

## FINANCE RULES 1998

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### 1 Name

These are the Finance Rules 1998.

### 2 Interpretation

In these Rules —

“financial year” means the period of 12 months ending with 30 June in each year;

“public money” means all money received by the Tokelau Administration and any other money directed to be paid into a bank account of the Tokelau Administration by the General Fono.

### 3 Approved banks

All public money shall be kept with a bank approved for the purposes by the General Fono.

### 4 Estimates

(1) For each financial year, and at such other times as it thinks fit, the General Fono shall cause a statement of estimated receipts and payments of public money to be prepared.

(2) The estimates shall include —

- (i) a capital works programme; and
- (ii) such details as the General Fono requests.

### 5 General Fono to approve budget

(1) The General Fono shall no later than 1 July of each financial year —

- (i) consider the estimates for that year; and
- (ii) approve a budget for the income and expenditure of public money in that financial year.

(2) The General Fono may approve supplementary budgets where necessary.

- (3) There shall be no expenditure of public money except as approved by the General Fono in a budget or supplementary budget.
- (4) Within the budget the General Fono may reallocate funds, including the transfer of funds between budget items, where it considers it appropriate to do so.
- (5) In anticipation of budget approval, expenditure may be approved in respect of any item up to an amount which does not exceed 15% of the amount budgeted for that item in the preceding financial year.

## **6 Investment**

All Tokelau public money shall be invested by the General Fono in such places and on such terms as the General Fono thinks fit.

## **7 Restriction on borrowing**

- (1) No loan shall be raised by the Tokelau Administration.
- (2) No money shall be borrowed by the Tokelau Administration except by way of current overdraft on such terms as the General Fono authorises.
- (3) No guarantees or indemnities shall be entered into by the Tokelau Administration.

## **8 Expenditure Approval**

- (1) No payment of public money shall be valid unless the payment document —
  - (i) identifies the budgeted expenditure item to which it relates; and
  - (ii) is authorised in writing by —
    - (I) the relevant Faipule; or
    - (II) a person authorised by the relevant Faipule for that purpose; or
    - (III) a person authorised by the Director, where power is delegated for the purpose to a Director by the Faipule.
- (2) In every case where the authorisation is from a person with power delegated by a Director, the Director shall indicate —
  - (i) the budgeted items to which the delegation relates and the limits for the amount that may be approved; and
  - (ii) the manner in which signing authority must be used.

- (3) Unless the specific transaction has first been approved by the General Fono, no person has the capacity to bind Tokelau in a transaction which –
  - (i) involves a sum of \$50,000 or more; or
  - (ii) involves a commitment or potential or actual liability of Tokelau for a sum of \$50,000 or more; or
  - (iii) would exceed budgeted expenditure by 5%.
- (4) Any transaction that does not comply with paragraph (3) is void.

**9 Annual financial statements**

- (1) The Tokelau Administration shall no later than 1 September in every year, prepare the annual financial statements for the General Fono for the previous financial year.
- (2) The annual financial statements shall be prepared in accordance with generally accepted accounting practice and shall include —
  - (i) statement of the financial position of the Tokelau Administration at the balance date;
  - (ii) statement of financial performance;
  - (iii) statement of cash flows reflecting cash flows of the Tokelau Administration for that year;
  - (iv) statement of any overdraft borrowings reflecting borrowing activities of the Tokelau Administration for that year;
  - (v) statement of commitments of the Tokelau Administration as at the balance date;
  - (vi) statement of contingent liabilities of the Tokelau Administration as at the balance date;
  - (vii) statement of unappropriated expenditure or expenses or liabilities;
  - (viii) statement of emergency expenditure or expenses or liabilities;
  - (ix) statement of accounting policies;
  - (x) statement of trust money held by or for the Tokelau Administration;
  - (xi) such other statements as are necessary to fairly reflect the financial operations of the Tokelau Administration for that year and its financial position at the end of the year;

- (xii) in relation to each statement required by subparagraphs (i) to (iv) and, where appropriate, by subparagraph (xi), budgeted figures for the financial year;
  - (xiii) in relation to each statement required by subparagraphs (i) to (vi) and, where appropriate by subparagraph (xi), comparative actual figures for the previous financial year.
- (3) The Tokelau Administration shall forward all annual financial statements to the Auditor no later than 30 September following the end of the financial year.
  - (4) The accounts of the Tokelau Administration shall be maintained in accordance with the system of accrual accounting.

## **10 Reporting by Government agencies**

- (1) Every department shall, by the 20th of each month starting with 20 September in each financial year, prepare a financial statement for the previous month for the General Fono.
- (2) Such statements shall include, but shall not be limited to —
  - (i) statement of the financial performance at the balance date;
  - (ii) statement of service performance reporting on the performance of the programme for each class of outputs achieved during the month as compared with the forecast performance;
  - (iii) statement of unappropriated expenditure or expenses or liabilities;
  - (iv) such other statements as are necessary to reflect fairly the financial operations of the departments for that month and its financial position at the end of the month.
- (3) The public officer responsible for each agency of government shall submit to the General Fono at the end of each financial year a report for that agency.
- (4) Such financial reports shall comply in principle with the requirements set out in rule 9(2).

## **11 Functions and duties of Auditor**

- (1) There shall be an auditor of accounts for the Tokelau Administration.
- (2) The Auditor-General of New Zealand shall be the auditor of accounts which contain public money, and, unless legislation otherwise directs, of each body corporate of Tokelau.
- (3) Every auditor of accounts in Tokelau shall be a person who is qualified to act as an auditor in New Zealand.
- (4) The auditor shall, not less than once in each financial year, examine, audit and report on the accounts containing public money.
- (5) All expenses in connection with or incidental to an audit under these Rules shall be paid out of public money or by the body corporate as the case may be.

## **12 Powers of Auditor**

- (1) The auditor shall have access at all reasonable times to all books and accounts to be audited, all vouchers in support of them and all relevant books, papers and writings in the possession or control of the Tokelau Administration, or of the body corporate as the case may be.
- (2) The auditor may require from all officers, agents and employees of the Tokelau Administration, and of the body corporate, such information and explanations as may be necessary for the purpose of the audit.

## **13 Auditor's report**

The auditor shall no later than 31 December in each year report to the General Fono —

- (i) whether all the information and explanations have been obtained which, to the best belief of the auditor, were necessary for the purpose of the audit;
- (ii) whether in the opinion of the auditor, proper books of accounts have been kept so far as appears from the examination of those books;
- (iii) whether the balance sheet and income and expenditure account are in agreement with its books of accounts;
- (iv) whether in the opinion of and to the best of the information of and according to the explanation given to the auditor the accounts give a true

and fair view of the income and expenditure of public money for the financial year;

- (v) whether these Rules and any directions of the General Fono, in so far as they relate to the accounts, have been complied with;
- (vi) whether in the opinion of the auditor, and as far as could be ascertained from the examination of the financial statements by the auditor, the management of the financial affairs has been in accordance with internationally recognised standards of accounting practice.

**14 Tokelau corporations**

- (1) Unless otherwise expressly stated in law, every body corporate of Tokelau shall follow the financial accounting practices and auditing requirements provided in these Rules for the Tokelau Administration and its agencies.
  - (2) In the case of a body corporate the reporting by the auditor shall be to the governing body of the body corporate.
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