be paid to meeting participants at the

Commented [SS3]: 2017 June – Apia Board Meeting.

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beginning of a meeting in a currency that is recognised at the venue of the meeting.

14.25 The prevailing Per Diem rates will be published on the PIDC's website in the member's area.

14.26 General guidance on the distribution of Per Diem will be as follows:

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14.26.1 where the PIDC event is organised in Samoa, cash per diems are to be distributed to members upon arrival in Apia;

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14.26.2 ii. where PIDC event is hosted by Members other than Samoa, cash per diems are to be distributed to participants in attendance, where the per diems are paid into the foreign currency exchange agency and cash collected in destination country by a PIDC employee;

14.26.3 iii. where the participation is funded by PIDC with no employee travelling, funds are to be directly deposited to individual participants accounts; and

14.2514.26.4 iv. for Secretariat employees, per diems will be distributed in cash in Apia.

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Actual and Reasonable Expense

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14.2614.27 While Per Diems are designed to reduce if not eliminate the need for travel expense claims and travel advances the PIDC, on an exceptions basis, will meet actual and reasonable expenses. It will not provide a travel advance.

14.2714.28 Airport transfers and airport departure taxes that are paid by the traveller can be claimed as an actual and reasonable expense. Any excess baggage fees that are generated by PIDC business requirements may also be reimbursed. Other taxi and rental car costs, that are incurred in business hours and that cannot be charged back directly to the PIDC may also be claimed. Actual and reasonable claims are to be supported by the production of receipts and an explanation of the expenditure and whether or it was expected or budgeted for.

14.2814.29 The PIDC will not reimburse any costs associated with private alcohol consumption. For guidance relating to PIDC business entertainment refer to Regulation 22.

Insurance

14.2914.30 PIDC will provide insurance cover to all travelling on PIDC business unless a person travelling opts out. A reason for opting out includes the person travelling already having the same or better insurance cover through his or her home country employment and travel arrangements.

Telecommunications for Secretariat while travelling

14.3014.31 Care is to be taken to ensure that excessive roaming charges are not incurred while travelling overseas. It is the traveller's responsibility to mitigate this risk and to seek advice from the travel agent or their telecommunication

PIDC Financial Regulations

provider. Often it will be much cheaper to buy a roaming plan or a new phone and/or SIM card for the duration of the travel, than to stay with a plan that is structured around the traveller home country's calling plan and data use.

Approvals

~~14.34~~14.32 In extraordinary circumstances PIDC staff may need to travel at very short notice. Accordingly, they are expected to maintain up to date passports. Judgements will be made on a case by case basis whether the travel agent should be used to arrange air travel and accommodation bookings.

~~14.32~~14.33 In all such cases, any retrospective approvals need to be obtained, and the need for the trip documented and signed off by the Head of Secretariat, or Board Chair as appropriate

Airline membership and loyalty schemes

~~14.33~~14.34 Airline and loyalty schemes membership such as Air New Zealand's Koru Club and the Qantas Club should be recorded with the travel agent so that benefits are accessed where this is appropriate. Airline membership will not influence the travel agent's choice of airline in terms of convenience and cost effectiveness but could be a factor taken into consideration when choice is available.

~~14.34~~14.35 Whether one or more Secretariat staff obtain approval to the PIDC paying for an airline member ship is an employment matter that will be considered by the Board's HR Sub-Committee on a case by case basis.

Personal travel

~~14.35~~14.36 Secretariat staff travelling on PIDC business may undertake personal travel alongside necessary PIDC travel provided that it is incidental to that travel and reasonable given the circumstances. It must be consistent with the Core Operating Principles that inform these regulations and not be seen as a personal benefit. For example, a day or a weekend added to a week-long trip is reasonable. However, a two-week holiday in another location after the same business trip would likely be deemed unreasonable.

~~14.36~~14.37 All personal travel must be pre-approved before the travel takes place and any additional costs including higher airfares and the costs of changing bookings that might have already being made will be met by the staff member. All costs associated with an accompanying spouse, partner or other companion, must be met personally and directly by the staff member.

~~14.37~~14.38 The PIDC is not responsible for country representatives and programme participants undertaking personal travel either side of a PIDC event. In this instance the PIDC assumes that the person travelling has approval from their home country to undertake personal travel.

~~14.38~~14.39 The PIDC will seek to recover any additional costs charged to it, as a consequence of personal travel. These costs include any additional airfares or

PIDC Financial Regulations

costs of itinerary changes as a consequence of a subsequent decision to include personal travel in a particular trip.

REGULATION 15

Accident Compensation Contributions

- 15.1 The PIDC is committed to be a good employer and meet its financial and legal requirements with respect to the Independent State of Samoa Accident Compensation Corporation (ACC) Scheme.
- 15.2 As set out in the Headquarters Agreement, there is no ability nor requirement to deduct ACC from the High Officer pay and pass that to deposit with the Independent State of Samoa's ACC scheme, nor Officials who are not residents or citizens of Samoa. There is also no legislative basis and therefore no ability to pay an employer contribution.
- 15.3 For all other staff including Officials who are residents or citizens of Samoa including PIDC support employees (as defined in the Staff Regulations), there is a requirement to deduct 1% from the employees' salary and make an equivalent employer contribution.
- 15.4 Workplace insurance cover will be put in place for all employees who are not eligible for the ACC Scheme. This cover is intended to be no less than what is available in the Independent State of Samoa's ACC scheme.
- 15.5 The different requirements detailed above are to be noted for budget, tax compliance and payment scheduling purposes.

REGULATION 16

Remuneration –Salaries, Allowances, Tax, Leave and Superannuation

- 16.1 Remuneration, including salaries, superannuation and conditions of service payments and entitlements are important and highly valued by PIDC employees. Remuneration also represents a significant proportion of the PIDC's budget and requires careful management to ensure obligations to employees, the Independent State of Samoa, and Donors are met.
- 16.2 The financial policy and procedures in respect of payments made to and in respect of Secretariat Staff should be read alongside PIDC Staff Regulations. These Regulations set out the remuneration policy and conditions of service for PIDC employees.
- 16.3 The salary component of all PIDC professional staff is denominated in International Monetary Fund (IMF) Special Drawing Rights (SDRs) and paid out to employees in \$WST.
- 16.4 Salaries are scheduled and approved to be paid monthly by taking the annual \$WST salary and dividing by 12. This provides certainty for employees in that it is not calculated on the number of calendar days or working days per month. This also provides administrative efficiency gains for those responsible for approving and scheduling salary payments.

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- 16.5 Salaries for part of a will be calculated on a proportional. For example, if an employee starts work on the 16th of a 30-day month irrespective of where weekends fall their first monthly pay will be 50% of their monthly salary, that in turn is 1/12th of their annual salary.
- 16.6 The monthly salary payment, less any tax or other deductions will be paid directly into a bank account nominated by the employee. The bank and branch to which the salary is paid into to is to be in the Independent State of Samoa and must be able to receive deposits electronically.
- 16.7 Whether or not the employee wants to make deposits into other bank accounts within the Independent State of Samoa or offshore is a matter for the employee to arrange. The management of foreign change movements and risks and costs associated with employee making or being required to make payments to other jurisdictions is the responsibility of the employee.

International Monetary Fund (IMF) Special Drawing Rights (SDRs)

- 16.8 Base salaries for PIDC professional staff are expressed in special drawing rights (SDR) as defined by the International Monetary Fund (IMF) but are paid in the \$WST.
- 16.9 The policy intention is to pay salaries denominated in SDR at the average SDR/WST rate; and to do this efficiently and with certainty.
- 16.10 The opening salary in \$WST for the new financial year is based on the SDR/WST on the first day of the new financial year.
- 16.11 Once the opening rate is established it informs the salary payment in \$WST for the next six months unless the SDR/WST moves by more than 5% against the opening SDR rate.
- 16.12 On the basis that SDR/WST has remained within the 5% range, at the six month point the average SDR for the previous six months will be determined by taking the SDR/WST on the last working day of each of each month and dividing by six.
- 16.13 The salary in \$WST will be recalculated and the impact advised to each employee. The adjustment for the following six months will be calculated to enable the annual salary in WST to be reset to the actual SDR/WST rate for the current year. i.e. a 1% reduction in \$WST due to a reduction in the SDR would see a 2% reduction in the salary payment for the remaining six months of the year, while a 1% increase would see a 2% increase for the balance of the year.
- 16.14 At the end of the year a square up for the last six months would be carried out with any amounts owing to the employee paid out. By agreement any amounts

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owed to the PIDC will either be paid back by the employee or deducted from the monthly payments for the first six months of the next financial year.

- 16.15 If in the unlikely event the SDR moves by more the 5% since the last SDR reset, an immediate salary adjustment will be calculated and actioned for each employee. In this scenario the stabiliser is provision will be applied. The 5% ceiling or floor is to be used to calculate the monthly salary payment in \$WST.
- 16.16 This stabilised rate is to apply until the next review point i.e. at the end of December or June.
- 16.17 If the stabiliser provision is applied the overall intention will still to achieve the remuneration policy outcome set out in Regulation 16.8.
- 16.18 If the change in SDR is so dramatic and sustained that it could have long term impacts on employee remuneration and on the PIDC budget this should be brought to the Board's attention by the Head of Secretariat, with the Board provided with timely and clear advice on the situation and with any recommendations for additional support and advice or change to budgets, these Financial Regulations and the related Staff Regulations.

Taxation

- 16.19 The PIDC and its employees will work together to understand the employees PAYE and any other related tax obligations (if any) in the Independent State of Samoa.
- 16.20 The PIDC will make any deductions on behalf of employees as required under the Headquarters Agreement with the Independent State of Samoa and related legislation. Employees will be informed of these deductions.
- 16.21 Employees are required to comply with any taxation requirements of their Home Country and to meet all reporting, payment and disclosure obligations.
- 16.22 A statement setting out earnings will be issued at the end of each financial year for all employees.
- 16.23 If the Independent State of Samoa or a home country requests employee income details the Head of Secretariat will consider each case on its merits but will not unreasonably withhold legitimate information requests.
- 16.24 In establishing and providing non-salary related benefits (if any) the Head of Secretariat will consider, but for and pay any Fringe Benefit Taxation (FBT) obligations in the Independent State of Samoa.

Leave

- 16.25 Leave entitlements are set out in PIDC's Staff regulations and in Individual Employment Agreements.

PIDC Financial Regulations

- 16.26 The health and well-being of employees is promoted through both the regular use of annual leave provisions; and access to their sick leave, when required.
- 16.27 The leave year commences on 1 July and ends on 30 June.
- 16.28 Leave is accrued in the year that it is earned and any untaken leave will be recognised as a liability and included in the PIDC's annual financial statements in accordance with accepted accounting practice.
- 16.29 Annual leave may be taken in units of days or half days. Application to take leave must be duly authorised prior to the leave being taken and recorded on the employee's file and in the PIDC's accounting system.
- 16.30 Calculations of annual leave for service less than one year shall normally be made in proportion to the length of service.
- 16.31 Employees shall normally be required to take their annual leave within the financial year that it relates to. On an exception, basis employees are able to carry forward up to 10 days of previous years leave entitlement without approval from the Head of Secretariat. Any carry forward of more than 10 days would require the prior approval of the Head of Secretariat and could only be considered with a clear and agreed plan to use the outstanding leave in the following six months. In the Head of Secretariat's case any proposal to carry forward more than 10 days of leave, along with the associated leave plan, would need to be considered by the Board.
- 16.32 Due to the desire to promote employee health and well-being and the potential for adverse financial impacts, "leave banking", and the cashing up of unused annual leave are not permitted. Any outstanding leave will be paid out at the end of an employee's contract with the PIDC on the basis that the PIDC's leave policies have been followed and that the end of contract leave balance does not include any more than 10 days carry forward from a prior financial year.
- 16.33 The PIDC will not make any payment in lieu of untaken sick leave at the completion of employment or at any stage during employment.

Superannuation

- 16.34 The PIDC shall, in addition to paying the employee's base salary pay an employer contribution to a superannuation scheme of the employee's choice, and budget accordingly. The maximum amount payable is the minimum legal requirement for an employer contribution in the Independent State of Samoa currently 7% of base salary, provided the employee matches or exceeds that contribution.
- 16.35 Having made the payment to the employee nominated superannuation scheme the PIDC has no further responsibility or obligations in terms of the management and performance of that scheme, with the decisions about current balances and ongoing contributions residing solely with the employee.

PIDC Financial Regulations

- 16.36 The Head of Secretariat is responsible administering and implementing this policy and ensuring PIDC's employee and employer payment deductions and obligations are met.
- 16.37 The Superannuation payments made by the PIDC will be in \$WST. The employee is responsible for any foreign exchange administration and for any gains or losses for payments made to home country superannuation schemes.

Salary Advances

- 16.38 The PIDC does not provide salary advances for its employees under any circumstances

REGULATION 17

Insurance

- 17.1 The Board regularly considers a range of risks that could negatively impact on Secretariat staff, on those travelling on PIDC business; on the organisation's ability to operate effectively; and on PIDC's reputation.
- 17.2 Mitigations for some of risks involve insurance cover.
- 17.3 This Regulation details the insurance policies that the PIDC Board has agreed will be put in place. It will enable each of the insurance policies to be costed and included in annual budget provisions and reflected in the PIDC's cash flow forecasts. Insurance cover requirements should be read alongside the PIDC's Staff Regulations.
- 17.4 As set out in Regulations 14 and 15 all people who travel on PIDC business are provided with travel insurance. The Professional Secretariat staff are not covered by the Independent State of Samoa's Accident Compensation Scheme and private insurance cover is required to ensure professional staff are covered in the event of a work place accident.
- 17.5 As a good employer the PIDC will arrange medical insurance cover for inpatient and evacuation and repatriation for all employees that are not covered by the Independent State of Samoa's Accident Compensation Scheme. Coverage levels will be agreed to by the Board.
- 17.6 The PIDC does not provide outpatient medical insurance nor life insurance cover. The PIDC does not provide disability /accident insurance cover for staff for incidents that occur outside the work place. For these and other requirements, Secretariat staff are encouraged to consider and arrange their own insurance needs.
- 17.7 In terms of physical assets insurance cover will be obtained for contents including furniture and equipment and in the event that the PIDC owns one or more vehicles they will also be insured for replacement as well as third party cover.

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- 17.8 Insurance quotes and the impact on the budget should a claim be required will determine the level at which excesses will set at.
- 17.9 The Head of Secretariat, supported by the Office Manager is responsible for establishing the insurance cover, setting excesses, managing the budget and payment and administrative requirements, and reviewing insurance cover for the PIDC at least once a year.
- 17.10 The PIDC's approach to and use of insurance along with the application of this Regulation is subject to external audit.

REGULATION 18

Procurement

- 18.1 The Head of Secretariat is responsible for all the PIDC's procurement activity. While procurement activity (other than Travel see Regulation 14) is relatively minor and procurement decisions are few, the Secretariat is required to complete its responsibilities professionally, and in accordance with the Independent State of Samoa legal and commercial requirements.
- 18.2 PIDC from time to time will procure new or enhanced goods and services. There are a number of principles that underpin the procurement process and these should be applied to each procurement decision having regard to the amount and type of expenditure involved and the nature of the good or service.
- 18.3 Whether it is a one-off service, a new service that will be provided on an ongoing basis or whether consideration is being given to replacing an asset or an existing supplier of goods and services the principles to be applied to the purchase decision include.
- **Value for Money**– depending on the service or item being purchased a decision on price alone may not represent the best Value for Money.
 - **Efficient and effective management of resources** - this may involve assessing whether productivity, innovation, greater choice or lower price outweigh the benefits of maintaining established working relationships with an existing supplier or a particular product.
 - **Probity and ethics** – the Core Operating Principles that inform these regulations are to be applied to all procurement activity
- 18.4 The Head of Secretariat is responsible for ensuring that the Secretariat
- deals fairly, impartially and consistently with all suppliers;
 - meets confidentiality requirements around sensitive and commercial information;
 - considers and addresses any actual or perceived conflicts of interest;
 - confirms the availability of funding prior to the commencement of any procurement activity;
 - authorises procurement expenditure in accordance with these Regulations;

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- contain the costs of the procurement process having regard to the complexity, cost and nature of the goods, services or assets being purchased and the requirements of these regulations.
- 18.5 When assessing a capital investment proposal, the Secretariat should be aware of the whole of life cost of the proposal. Often, the acquisition cost of a capital item is only a small proportion of the total cost of ownership with much of the cost lying in operating and maintenance costs over the asset's life.
- 18.6 Tenders would normally be undertaken for a capital investment expected to exceed \$WST20,000 or for goods or services, including contractors and consultants, with a whole of life cost of more than \$WST40,000.
- 18.7 Below these levels three quotes is sufficient on the basis that there are three qualified companies able to bid for the business. This requirement does not need to be met where this is not the case.
- 18.8 In undertaking a tender process, care should be taken at the outset to identify and confirm the scope of what is being sought. Tender evaluation criteria and deciding how they will be weighted, should be established before tender documents are issued.
- 18.9 The tender process should be fair to all and consistently applied.
- 18.10 The Secretariat may have an obligation to consult with third parties which may necessitate some disclosure of information. In such cases, the existence of such an obligation must be made clear in the tender documents.
- 18.11 The scoring of individual bids during the evaluation process shall be treated as commercial-in-confidence and shall not be divulged to any third party during or after the evaluation process.
- 18.12 Tenders and quotes should always be in writing and should include all costs and warranties associated with the purchase.
- 18.13 The requirement to go to tender or obtain three (3) quotes may not apply;
- where it has been ascertained that there is only one supplier exists and that fact is so described and certified by the Head of Secretariat;
 - in case of emergency, or where, for any other reason, these regulations would not be in the best financial and operational interests of the PIDC, and that fact is so described and certified by the Head of Secretariat.
- 18.14 Consistent with the Core Operating Principles, staff must not accept any offer of gifts, hospitality or other incentives from current or potential suppliers (refer Regulation 22).
- 18.15 The Secretariat will keep records of key procurement decisions to evidence that these procurement regulations have been followed and the associated

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principles have been observed. Procurement decisions and the procurement process are subject to internal control checks and audit.

- 18.16 The Head of Secretariat (or delegate) must approve the purchase of goods and services before the order is raised and before any commitment with the supplier is entered into.
- 18.17 If on occasion the PIDC is undertaking an unusual, high value or high risk purchase it should consider seeking external legal and procurement advice. It could also refer to information held on Government websites relating procurement practices involving the use of taxpayer funding.
- 18.18 At the very least, legal advice should be sought to advise the coverage and any risks associated with supplier contracts before any contracts are signed.
- 18.19 When goods or services are required, the Office Manager (or delegate) will, in the case of a new service or a new supplier, obtain quotes for goods and services greater the \$WST3,000 and will raise a purchase order once the supplier is confirmed.
- 18.20 The purchase order will then be forwarded to the Head of Secretariat (or their delegate). This person signs the purchase order indicating their approval of:
- the purchase;
 - the use of the quoted supplier;
 - the particular charge code being used; and
 - as having ensured the item is within the limits of the budget item.
- 18.21 The approved purchase order is then returned to the Office Manager and the Office Manager will then order the goods as per the approved purchase order.
- 18.22 On arrival, the goods will be delivered to the Office Manager who will check that the goods match the purchase order and that they are "fit for purpose".
- 18.23 If the goods received are correct and are fit for purpose, the purchase order is to be marked by the Office Manager as 'Goods Received" and sign and date the form.
- 18.24 The Office Manager will match the purchase order to the invoice and organise approvals, expenditure coding (if not already provided) and payment to the supplier provided the following criteria are met:
- a) The purchase order has been signed off and annotated "Goods Received"; and
 - b) The description and quantity on the invoice matches the purchase order; and

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- c) The cost of the invoice is within 5% of the price shown on the purchase order.

18.25 If any of the above criteria fail to be met, the Office Manager is to take follow-up action with the supplier and recommend payment only after any and all outstanding issues have been attended to.

18.26 ~~While the purchase order process is preferred there will be occasions where a PIDC debit card assigned to one or more PIDC Secretariat staff, can be used.~~

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18.27 ~~The Board has authorised the use of a debit card up to a limit of \$WST5,000 for procurement activity that is undertaken online or over the phone.~~

18.28 ~~The PIDC debit card can be used where it is the only payment option or if the items being purchased can be sourced cheaper and easier through authorised, credible and trusted online sites and telephone numbers.~~

18.29 ~~The use of the PIDC debit card is limited. In addition to online and telephone purchase for items such as software license and specialist publications it may be used for emergency expenditure related to the business of the PIDC, e.g. urgently arranged travel where the PIDC's established procurement processes are not able to meet requirements.~~

18.30 ~~The use of debit card requires all procurement processes to be followed. This includes obtaining quotes and retaining purchase order, invoices and receipts documentation.~~

18.31 ~~The decision to the PIDC debit cards should not be driven by reward schemes. The benefits of any debit card reward schemes should only be redeemed when they can be applied to the PIDC. No personal benefit can be expected or accepted from the use of a PIDC debit card.~~

18.32 ~~Secretariat staff are not permitted to use their personal debit card and be reimbursed for expenditure incurred.~~

18.33 ~~The Head of Secretariat~~

- ~~• Manages the issuing and use of debit cards.~~
- ~~• Ensures processes are in place for reviewing and approving expenditure on debit cards, for making payments on time, and for reporting debit card expenditure correctly in the PIDC's financial reports.~~
- ~~• Will normally organise the establishment and operation of the PIDC debit card through the PIDC's bank.~~
- ~~• Is responsible for the approval of expenditure incurred on PIDC debit cards allocated to Secretariat staff. Expenditure incurred by the Head of Secretariat must be counter signed and approved by another member of the PIDC Secretariat.~~
- ~~• Is authorised to cancel a PIDC debit card and arrange for a replacement of debit cards arising from the incidence of theft or misplaced cards. The exception to this authority is in the case of the Head of Secretariat's own debit card. The oversight and replacement of this card is a PIDC Board responsibility.~~

18.35 ~~Debit Card Holders~~

- Use the PIDC debit card issued to them in a responsible manner, and only for approved purposes.
- Understands that expenditure of a personal nature is not permitted on a PIDC Debit Card
- Will not use debit cards to obtain cash drawdowns or advances.
- Will not attempt to alter the limit on the debit card without proper authority.

18.2518.36 Will surrender the debit card on request of the card issuer, or the Head of Secretariat, or on leaving the PIDC, and acknowledge and adhere to all Card issuer terms and conditions.

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REGULATION 19

Fixed Assets and Attractive Items

- 19.1 ThePIDC is an organisation that does not require significant investment in fixed assets or attractive items. It does require office furniture, computer equipment, and leasehold fit outs from time to time and will likely require lower value items that might be considered to be an attractive item.

Fixed Assets

- 19.2 Assets are recorded as capital items in the PIDC's accounting system and depreciated over their estimated useful life. Depreciation is an expense against the PIDC budget and the funding that follows it provides cash flow for asset replacement in the future. The purchase value and current net book value of the assets are reported in the PIDC's Statement of Financial Position (Balance Sheet).
- 19.3 A fixed asset satisfies the following criteria:
- The total combined cost for an item, or group of similar items, is \$WST3,000 or greater; and
 - The organisation will derive future benefits from the item(s); and
 - It must be intended to be used and be able to be used beyond the current financial year; and
 - It must be identified as an item that contributes directly to the organisations outcomes and the investment required will have has been identified and approved in the budget.
- 19.4 Fixed assets will be capitalised and included in the PIDC's Statement of Financial Position in the year in which they are acquired. PIDC assets will be depreciated in accordance with the depreciation method, estimated accounting life and residual value assumptions set out in the following table.

PIDC Asset and Depreciation Policy	Depreciation Method	Accounting Useful Life - Years	Residual Value
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Computer Equipment	Straight Line	5	0
Computer Software	Straight Line	3	0
Office Equipment	Straight Line	5	0
Office Furniture	Straight Line	10	0
Motor Vehicle	Straight Line	4	25%
Leasehold Improvements	Straight Line	3	0

- 19.5 Costs of establishing an asset may be capitalised. Renovation or maintenance costs for an asset will not normally be capitalised but will be expensed at the time the work is undertaken. Painting of existing property or the provision of replacement parts is considered maintenance and not an increase to the capital value.
- 19.6 The PIDC's Accounting System will record all the relevant details and be updated on behalf of the Head of Secretariat by the Office Manager as assets are purchased, revalued and disposed of.
- 19.7 An internal control check of all PIDC assets and what is recorded in the PIDC accounting system is to be arranged by the Head of Secretariat at least once a year.
- 19.8 A fixed asset that has reached the end of its estimated life span but is still deemed to be useful, will be retained on the Assets Register and recorded at zero value.

Disposal of Fixed Assets

- 19.9 Upon reaching the end of its useful life or becoming surplus to requirements, the Head of Secretariat has authority to approve the disposal of an asset.
- 19.10 This process will normally be a scheduled one, with details of assets being replaced or disposed of, appearing in the annual capital investment plan considered as part of the budget process
- 19.11 Details of assets disposed of and their method of disposal are to be reported to the Board, whether or not the asset is replaced.
- 19.12 Disposal must be carried out in a prudent and cost-effective manner.
- 19.13 In accordance with the Core Operating Principles, Secretariat staff, their families and associates are not to receive preferential treatment in obtaining assets that have been approved for disposal.

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- 19.14 If assets are to be sold by tender, and a Secretariat staff or family member wishes to bid, that staff member should disqualify themselves from the process before it commences and stay removed from the process or a position of influence until tender decisions are made.

Attractive Items

- 19.15 An attractive item is one that:

- Costs greater than \$WST500.00 and less than \$WST 3,000.00; and
- Is an item that the organisation will derive future benefit from; and
- Is intended to be used for a period of time in excess of 6 months.

- 19.16 All attractive items are to be recorded in an "Attractive Items Register", that is to be held and maintained by the Office Manager.

- 19.17 The Attractive Items Register will record items such as Office Machines, Furniture, Electrical Equipment, Mechanical Equipment and Other Items.

- 19.18 The Register will record the date of entry; date of purchase; description of the item (including model); serial number; estimated useful life; cost price; and location. A further column should show the date and reason for subsequent disposal.

- 19.19 The Attractive Items Register is to be updated at the time the item is obtained and checked for completeness at the end of each financial year. An internal audit of all attractive items is to be conducted by the Head of Secretariat each year.

- 19.20 An internal control check of attractive items to reconcile the attractive items register with the items actually in use and available to the PIDC is to be arranged by the Head of Secretariat and should be carried out at least once a year.

Disposal of Attractive Items

- 19.21 Upon reaching the end of its useful life or becoming surplus to requirements, an attractive item is to be disposed of in a cost-effective manner and the Attractive Items Register updated accordingly.

REGULATION 20

Petty Cash

- 20.1 Petty cash provides access to cash for small incidental purchases or reimbursements. It allows Secretariat staff to operate cost effectively in the Independent State of Samoa. It is to be used in unforeseen circumstances and/or where due to the small expenditure and urgency of the transaction there is no means to pay on account.

- 20.2 Petty cash cannot be used for travel or staff salary advances and to meet tax obligations. Personal use of any type is forbidden. This includes the cashing of

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personal cheques and operating the petty cash as an IOU system or as a way to meet personal or family financial commitments up until the next salary pay day (Refer PIDC Code of Conduct).

- 20.3 A petty cash float of up \$WST500 may be maintained by the Secretariat by making a withdrawal for that purpose from the bank. The float less any advances is to be kept in the Secretariat safe.
- 20.4 Every petty cash advance will be accompanied by a Request for Petty Cash Advance form that can be obtained from the Office Manager.
- 20.5 Once the petty cash has been spent, the receipt is to be retained by the PIDC with the Request for Petty Cash Advance form. In circumstances where a receipt cannot be issued (e.g. some taxi fares) an explanatory note is to be provided in lieu of a receipt.
- 20.6 In any event, petty cash once issued, would normally be accounted for on the day, but must be fully accounted for within four working days of returning to the office. This would include any unspent amount being returned, and the actual expenditure entered into the PIDC ledger.
- 20.7 The limit of any petty cash advance is \$WST100 per transaction. No member of the Secretariat should have more than one petty cash advance at a time.
- An exception to the \$WST100, limit is where the cost of obtaining an urgent travel visa is greater than this limit, and this cannot be paid for by other means e.g. electronic banking. This type of exception and any other proposed exceptions must be pre-approved by the Head of Secretariat (or Deputy Head of Secretariat in a case where the exception relates to the Head of Secretariat).
- 20.8 The petty cash float is to be reconciled and reimbursed from the PIDC's bank account as the need dictates. In some months, there may be no requirement for petty cash. In other months, the demand for petty cash may exceed the cash available, and reimbursement may be required before month end.
- 20.9 When the petty cash is being reimbursed, the Office Manager, will prepare a Petty cash reimbursement claim that will be authorised and approved in the normal manner by two different staff. The Office Manager will then make arrangement with the bank to complete the cash withdrawal and update the Petty Cash ledger account.
- 20.10 The PIDC's Internal Control Checklist should include regular checks on the PIDC's use of petty cash, on the correct application of this regulation, and on any petty cash that has not been fully accounted for.

REGULATION 21

Funding Support for Members

PIDC Financial Regulations

- 21.1 Members are able to request funding support and the form for this can be obtained from the PIDC's website or from the Secretariat. The website will also provide details of where funding requests have been made and approved, and latest information on the budget priorities for such requests.
- 21.2 The Head of Secretariat will maintain the website and undertake an assessment of any request.
- 21.3 The Head of Secretariat will submit the assessed requests, along with a recommendation to the Board for decision.
- 21.4 The Head of Secretariat's assessment will consider alignment with PIDC outcomes and priorities; available budget and other matters that are relevant to the funding request.
- 21.5 Board members make the final decision to approve or not approve the 'request for funding support' with decisions to be made by consensus either at a Board meeting or offline via email.
- 21.6 The Head of Secretariat will advise the member country of the final decision on a case by case basis and advise any future reporting that the Board would expect to receive in terms of the value achieved and progress made from the funding provided.
- 21.7 For Board approved funding requests, the Secretariat will disburse the funds; record the expenditure; and link the expenditure and associated reporting on outcomes from it, to one or more PIDC result areas.

Regulation 22

Rewards, Gifts, Honours, Hospitality & Entertainment

Receiving Gifts and Other Rewards including Financial Commissions

- 22.1 Secretariat Staff, Member Country Representatives and Board Members will from time to time be involved in events, functions, conferences and other activities where gifts, rewards, entertainment and hospitality may be offered. Judgement will be required given the context and circumstances of each situation.
- 22.2 As a general rule gifts and other rewards should not be considered or accepted. To do so may be seen as placing PIDC Staff and Representatives under an obligation or the influence of a third party.
- 22.3 Certain circumstances and different cultural traditions may require acceptance or an exchange of gifts. If a gift is offered in these circumstances, it should be accepted but must then be reported and recorded in the gift register.

PIDC Financial Regulations

- 22.4 Under no circumstances should money be accepted and staff must not ask for or solicit gifts or financial commissions.
- 22.5 All gifts accepted belong to the PIDC and must be recorded in the PIDC gift register and be retained by the PIDC, unless the Head of Secretariat decides otherwise and this decision is recorded in the gift register.

Giving gifts and providing hospitality

- 22.6 Giving gifts to individuals or organisations can occur where the event or circumstance warrants it. That is, where there is a cultural expectation or official obligation to do so.
- 22.7 A gift, such as a bouquet of flowers, may be given to a Secretariat staff member or to a person close to the PIDC to acknowledge a significant life event such as birth, bereavement or serious illness.
- 22.8 While providing and receiving hospitality and entertainment is part of the role of a regional organisation, and on occasions would be inappropriate to refuse, all entertainment and hospitality is to be carefully considered, to be responsibly carried out and to be mindful of the reputation of the PIDC.
- 22.9 When hospitality or entertainment, is accepted it must be reported to the Head of Secretariat and recorded in the Gift Register.
- 22.10 As a guide hospitality may be provided where there is a clear PIDC business purpose associated with building relationships and enhancing the knowledge and understanding of the PIDC. Normal funding disciplines with respect to budget availability and pre-approval of the activity apply.
- 22.11 Most PIDC entertainment and hospitality would be carried out by the Head of Secretariat with the funding allocation provided for that purpose.
- 22.12 On occasion hospitality may be offered to Secretariat staff to recognise a significant business achievement, staff performance and commitment for the PIDC or to support organisational development.
- 22.13 Koha or cultural gifting may be provided as a way of showing respect and appreciation. Gifting should be appropriate to the culture and occasion.
- 22.14 Koha or cultural gift expenditure should be approved by the Head of Secretariat.

Regulation 23

Contractors and Consultants

PIDC Financial Regulations

- 23.1 From time to time contractors and consultants will be hired to provide advice and services and to support the PIDC meet its organisational development agenda and compliance requirements.
- 23.2 While the costs of these engagements are usually relatively small in the context of the PIDC budget the services they provide, and the advice that is offered, should normally be from specialists and of high value.
- 23.3 The stakeholder and donor community expect that the PIDC to demonstrate sound judgement, high levels of integrity and value for money when committing funds to any activity, and in particular to areas of PIDC activity that could be considered to provide choice.
- 23.4 Accordingly the PIDC's use of contractors and consultants will be limited to situations where extra capacity is needed to deliver a programme of work within an approved budget or where specialist advice is required to advance a development opportunity, to improve organisational performance or to meet compliance requirements. There may also be occasions where the Board or Head of Secretariat requires additional and specialist support to resolve a business issue.
- 23.5 The use, budgeting and procurement of Contractors and Consultants is to comply with all related Financial Regulation, the PIDC Code of Conduct and the PIDC policy on Conflicts of Interest.
- 23.6 The appointment of the contractor or consultant should have regard to the PIDC's reputation. Those engaging a contractor or consultant should satisfy themselves that their performance and behaviour, while working on PIDC's behalf, will be professional and in line with the Core Operating Principles that inform these Regulations.
- 23.7 A consultant or contractor will be engaged under a contract that a minimum will be clear about the services being offered, the time frame for the provision of the services, the hours or days involved and the associated fees. The consultant or contractor should be informed of the PIDC's expectations in terms of professional conduct, and at the commencement of the assignment sign up to the PIDC's Code of Conduct.
- 23.8 Any deviation from the PIDC performance standards and expectations will likely see the contractor or consultancy contract cancelled. Depending on the circumstances and the provisions of the contract penalties may be applied. Contractors and consultants working for the PIDC would normally be expected to have professional indemnity insurance.
- 23.9 The Head of Secretariat would normally be responsible for engaging all consultants and contractors engaged by the Board and Secretariat. When supplier contracts are not proposed the Secretariat may choose to apply a standard contract "For Services". In any event care should be taken with any

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contract and legal advice obtained if there are any concerns with the contract or contract negotiation process.

23.10 The use of contractors and consultants by the PIDC is required to demonstrate;

- Good planning - the use of contractors and consultants is planned and considered and enables time for the risks with the engagement to be assessed and managed, and for value to be achieved.
- Effective procurement - budget availability and compliance with PIDC's procurement policies and financial delegations is evident.
- Management of the engagement - progress and performance over the assignment are monitored and acted on as necessary, and risks are managed.
- Evaluation - processes are in place to evaluate the outcomes of the contract or consultancy assignment, and in particular, to confirm value for money, to document the outcomes achieved and to record any lessons learnt.