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**Agenda item 3(a)(i): Governance Committee - PIDC Bank Signatory**

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**Proposed Recommendations**

The Board is invited to:

- a) **consider** providing additional bank approval for the Finance & Corporate Service Manager (FCSM) to be a signatory to the PIDC Bank account to become effective when the Head of Secretariat contract comes to end on the first week of September 2022;
- b) **agree** that this additional bank account signatory is needed as a transitional measure when there is a High Officer position vacant until such vacancy is filled; and
- c) **task** the Head of Secretariat to formalise with the Bank the approval of the FCSM to be included as a signatory to the PIDC ANZ Bank account.

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**Purpose**

This paper discusses the need to add a new signatory to the PIDC ANZ bank account, in anticipation of the Head of Secretariat (HoS) completing his contract in September 2022 and to ensure that PIDC continues to meet its financial responsibilities while awaiting the recruitment of a new HoS.

**Background**

2. The current Head of Secretariat is expected to complete his final contract term on 09 September 2022 and during the HoS recruitment period, the position will become vacant until the next appointed HoS takes up the position. In the absence of the new HoS, financial services would be impacted in relation to banking approval responsibilities that fall under the HoS.

3. To avoid the risk of PIDC not honouring its financial responsibilities because of the absence of a key bank signatory specific to the HoS position, PIDC is required to review its current bank signatory privileges to allow temporary access to an additional officer from the Secretariat Executive Management at the Secretariat to address this emerging operational risk.

**Current Banking Process and Signatory**

4. PIDC's Financial regulations instructs that High Officers within the Secretariat are eligible to be considered to be signatories to PIDC bank accounts. Since 2016, the current bank signatory as approved by the Board have been limited to the HoS, Deputy HoS and CEO of Samoa's Prime Minister's Office. Any banking transaction requires the approval of any two signatories from the approved three Signatories. In the absence of the HoS, the two approved signatory would automatically be the Deputy HoS and CEO of Samoa's Prime

Minister's Office. However, in light of the CEO PM's Office's busy schedule at any given time, the office risks the delay of fortnightly payment schedules in the absence of a new HOS.

### Analysis

5. To address and minimise this risk, it is recommended that the Finance & Corporate Service Manager (FCSM) be provided with the authorisation to sign off on banking approvals and this authorisation will be on the conditions that:

- (i) The approval to sign on the bank account is temporary and limited to between the end date of the current HoS's contract, and until the date the new HoS commences work. Where the FCSM's bank signatory will immediately cease upon the contract commencement of the next HoS's contract; and
- (ii) The approval to sign on the bank account is temporary and limited to the end date of the Deputy HoS's contract, and until the date the new Deputy HoS or an equivalent position commences work. Where the FCSM's bank signatory will immediately cease upon the contract commencement of the next Deputy HoS or equivalent.

### Way Forward

6. Financial Regulations 4.2 offers a provision that enables the Finance & Corporate Service Manager to be a signatory to the PIDC Bank account. However, Regulations 4.2 instructs that only High Officer positions within the Secretariat can be signatories to any PIDC Bank account as outlined in table 1 below.

Table 1: Financial Regulations 4.2

Governance Document	Regulation No.4.2	Comment
PIDC Financial Regulations: <ul style="list-style-type: none"> <li>Banking Policy and Procedures</li> </ul>	<b><i>"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."</i></b>	<ul style="list-style-type: none"> <li>Only High Officers can become signatories to the PIDC Bank account.</li> <li>The Financial Regulations defines 'High Officers' as "Positions within the Secretariat that are defined within the Headquarters Agreement.</li> <li>The Headquarters Agreement (<i>attached as Annex 3</i>) recognises the HoS and Deputy HoS as High Office Holders.</li> </ul>

7. Regulation 4.2 specifically requires that only "High Officers" can be allowed to be a signatory to any PIDC account on the condition that the Board approves this authorisation. To support the transitional arrangement of the FCSM becoming a PIDC Bank Account Signatory, the Board is requested to consider the following options:

- (a) Approve that the FCSM be a signatory to the PIDC Bank account;
- (b) Agree to amend PIDC Financial Regulations 4.2 to enable the FCSM to be a new signatory to the PIDC Bank Account;
- (c) Approve the insertion of the highlighted paragraph in Regulation 4.2 as outlined below in table 2:

Table 2: Insertion into Paragraph 4.2 of PIDC Financial Regulations

Regulation No. 4.2	Comments
<p><i>"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."</i></p>	<p>Regulation 4.2 limits signatory to "High Officers" and Board members.</p>
<p><b>Regulation 4.2 with new insertion highlighted in yellow below:</b></p> <p><i>"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." <b>The Board may determine the addition of a PIDC Bank Signatory from the Secretariat Executive Management Team on the condition that this signatory is to address any temporary High Officer vacancy in the Secretariat.</b></i></p>	<ul style="list-style-type: none"> <li>• The highlighted insertion at the end of paragraph 4.2 enables the inclusion of the FCSM to be included as a signatory to a PIDC Bank Account.</li> <li>• The current definition of "High Officer" is limited to the HoS and Deputy HoS as interpreted in the PIDC Headquarters Agreement.</li> <li>• Therefore, the general reference to "Secretariat Executive Management" is intended to accommodate any future organisational changes/restructure which also enables PIDC to consider as potential signatories any additional Management staff positions that might be created in the future should the organisation grow and will not be limited to the FCSM.</li> </ul>

- (d) Agree that the term "**Secretariat Executive Management**" is to be defined in the Financial Regulations as:

**Secretariat Executive Management: High Officers as defined in the PIDC Headquarters Agreement and Secretariat Management Staff.**

8. This signatory access is crucial to PIDC's transitional plan and should support PIDC's financial processes and responsibilities and sustain its operations seamlessly when there is a vacancy in High Officers for the Secretariat.

## **Annex 1: Financial Regulations – Regulation 4: Banking Policy and Procedures**

### **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.
- 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.

## Annex 2: Financial Regulations Definitions and Interpretations

### INTERPRETATION

<i>PIDC</i>	The Pacific Immigration Development Community
<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.
<b>High Officers</b>	<b>Positions within the Secretariat that are defined within the Headquarters Agreement.</b>
<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.

## Annex 3: Headquarters Agreement Interpretation of “High Officers”

### Article VIII Privileges and Immunities of PIDC Officers

#### 1. High Officers

The Head and Deputy Head of the PIDC Secretariat shall have the following privileges and immunities:

- (a) Immunity from criminal jurisdiction except for serious offences as defined under the national legislation;
- (b) Immunity from civil jurisdiction except for:
  - i. actions relating to private immovable property held by the High Officer unless it is property belonging to the Secretariat;
  - ii. action relating to succession in which the High Officer is involved as an executor, administrator, heir or legatee as a private person and not on behalf of the Secretariat; or
  - iii. actions relating to professional or commercial activity exercised by the High Officer in Samoa outside of their official functions.
- (c) A High Officer may not be obliged to give evidence except where required for the prosecution of serious offences as defined under national legislation;
- (d) No measure of execution may be taken against the High Officer except in cases coming under paragraphs i, ii, and iii above and PROVIDED THAT the measures concerned can be taken without infringing the inviolability of his person and residence;
- (e) Where a High Officer initiates proceedings he is precluded from invoking immunity in respect of counterclaims directly connected with the principal claim;

6

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- (f) Waiver in respect of civil or administrative proceedings shall not be held to imply waiver of immunity in respect of execution of the judgement for which a separate waiver is necessary;
  - (g) Immunity from social security provisions which are in force in Samoa;
  - (h) From all taxes personal, real or national except:
    - i. Indirect taxes normally incorporated into the prices of goods;
    - ii. Dues and taxes on private immovable property situated in Samoa unless those property are held on behalf of the Secretariat;
    - iii. Estate, succession or inheritance duties levied by Samoa;
    - iv. Sues and taxes on private income made in Samoa and capital taxes on investments made in commercial undertakings in Samoa;
    - v. Charges levied for specific services rendered;
    - vi. Registration, court or record fees, mortgage dues and stamp duty except where they relate to the Premises.
  - (i) Exemption from all customs duties, taxes and related charges other than charges for storage, cartage and similar services for articles of personal use of a High Officer or his family including articles intended for their establishment.