**6th PCREEE STEERING COMMITTEE (PSC) MEETING**

30th NOVEMBER 2021

MODE: VIRTUAL

**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**

1. 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.
2. 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.
3. Funds received from PCREEE’s donors are deposited at a PCREEE account with SPC. For instance, the 300k Euro received 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.
4. In 2018, SPC opened a Project Account with ANZ Bank in Tonga and is used for paying vendors in Tonga.
5. The PCREEE progress reports to UNIDO are accompanied with financial acquittals and there has not been any major issue with this arrangement and reports since 2016.

**Current Status**

1. In March 2020, SPC Finance 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.
2. The SPC account was therefore 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.

1. To ensure PCREEE continues to operate efficiently, a Petty Cash was set up to cater for small and urgent payments needed by the office. The petty cash balance is regularly counted and checked.
2. To strengthen PCREEE’s accountability, an Asset Register is maintained by the office and is regularly updated and submitted to Suva and also attached to the progress reports to donors.
3. In April 2021, SPC Finance adopted a target to pay island vendors within **10 working days** of the receipt of their invoice in Suva in order to establish cordial business relations with them.

**Issues**

1. The PCREEE has continued to experience delays to payments, particularly for the conduct of national workshops and awareness events. This is an issue that is continuously raised through meetings of the Georesources and Energy Programme. Samoan vendors threatened to take legal action for delays in the payments for an event on 21-22 October.
2. As PCREEE plan to carry out its 2022 activities virtually and with the involvement of local consultants and coordinators, 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**

1. The meeting is invited to:
2. Note the effort to ensure accountability to PCREEE’s resources.
3. Note the on-going challenge of paying island vendors on time.

[30th November 2021]