

## **SECTION 8: PROCESSING PAYMENTS AND ACCOUNTS**

All claims for payments for a Local-level Government shall be processed either in a District/Provincial Treasury or at a Cash Office situated in the vicinity of the Local-level Government area.

### **8.1 Paying Offices in a District or Provincial Treasury.**

District and Provincial Treasuries will pay the following accounts:

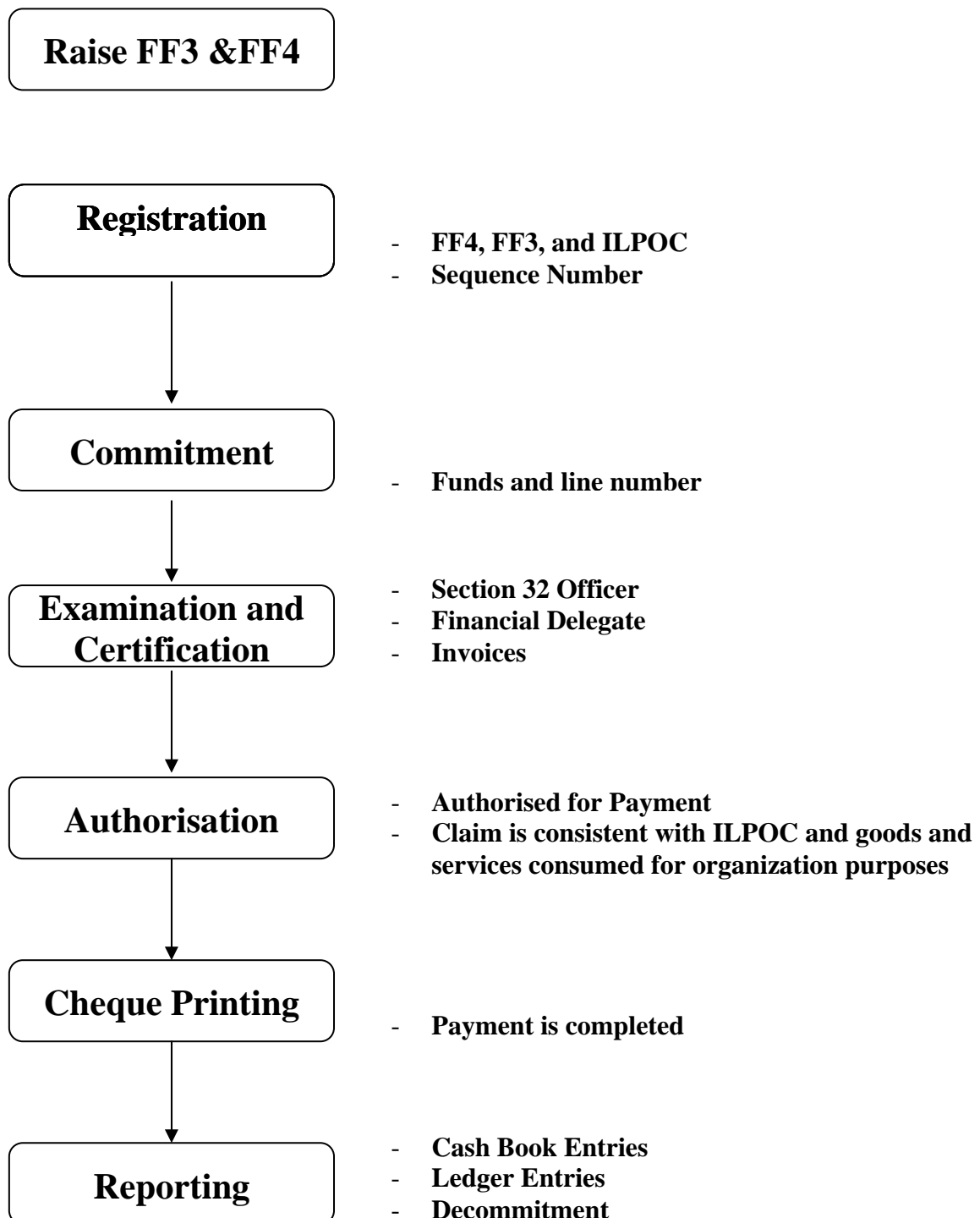
- (i) Payments chargeable to the expenditure vote
- (ii) Refunds of Revenue Chargeable to Refund Vote
- (iii) Trust Payments.

Where payments are to be made in a District/Provincial Treasury where PGAS facilities are installed it shall be mandatory for all payments to be processed through the PNG Government's Accounting System (PGAS). Local-level Government should consult the District/Provincial Treasurer for assistance should the need to use PGAS arise.

All claims for payment will be submitted to the relevant paying office on FF4 and ILPOC forms with relevant supporting invoices and documents. ILPOC forms will be submitted by the Suppliers and FF4s for advances, rates and other charges.

When these claims are received at the paying office the following processes will be carried out.

- Registration of Claims ( FF4s and ILPOC forms)
- Commitment of Claims
- Examination of Claims
- Authorisation of Claims
- Cheque printing.
- Cash book entries
- Ledger entries

**FLOW CHART FOR ACCOUNTING PROCEDURES**

## 8.2 Registration of Claims

Every claim should be entered in the Claim Register in numerical order. For example the 1<sup>st</sup> claim for year 2005 could be numbered 001/05 and this number should be noted on the voucher to indicate that the claim has been registered.

## 8.3 Commitment of Claims.

As soon as the claim is registered it is then forwarded to the commitment clerk for funds to be committed against the claim. When funds are committed, a commitment line number is given. For example the first claim to be committed in 2005 will bear commitment Line No 01/2005. As soon as the claim is committed it is then referred to the examiner for examinations.

## 8.4 Examination of Claims

This examination involves checking all the documents for accuracy and authorisation. The documents to be checked are Purchase Orders, Supplier's original invoice, goods received notes, Supplier's delivery docket, FF3, FF4, payment voucher etc. A thorough check must be made to ensure that everything is in order.

Important aspects to be checked during the examination are as follows.

- The finance forms FF3, FF4 and ILPOC have been authorised by the Section 32 Officer and endorsed by the Financial Delegate.
- The amounts are within the delegation limits.
- The orders, invoices and goods received notes match in relation to quantity, quality and value.
- The claim is properly registered and committed.
- All charges are made to the correct account codes.

## 8.5 Authorisation of Claims

After examination the claims are certified as in order for payment. The Authorising/Certifying Officer shall certify and authorise the claim for cheque printing.

## 8.6 Cheque Printing

All cheques must be PGAS generated. **No manual cheques.**

Once the claim is certified as correct a cheque will be made out to the supplier. All cheques must be crossed and endorsed as "Not Negotiable" and "account payee only." This is to ensure that only the actual payee can receive the proceeds of the cheque.

The PGAS cheque-forms should be kept in safe custody under the responsibility of the Cash Office Clerk or the District/Provincial Treasurer and cheque numbers strictly accounted for.

The bank should be advised to only accept the cheques signed by at least two of the authorised signatories. **The authorised signatories should include the LLG Manager and the Cash Officer Clerk or the District Treasurer who shall be the mandatory signatories.**

The cheques can be either mailed to the supplier's address or may be collected at the LLG office. If the cheque is to be collected the person collecting should furnish proper identification and that person's signature including the basis and details of identification should be obtained on the payment voucher in the space provided for this purpose.

### 8.7 Cash Book Entries

PGAS will automatically update the cash book on authorisation of the claim for cheque printing.

### 8.8 Ledger Entries

The corresponding entry is made in the expenditure vote in the PGAS.

In a manual system, the entry in the ledger will be made on the debit side of the ledger against the appropriate vote. (Note that the cheque is entered on the payment side (Credit) of the cashbook and is now being entered on the debit side of the ledger).

LEDGER (manual)

DATE	REF	PARTICULARS	NO: RECEIVED	NO: ISSUED	BAL	DEBIT	CREDIT	BAL

There is provision in the ledger to record the name of the vote, vote number and the amount. The particulars will be the same as the details in the payment voucher. The balance column will show the progressive expenditure to date.

## **8.9 Recording of Payments/De-commitment -Commitment Control Ledgers (FF20)**

After the payments are made, the paying officer should forward all the paid vouchers to the commitment clerk for updating of the payments made against the commitments. This should be done daily.

## **8.10 Payment of Salaries, Wages and Overtime (Non-Public Servants)**

All wages & salary payments will be made on Finance Forms prescribed by the Department responsible for financial management. The following forms should apply in payment and collection of salaries and wages.

**(a) FF5-Order to pay agent** –This form is used to authorise an agent to collect wages/salaries on behalf of the person giving authority.

**(b) FF10-Wages Sheet**-This is used to list the names of employees, hours worked, fortnightly wages, deductions, net and signature of employee and other details.

## **8.11 Wages**

Preparation of Wages Sheets (FF10) should be in quadruplicate and should show the pay period, names, and the titles of each employee, their fortnightly wage rates, tax to be deducted, other deductions and the net amount due to each employee.

The payment processing procedures will apply here after the claim form, is endorsed by the Financial Delegate.

## **8.12 Payment Procedures for wages and overtime.**

Procedures to be followed by the Paymasters and Assistant Paymasters in payment of salaries, wages, overtime and other allowances are set out below:

- (i) Cash for payment may be obtained either by cashing the wages cheque at a bank or cash office on the morning of the payday.

Ensure that the actual cash on hand balances with the total figure on the wages sheet (FF10).

- (ii) Pay Envelopes will be, prepared by the Paymaster and the Assistant Paymaster on the basis of the wages sheet.

Every employee on the wages sheet (FF10) will have an envelope with the amounts due and sealed after balancing.

All employees should be paid their correct net amounts. There should not be any over or under payment.

The distribution of the pay envelopes must be, witnessed by the Assistant Paymaster. The payment must be made to the employee on presenting I.D card. In the absence of I.D, the employee must be, identified by the Section Head responsible.

The employee on receiving the pay envelope must open the pay envelope and check the net amount in the presence of the paymaster and the assistant paymaster. The paymaster must ensure that the employee signs in the space provided in the wages sheet and that the Assistant Paymaster initials to confirm the payment.

A payment should not be made to an agent unless a proper authorisation is made on the Order to Pay Agent Form (FF5).

### 8.13 Acquittal Procedures - Wages

After all payments are made, the Paymaster and the Assistant Paymaster will reconcile the unpaid wages, overtime and other payments on hand to the relevant supporting documents such as wages sheet and overtime sheets.

The Paymaster and the Assistant Paymaster will acquit the pay sheets as paying officer and witness respectively. An example of the certification is set out below:

"We certify that the persons named in this pay sheet have been paid the amount set opposite their names- (except for those whose names are listed on the back)".

Signed (Paymaster).....

(Assistant Paymaster).....

A copy of the certification with all relevant documents should be filed.

**Note: The Paymaster will issue official receipts for unpaid wages, overtime and advances and make a deposit in the LLG Operating Bank Account within 24 hours.**

### 8.14 Payment of Salaries

Salaries of Officers of the Public Service may be paid direct to his/her bank account or he /she may collect encashable cheque. An encashable cheque can only be collected by the individual officer or by the paying officer.

Unpaid salaries should be returned to the Paying Office within 24 hours where a receipt will be issued to the Paymaster acquitting the unpaid salaries.