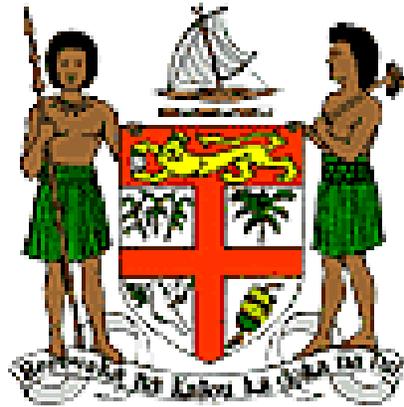# ELECTRONIC FUND TRANSFER POLICY

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ELECTRONIC FUNDS TRANSFER POLICY

## 1.0 Introduction

1.1 This policy has been formulated to act as a procedural guide to government agencies in the process of electronic payment and receipt. The monitoring of the electronic funds transfer (EFT) is done through the Treasury Section of the Ministry of Finance.

## 2.0 Scope

2.1 This policy applies to all government agencies that will be shifting to the EFT process to facilitate the mode of payment and receipt.

## 3.0 Purpose

3.1 The purpose of this policy is to:

(i) Ensure that use of electronic funds transfers and receipts are initiated, executed, and approved in a secure manner;

(ii) Ensure proper tender process is pursued in the engagement of the company that offers the electronic fund transfer; and

(iii) Provide guide to all accounting heads and accounting officers on the management and maintenance of the electronic funds transfers.

## 4.0 Requirements of the Finance Instructions

4.1 Finance Instruction 14 (9) states that all official payment are to be made by cheque, through electronic payment, credit card or fuel card except were payable from petty cash.

4.2 For the purpose of receipt of revenue Finance Instruction (FI) 20 (1) states that government revenue can be received in any of the following instruments –

(a) cash;
(b) cheques from firms or individuals provided they have been guaranteed by any of the local banks;
(c) bank drafts;
(d) money orders; and
(e) electronic transfers.

4.3 Also FI 20 (3) states that the payment of revenue can be made through any of the following methods-

(a) direct payment to a revenue collector;
(b) through the mail;
(c) to a third party on behalf of another agency;
(d) direct lodgement into the consolidated fund, for overseas payments; and
(e) electronic funds transfer at point of sale (EFTPOS).

4.4    The concept of EFT is in accordance with the above quoted sections of the FI whereby government can use EFT as a mode of official payment and receipt of revenue.

## 5.0    Terms and Conditions

5.1    All agencies that require adopting EFT as a mode of payment and receipt are to obtain approval from the Ministry of Finance.

5.2    The agencies requests are to be submitted with internal approval of their relevant Permanent Secretary or Head of Department. The submission should include:

- The rationale of adopting EFT as a mode of payment and receipts;

- Endorsement from all relevant stakeholder on the change;

- Advantage or benefit the Ministries/Department will attain from the change; and

- Details of how the change will be funded and facilitated.

5.3    The procuring agencies are permitted to advertise an expression of interest to request information from potential suppliers and may use the list of potential suppliers that have submitted compliant submissions as the basis for seeking tenders or proposals as required under the Procurement Regulation 2010 - 39 (1).

5.4    The agencies are required to furnish the approval with their request to the Fiji Procurement Office (FPO) for the process of calling tender in order to obtain a suitable EFT service provider as required in Procurement Regulation 2010 – 37(1 - 9).

5.5    The requesting agencies are required to ensure that appropriate Service Level Agreement is vetted by the Solicitor General before it is duly signed with the service provider.

5.6    The agencies are required to formulate appropriate processes and procedures to ensure the efficient and effective use of the EFT.

5.7    The agencies Head of Sections are required to put in place internal control measures to safeguard the process and procedures of EFT as stipulated under section 59 – (1) of the Finance Instructions.

## 6.0    Responsibility of the Ministry of Finance

6.1    It is the responsibility of the CA (T) of the Ministry of Finance to closely monitor the EFT to ensure that proper processes and procedures are being followed according to the Financial Regulations.

6.2 It is the responsibility of the CA (T) of the Ministry of Finance to obtain required information from agencies and or services provider in order to evaluate and measure the viability of the EFT.

6.3 It is the responsibility of the CA (T) of the Ministry of Finance to implement appropriate reporting procedure to act as control measures in providing approval for the adoption of EFT by agencies applying for the change of mode of payment and receipt.

6.4 It is the responsibility of the CA (T) to approve the issue of manual cheques by Ministries/Departments and advise the relevant banks accordingly in the case of system failure or Electrical Failure.

## 7.0 Responsibility of the EFT Agency

7.1 It is the responsibility of the EFT agency to obtain approval from the Chief Accountant for the change of payment and receipts via the EFT mode.

7.2 It is the responsibility of the EFT agency to put in place internal control measures to ensure that the processing of payment and receipts via EFT is secure.

7.3 It is the responsibility of the EFT agency to make certain that the terms and conditions of this policy is strictly being adhered to and furnish a copy of the signed agreement to the CA (T) of the Ministry of Finance to closely monitor the EFT.

7.4 It is the responsibility of the EFT agency to ensure that payments and receipts made via EFT are strictly adheres to the requirements of the FI.

7.5 It is the responsibility of the EFT agency to conduct monthly reconciliation in order to review the monthly account statement against all original receipts and payments.

7.6 It is the responsibility of the EFT agency to ensure that normal procedure for payments is followed as stipulated in section 14 of the FI.

7.7 It is the responsibility of the EFT agency to fund all cost associated to the adoption of EFT mode of payment and bank charges incurred when in use.

## 8.0 System or Electrical Failure

8.1 The EFT agency should put in place manual payment and receipts procedures that need to be followed in an event of electronic and system failure.

8.2 Ministries/Departments need to obtain approval first from CA (T) before the use of manual cheque.

8.3 After the system and electronic failure is restored all manual payment and receipts are required to be updated into the system for proper reporting purposes.

8.4 The procedures for manually updating the FMIS with manual payments and receipts are attached as *Appendix 1* of this Policy.


## 9.0 Penalties/Corrective Action

9.1 <u>**Negligence:**</u> Failure to follow the procedures for EFT mode of payments and receipts.
<u>Penalty</u>: A documented warning to the officer. Should a second failure occur, another warning will be issued with receipt to be acknowledged and disciplinary action to be processed by the agency.

9.2 <u>**Fraud**</u>: This is a deliberate action on the part of the officer involved in the EFT transaction to defraud government. Intentional use of the EFT system for personal use or for another is fraudulent and prohibited.
<u>Penalty</u>: Immediate instigation of disciplinary and surcharge action in accordance with financial regulations and procedures, as appropriate may be pursued. Restitution for all fraudulent transactions will be required.

*Appendix 1*

**PROCESS FOR INPUT OF MANUAL PAYMENTS INTO
ACCOUNTS PAYABLE MODULE**

For all processed payment vouchers i.e. manual cheque has been written, and
that has not yet been posted to the General Ledger, add them into AP as follows:



AP371
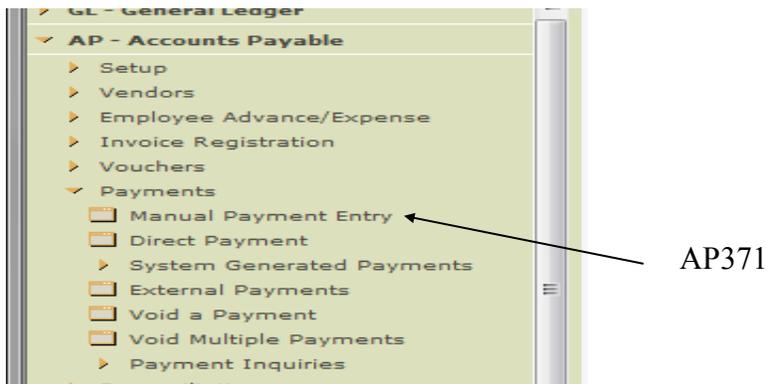
1.  Go to AP431 Manual Payment Entry



Add a Run ID in the Run ID field (this is a unique code that can't be used twice). Suggest
that the Run ID be entered as follows: MPddmm01 (in sequence) where dd stands for the
day's date, mm for month & 01 for # of runs in one day.
Select the vendor that was paid (vendor ID field).
Enter the cheque amount in the 'Payment amount' field.
Enter the date payment was made in the 'Issue date' field.

Enter the cheque number in the 'Payment ID' field.
After all these details have been added, press enter.



The default fields should now show the required data. Click on the arrow key to show the other available panels under 'manual entry'.

2. Go to AP301A Manual Payment Entry (Voucher Header) to enter details of the paid voucher.



For any purchase orders that have already been paid, enter their PO number in this field.

Enter the voucher amount in the 'voucher amount' field.
Enter the date of the invoice in the 'invoice date' field.
Enter the invoice number in the 'invoice ID' field.
Enter the invoice description in the 'invoice description' field.

Enter the tax code in the 'tax code' field.

Enter the GL account code in the 'GL account' field.

Click Add and Process after all above details have been entered.
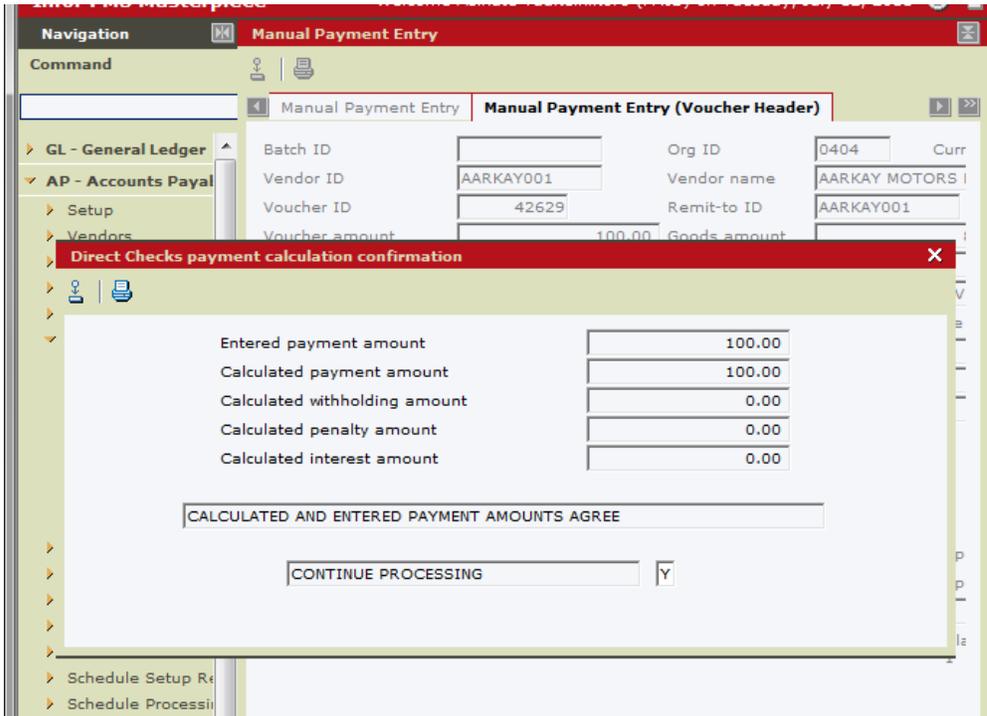


A message should appear confirming payment amount against voucher amount. Press enter to continue processing. The following message should appear once the voucher has been processed.
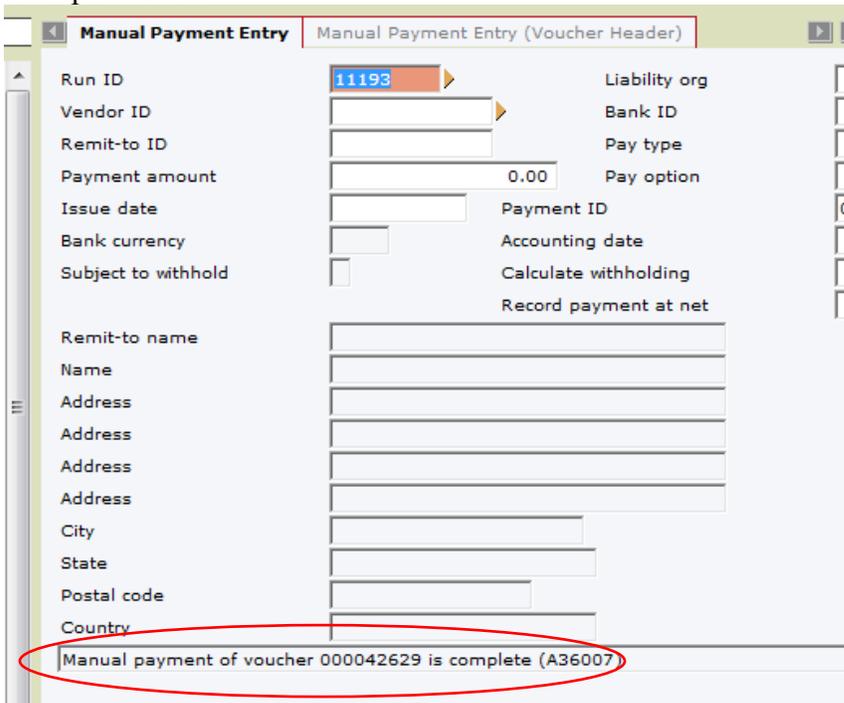


Repeat the process above to add another paid voucher.

**Please note that wages will not be added in this manner. Refer to the training materials on how to add wages as vouchers. However when entering the payment (wages), enter this under Direct Payment (as below).**

**PROCESS FOR PURCHASE ORDERS/VOUCHERS THAT ARE YET TO BE PAID**

For purchase orders/vouchers that have not yet been paid, enter them into the system as normal (refer to Purchasing and Accounts Payable Purchase Order Entry/Voucher Entry training materials). To process payment of these vouchers go to AP437 Direct Payment. **Please note that this process should only be followed where the vouchers will be paid by manual cheques.**

1. *Go to AP437 Direct Payment.*



Enter the Run ID in the 'Run ID' field.
Select the vendor to be paid (Vendor ID field).
Enter the amount to be paid in the 'Pay vendor amount' field.
Enter the date invoice is being paid in the 'issue date' field.
Enter the cheque number in the 'payment ID' field.
Once this information has all been entered, press enter. Default information should appear in the default fields.
Click Next to go to AP437B.

**Voucher Selection**

Print  Bwd  Chg  Fwd  Inq  Inf  Mark  Nav  Next  Prev  Proc  Refresh  Canc  Exit  Help

| AP370B | AP437A | AP437B |

| | | |
|---|---|---|
| Run ID | 251456 | |
| Vendor ID | ABHAI001 | Bank ID | ANZ01 |
| Remit-to ID | ABHAI001 | Pay type | C |
| Payment amount | 100.00 | Payment ID | 000000000122 |
| Remit-to name | ABHAI FRANCIS KANHAIYA | |
| Name | ABHAI FRANCIS KANHAIYA | |
| Address | PO BOX 25,WAIYEVO | More |

| A | Invoice ID | Voucher | Due Date | Discount | Due Amount |
|---|---|---|---|---|---|
| | | 0 | | 0.00 | 0.00 |
| | | 0 | | 0.00 | 0.00 |
| | | 0 | | 0.00 | 0.00 |
| | | 0 | | 0.00 | 0.00 |
| | | 0 | | 0.00 | 0.00 |
| | | 0 | | 0.00 | 0.00 |
| | | 0 | | 0.00 | 0.00 |
| | | 0 | | 0.00 | 0.00 |
| | | 0 | | 0.00 | 0.00 |

A list of vouchers outstanding against the vendor should appear. Select them by entering 'G' (if you are going to pay the full amount of the voucher) in the highlighted field. Click Change & Process to complete payment.