

6th PCREEE STEERING COMMITTEE (PSC) MEETING
1st DECEMBER 2022

MODE: HYBRID

AGENDA ITEM 5 – FINANCIAL STRUCTURE

Purpose

1. The purpose of this paper is to update the PSC on the financial structure of the PCREEE.

Background

2. A cornerstone to the effective operation of any organization is the effectiveness of its financial structure, ensuring that resources are effectively utilized and they are correctly accounted for in a timely manner.
3. The PCREEE operates under the Financial rules and policies of the SPC. SPC is an accredited entity of the EU and the GCF and this is proof of the compliance of SPC's financial structure with internationally accepted standards and norms.
4. Funds received from PCREEE's donors are deposited at a PCREEE account with SPC. For instance, the 300k Euro received in August 2021 from the Contribution Agreement with the Austrian Development Agency is deposited in a SPC general account but is specifically coded and marked under the PCREEE, and distinct from the UNIDO funds in the PCREEE.
5. ADA funds are given a unique Job No. J00343 while the UNIDO funds are given J00124.
6. In 2018, SPC opened a Project Account with ANZ Bank in Tonga and this account is now being used for all SPC payments in Tonga.
7. PCREEE produces progress reports and financial acquittals in accordance with the contractual requirements of each donor. PCREEE produced a progress report on the ADA funds to 31 December 2021 and of the UNIDO funds to end of June 2022.

Current Status

8. SPC Finance has introduced some changes whereby the ANZ Tonga account was added to a Transactive System which then enabled SPC Finance to view the Tonga account online and do the top up and payments accordingly.
9. The PCREEE-opened SPC account in Tonga is now opened to all SPC payments in Tonga, regardless of programme and projects, and Suva Finance will record each payment in Tonga to the appropriate project and programme account in Suva. All payments are now done through internet banking. This has proven to be more efficient and involve less work for all concerned, while maintaining and strictly complying with SPC's Financial rules and procedures.

10. PCREEE continues to have access to a Petty Cash thereby allowing it to cater for small and urgent payments needed by the office. The petty cash balance is counted and checked on a monthly basis.
11. The PCREEE continues to maintain an Asset Register and this register is updated and submitted to Suva on a monthly basis.
12. SPC Finance continues to work on the timeframe of paying island vendors within **10 working days** of the receipt of their invoice in Suva in order to establish cordial business relations with them.

Issues

13. There is a marked improvement in the monitoring, follow ups and timeliness of the PCREEE payments. PCREEE continues to work closely with Finance in Suva to minimize the delays.
14. As PCREEE plans to carry out more of its 2023 activities in a hybrid arrangement, it is very important that delays to payments of local goods and services are minimized. In-country support are assured if payments are made quickly and received on time.

Recommendations

15. The meeting is invited to:
 - i. Note the effort to ensure accountability to PCREEE's resources.
 - ii. Note the on-going challenge of paying island vendors on time.

[1st December 2022]