

**GPI: Budgetary Aid – Policies and Guidelines**

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Policy and Procedures Portfolio Holder



## **BUDGETARY AID 2009/2010**

### **POLICIES & GUIDELINES**

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#### **OVERVIEW**

As part of the GPI restructure a number of key operational areas of responsibility have been assigned to the Pitcairn Island Community. The Islands' governance has now changed to consist of four operational divisions overseen by the Island Council made up of an elected Mayor and councillors and other appointed members.

Each of these five units are responsible for the administration, approval and reporting of expenditure against approved budgets which are set annually.

#### **BUDGETARY LIMITS**

The UK Government Department for International Development (DFID) continues to be responsible for providing ongoing budgetary aid to the Pitcairn Islands and will each year approve budgetary limits for all costs associated with the maintenance, growth and wellbeing of the Islands and its community.

DFID has ultimate responsibility and authority in the setting of the budget and capital expenditure allocations, though it will work in close consultation with the Governor's Office, PIO and the Island Government in assessing the needs of the GPI before budgets are set.

Responsibility for these funds will be allocated between the PIO based in Auckland and the five government divisions on Pitcairn. Budgetary responsibility will be decided on where the underlying authority and control rests for the various types of expenditure.

Once budgets have been agreed and funding approved by the UK Government, the budget responsibilities for the years expenditure will pass down to the relevant divisions who will be charged with the prudent administration and reporting of all expenditure within their area and will have the obligation to run their departments within the set budgets.

Each division will have an authorising officer who will be required to manage the funds within their control in a way consistent with the policies and procedures laid out in this document.

## **AUTHORISING OFFICERS**

The following positions are the designated authorising officers for the relevant divisions

Mayor	Island Council
Divisional Manger	Community Division
Divisional Manager	Natural Environment
Divisional Manager	Finance & Economics
Divisional Manager	Operations

The above can appoint other members of their division as authorising officers but overall responsibility remains with the divisional heads.

All expenditure must be approved by an authorising officer and all requests and orders to the PIO will only be accepted when received via email from an approved email address.

### **Authorising officers accept the following responsibilities:**

1. Checking of timesheets and other measures to ensure work has been properly carried out before authorising any payments.
2. Ensure that an independently monitored, closed tendering process has been carried for all contracts and staff positions.
3. Monitoring of expenditure to budgets on a monthly basis and provide detailed explanations for any larger than expected costs.
4. Keep accurate records and co-operate fully with all audit requirements
5. Promptly bring to the attention of the PIO any irregularities or concerns in regards to the financial and operational performance of the division.
6. Acknowledge and accept that failure to meet these responsibilities may result in disciplinary action, or in the case of fraud, to criminal prosecution.

## PITCAIRN ISLAND COUNCIL:

### Authorising Officer

- a) The mayor is responsible for the expenditure incurred by the Council and employees under its jurisdiction and for ensuring that the expenditure is within approved budget limits.
- b) All expenditure requests will only be actioned by the PIO if they are received via email from the mayor's official email address.
- c) The mayor may nominate other council members as authorising officers but the PIO must be notified of this via an approved email which is to include the new approved email address.
- d) All expenditure approved by a nominated authorising officer will be deemed to have been approved by the mayor, who remains responsible for the expenditure.

### Budget Allocations 2009/2010

Budgets below were approved by DFID and Council during the 2009 budgetary review.

#### GPI Council

- Salaries	28,500
- Bonuses	2,375
- Overtime	7,123
- Stationery / Office Supplies	5,000
- Travel	50,000
- Repairs & Maintenance	5,000
- Discretionary Fund	20,000
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	<b>117,998</b>

The following Policies and Guidelines are to be followed when incurring expenditure against the funding allocations noted above.

- Salaries:
- 1) Approved during budget review by DFID
  - 2) Cannot be changed without approval from PIO.
- Bonuses:
- 1) Upper limits approved during budget review by DFID
  - 2) Cannot be increased without approval from PIO.
  - 3) Bonuses for a role must not exceed the equivalent of one month's salary for that role.
  - 4) Bonuses are to be paid in March 2010 and must be authorised and approved as per the terms and conditions of the relevant employment contract.
  - 5) If a dispute exists which cannot be resolved before the end of March 2010 the maximum bonus allocation is to be held in trust by the Government Treasurer until the dispute is resolved, in accordance with the relevant employment contract.
  - 6) If there is a change in employee or elected official during the financial year then the maximum bonus allocation shall be pro-rated accordingly and the departing employee paid any bonus due in their final pay period.  
The total bonus paid for the role should not exceed the equivalent of one month's salary.  
No employee should receive more than the maximum pro-rated bonus amount.

- Overtime
- 1) Only elected members of the Island Council are entitled to receive overtime.
  - 2) All overtime must be authorised and approved as per the terms of the individual's employment agreement.
  - 3) It is the responsibility of the Authorising Officer to ensure that workloads are fairly allocated to minimise overtime.
  - 4) If overtime payments for a specific position exceed \$500 during the year then the authorising officer is required to review that position within one month of the last overtime payment having been made and make recommendations to Council and DFID on how the position can be restructured to reduce ongoing overtime.
- Stationery & Supplies
- 1) All requests to the PIO for stationery and supplies must be made by the Mayor or an approved authorising officer via email from an approved email address.
- Travel
- 1) Work related travel must be approved by DFID during the budget review.
  - 2) The current budget allocation allows for two trips this financial year. One for the Mayor and one for the Director of Bio-Security at \$25,000 each.
  - 3) All approved travel must be in line with the criteria outlined in the DFID budget review document.
  - 4) Unless approved in advance by DFID all travel is to be economy class
  - 5) All official travel on and off Pitcairn must be via GPI chartered vessels. The only exception is for compassionate or health reasons and must be approved by the PIO prior to travel taking place.
  - 6) All official travel arrangements must be made through the PIO.
  - 7) Any official travel deemed necessary but not previously approved during the budget review must receive PIO approval before taking place. This applies even if sufficient funds remain available after the approved trips have been fully expensed.
- Repairs & Maintenance
- 1) All requests to the PIO for equipment, materials and supplies must be made by the Mayor or an approved authorising officer via email from an approved email address.
- Discretionary Fund
- 1) This allocation is available to the Island Council to fund small projects and initiatives which fit within the following criteria.
    - a) Project will benefit the Pitcairn Island community by helping to achieve one or more of the following:
      - Improve safety
      - Improve or protect the natural environment
      - Meet community's obligations and responsibilities as a Government body.
      - Improve tourist experience
      - Increase government revenues
      - Reduce government costs
    - b) No single project is to exceed \$10,000 without prior approval of DFID.
    - c) Projects should not unfairly benefit or exclude any individual or group within the community. With the exception of the elderly or the young who may be the sole beneficiaries of a project provided the council agrees it is in the interests of the community.

- 2) Where possible and practical all work or services related to a project which will involve payments to islanders over and above their normal salaries must be fairly tendered and open to all eligible members of the community.
- 3) Any member of the community including visitors and non-residents are invited to submit ideas and suggestions for projects to council through a council member.
- 4) Projects are to be debated and approved by Council during a duly convened council meeting and the decision recorded in the minutes, including a summary of the project, details of costs and how the project will meet one or more of the required criteria.

## COMMUNITY DIVISION

### Authorising Officer

- a) The Divisional Manager (DM) is responsible for the expenditure made by the division and is responsible for ensuring that the expenditure is within approved budget limits.
- b) All expenditure requests will only be actioned by the PIO if they are received via email from the DM's official email address.
- c) The DM may nominate other division employees as authorising officers but the PIO must be notified of this via an approved email which includes the new approved email address.
- d) All expenditure approved by a nominated authorising officer will be deemed to have been approved by the DM, who remains responsible for the expenditure.

### Budget Allocations 2009/2010

Budgets below were approved by DFID and Council during the 2009 budgetary review.

#### Community Division

- Salaries	23,000
- Bonuses	1,583
- Pensions	28,000
- Child Benefits	6,000
- Maternity / Sick Leave Benefit	5,000
- Entertainment Committee	1,000
- Museum	5,000
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	<b>69,583</b>

The following Policies and Guidelines are to be followed when incurring expenditure against the funding allocations noted above.

- Salaries:
- 1) Approved during budget review by DFID
  - 2) Cannot be changed without approval from the PIO
- Bonuses:
- 1) Upper limits approved during budget review by DFID
  - 2) Cannot be increased without approval from the PIO
  - 3) Bonuses for a role must not exceed the equivalent of one month's salary for that role.
  - 4) Bonuses are to be paid in March 2010 and must be authorised and approved as per the terms and conditions of the relevant employment contract.
  - 5) If a dispute exists which cannot be resolved before the end of March 2010 the maximum bonus allocation is to be held in trust by the Government Treasurer until the dispute is resolved, in accordance with the relevant employment contract.
  - 6) If there is a change in employee during the financial year then the maximum bonus allocation shall be pro-rated accordingly and the departing employee paid any bonus due in their final pay period.  
The total bonus paid for the role should not exceed the equivalent of one month's salary.  
No employee should receive more than the maximum pro-rated bonus amount.

- Pensions &  
Child Benefits
- 1) Pensions and child benefits are set by DFID following recommendations from the DM Community Division and Council.
  - 2) No changes to the criteria or levels of payment can be made to pensions or child allowances without DFID approval.
  - 3) All payments for pensions and child allowances must be in accordance with the criteria set down by DFID and council.
- Maternity/  
Sick Leave
- 1) Payments to be made in accordance with the individual's employment contract and the criteria set down by council.
  - 2) No changes to the criteria or levels of payment can be made without the prior approval of the PIO.
- Entertainment  
Committee
- 1) Expenditure must be approved by the entertainment committee during a duly convened meeting and the decision recorded in the minutes.
  - 2) Expenditure can only be for events or purposes which...
    - Are open and available to the whole community; and
    - Contribute to the cultural enrichment of the community; or
    - Contribute to the positive image of Pitcairn; or
    - Provide hospitality or gifts to visitors who have contributed to the Pitcairn community; or
    - Reward and encourage individuals or ventures which increase island revenue.
- Museum
- 1) Expenditure must directly relate to the running of the museum.
  - 2) All requests to the PIO for purchases must be made by the DM or an approved authorising officer via email from an approved email address

## NATURAL RESOURCES DIVISION

### Authorising Officer

- a) The Divisional Manager (DM) is responsible for the expenditure made by the division and is responsible for ensuring that the expenditure is within approved budget limits.
- b) All expenditure requests will only be actioned by the PIO if they are received via email from the DM's official email address.
- c) The DM may nominate other division employees as authorising officers but the PIO must be notified of this via an approved email which includes the new approved email address.
- d) All expenditure approved by a nominated authorising officer will be deemed to have been approved by the DM, who remains responsible for the expenditure.

### Budget Allocations 2009/2010

Budgets below were approved by DFID and Council during the 2009 budgetary review.

#### Natural Resources Division

- Salaries	12,000
- Bonuses	1,000
- Land Court	1,200
- Surveyors	4,870
- Building Inspector	1,200
- Materials & Equipment	5,000
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	<b>25,270</b>

The following Policies and Guidelines are to be followed when incurring expenditure against the funding allocations noted above.

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- Bonuses:
- 1) Upper limits approved during budget review by DFID
  - 2) Cannot be increased without approval from the PIO
  - 3) Bonuses for a role must not exceed the equivalent of one month's salary for that role.
  - 4) Bonuses are to be paid in March 2010 and must be authorised and approved as per the terms and conditions of the relevant employment contract.
  - 5) If a dispute exists which cannot be resolved before the end of March 2010 the maximum bonus allocation is to be held in trust by the Government Treasurer until the dispute is resolved, in accordance with the relevant employment contract.
  - 6) If there is a change in employee during the financial year then the maximum bonus allocation shall be pro-rated accordingly and the departing employee paid any bonus due in their final pay period.  
The total bonus paid for the role should not exceed the equivalent of one month's salary.  
No employee should receive more than the maximum pro-rated bonus amount.
- Land Court
- 1) Payments are to directly relate to the convening of the land court or carrying out the wishes of the court.
  - 2) Payments to individuals must be within the terms and conditions of their employment agreements.
  - 3) Any remuneration including provisions for overtime or bonuses cannot be altered or included without prior approval of the PIO.

- Surveyors
- 1) Payments to surveyors must be within the terms and conditions of their employment agreements.
  - 2) Any remuneration including provisions for overtime or bonuses cannot be altered or included without prior approval of the PIO.
- Building Inspector
- 1) Payments to inspectors must be within the terms and conditions of their employment agreements.
  - 2) Any remuneration including provisions for overtime or bonuses cannot be altered or included without prior approval of the PIO.
- Materials & Equipment
- 1) All requests to the PIO for equipment, materials and supplies must be made by the DM or an approved authorising officer via email from an approved email address.

## FINANCE & ECONOMICS DIVISION

### Authorising Officer

- a) The Divisional Manager (DM) is responsible for the expenditure made by the division and is responsible for ensuring that the expenditure is within approved budget limits.
- b) All expenditure requests will only be actioned by the PIO if they are received via email from the DM's official email address.
- c) The DM may nominate other division employees as authorising officers but the PIO must be notified of this via an approved email which includes the new approved email address.
- d) All expenditure approved by a nominated authorising officer will be deemed to have been approved by the DM, who remains responsible for the expenditure.

### Budget Allocations 2009/2010

Budgets below were approved by DFID and Council during the 2009 budgetary review.

#### Finance & Economics Division

- Salaries	39,300
- Bonuses	3,288
- Tourism Board	2,000
- Post Office Opex	10,000
- Marketing	12,000
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	<b>66,588</b>

The following Policies and Guidelines are to be followed when incurring expenditure against the funding allocations noted above.

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- Bonuses:
- 1) Upper limits approved during budget review by DFID
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  - 3) Bonuses for a role must not exceed the equivalent of one month's salary for that role.
  - 4) Bonuses are to be paid in March 2010 and must be authorised and approved as per the terms and conditions of the relevant employment contract.
  - 5) If a dispute exists which cannot be resolved before the end of March 2010 the maximum bonus allocation is to be held in trust by the Government Treasurer until the dispute is resolved, in accordance with the relevant employment contract.
  - 6) If there is a change in employee during the financial year then the maximum bonus allocation shall be pro-rated accordingly and the departing employee paid any bonus due in their final pay period.  
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| Tourism     | <ol style="list-style-type: none"><li>1) Expenditure is to directly relate to the functions of the tourism board and all expenditure approved by the board at a duly convened meeting and noted in the minutes.</li><li>2) Payments to individuals must be within the terms and conditions of their agreements and all payments noted in the minutes of the relevant Tourism Board meetings.</li><li>3) Any remuneration including provisions for overtime or bonuses cannot be altered or included without prior approval of the PIO.</li></ol> |
| Post Office | <ol style="list-style-type: none"><li>1) Expenditure is to directly relate to the functions of the Post Office.</li><li>2) All requests to the PIO for equipment, materials and supplies must be made by the DM or an approved authorising officer via email from an approved email address.</li></ol>   |
| Marketing   | <ol style="list-style-type: none"><li>1) All requests or instructions to the PIO for purchases or services must be made by the DM or an approved authorising officer via email from an approved email address.</li><li>2) Any payments made to individuals need to be recorded in the minutes of the relevant Tourism Board meeting.</li></ol>   |

## OPERATIONS DIVISION

### Authorising Officer

- a) The Divisional Manager (DM) is responsible for the expenditure made by the division and is responsible for ensuring that the expenditure is within approved budget limits.
- b) All expenditure requests will only be actioned by the PIO if they are received via email from the DM's official email address.
- c) The DM may nominate other division employees as authorising officers but the PIO must be notified of this via an approved email which includes the new approved email address.
- d) All expenditure approved by a nominated authorising officer will be deemed to have been approved by the DM, who remains responsible for the expenditure.

### Budget Allocations 2009/2010

Budgets below were approved by DFID and Council during the 2009 budgetary review.

#### Operation Division

- Salaries	82,000
- Bonuses	6,830
- Contract Wages	1,800
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	<b>90,630</b>

#### Power Generation

- Diesel Costs	157,560
- Opex	15,000
- Recharges	(180,185)
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	<b>(7,625)</b>

#### General Works & Marine

- Maintenance of Equipment	120,000
- Maintenance of Long Boats	10,000
- Maintenance of Buildings	15,000
- Fuel	70,000
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	<b>215,000</b>

<b>TOTAL</b>	<hr/>
	<b>298,005</b>

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- Bonuses:
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  - 3) Bonuses for a role must not exceed the equivalent of one month's salary for that role.
  - 4) Bonuses are to be paid in March 2010 and must be authorised and approved as per the terms and conditions of the relevant employment contract.
  - 5) If a dispute exists which cannot be resolved before the end of March 2010 the maximum bonus allocation is to be held in trust by the Government Treasurer until the dispute is resolved, in accordance with the relevant employment contract.

- 6) If there is a change in employee during the financial year then the maximum bonus allocation shall be pro-rated accordingly and the departing employee paid any bonus due in their final pay period.  
The total bonus paid for the role should not exceed the equivalent of one month's salary.  
No employee should receive more than the maximum pro-rated bonus amount.

Contract  
Wages

- 1) Payments to contractors must be within the terms and conditions of their employment agreements.
- 2) Any remuneration including provisions for overtime or bonuses cannot be altered or included without prior approval of the PIO.
- 3) Any new contracts allocated during the financial year must be tendered and allocated in accordance with the rules set out by council.

**Power Generation**

Diesel Costs

- 1) All requests to the PIO for purchases must be made by the DM or an approved authorising officer via email from an approved email address.
- 2) Diesel purchased for power generation cannot be used for any other purpose without it being duly noted in the inventory and the PIO advised so it can adjust its records.

Operating  
Costs

- 1) All requests to the PIO for equipment, materials and supplies must be made by the DM or an approved authorising officer via email from an approved email address.

Recharges

- 1) Electricity charges are set by DFID during the budget review and cannot be changed without approval from DFID.
- 2) All payments for electricity charges must be handled by the GT.

General Works  
& Marine

- 1) All requests to the PIO for equipment, materials and supplies must be made by the DM or an approved authorising officer via email from an approved email address.