
JIG

CP 5.01

Document Application: Common Process



GUIDELINES FOR FINANCIAL CONTROL AND ADMINISTRATION OF JOINT VENTURE OPERATIONS

CP 5.01

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Use of Language

Throughout this document, the words 'may', 'should' and 'shall', when used in the context of actions by the signatories or others, have specific meanings as follows:

- (a) 'may' is used where alternatives are equally acceptable.
- (b) 'should' is used where a provision is preferred.
- (c) 'shall' is used where a provision is mandatory.

Note that alternative or preferred requirements may be qualified by the signatories in another referenced document.

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Introduction

This document provides guidelines on the management and continuous improvement of financial control and administration of typical incorporated or unincorporated aviation fuel joint venture (JV) operations. The JV Board / Management Committee (MC) should use Attachment 1 CP 5.01 Financial Control and Administration Review Form to consider those Guideline items that are applicable or relevant and cost-effective to their specific operation.

It is recognised that some of the sections are not applicable to unincorporated JVs and that JVs may have different job titles to those used as examples defined in section 1.2 of this Guideline.

Local legislation and regulations may supersede or augment some of the guidelines in this document and takes precedence where appropriate.

Supporting documents to this Guideline:-

Document **CP 5.01A JIG JV Financial Control and Admin Procedures REVIEW FORM BLANK.doc** is the CP 5.01 Attachment 1 Review Form in Word format which JVs should use to complete a gap analysis against this Guideline (available from JIG web site www.jig.org –Standards & Publications / Policy & Governance (Common Processes)).

Document **CP 5.01B JIG JV Financial Control and Admin Procedures EXAMPLE.doc** is a completed example Incorporated JV Financial Control and Administration Policy Document which follows the Guideline structure and can be adapted by the JV Manager to summarise the specific processes and limits used by the JV and approved by the JV Board / MC to ensure that the JV Financial Control and Administration Procedures:-

- Identify the specific financial and administration requirements of the JV as stated in the JV Governing Documents and local legislative requirements.
- Highlight the specific financial control measures (barriers) for equipment, procedures and people that are in place as a result of the JV's Business Risk Assessment (Ref JIG Bulletin 48) to identify and control financial risks that the JV has to manage as part of its day to day business.

1 FINANCIAL CONTROL AND ADMINISTRATION

1.1 Objective

The objective is to maintain financial controls and administration procedures which comply with statutory requirements, control financial risks, follow business principles, maintain Participants' financial assets and deliver continual improvement in financial performance as defined by Participant KPIs, e.g. capital investment, return on capital, minimise working capital requirement, optimise cost efficiency for competitiveness.

1.2 Definitions

1.2.1 JV Governing Documents

The suite of legal agreements, including but not limited to the Operating Agreement or Participants' Agreement, between the Participants and/or with other parties which together set out the agreed basis of operating JV (which should include agreed operating standards and business principles).

1.2.2 JV Manager

The senior JV person responsible to the JV Board/MC.

1.2.3 JV Supervisor

The senior person who deputises for the JV Manager.

1.2.4 Administrator

The person responsible for day to day accounting and administrative activities.

1.2.5 JV Accountant

The suitably qualified accountant responsible for preparing the JV management accounts and statutory accounts.

1.2.6 JV Participant

A shareholder in an incorporated JV or a member of an unincorporated JV.

1.2.7 User

A JV Participant or other party that has an agreement to use the JV facilities to throughput fuel volume.

1.2.8 Incorporated JV

A company that has been registered recognising it as a separate legal entity having its own privileges, rights, and liabilities distinct from other businesses and persons. Incorporated JVs are typically limited liability companies where the company's debts and obligations are limited to the entity, protecting the shareholders, directors and officers from such liability subject to certain legislative exemptions .

1.2.9 Unincorporated JV

A combination of multiple entities organising themselves to conduct the chosen type of activity typically pooling assets and resources, without creating a registered separate legal entity to undertake the agreed activity. Each individual entity forming the JV would bear liability for the activities of the unincorporated venture.

1.2.10 Management Committee (MC)

The committee of JV Participant representatives who have been delegated by the Participants to manage the activities of an unincorporated JV on behalf of the Participants.

1.3 Financial Roles and Responsibilities and Delegations of Authority

A Delegation of Authority document (DOA) should be produced and approved by the Board/MC for key processes within the JV. Roles and responsibilities should be designed to achieve appropriate segregation of financial duties. This Guideline assigns tasks to the JV Manager, JV Supervisor and Administrator as an example but these may be allocated differently depending on the size and structure of the JV.

The DOA sets the authority limits for key positions and should be reviewed and updated by the Board / MC every 2 years. It should specify how authorities from Board / MC members should be documented, e.g. hardcopy signature or e-mail. An example is attached in appendix 1.

In periods of absence of the JV Manager, they may delegate this authority to the JV Supervisor or other JV employee in writing and for a specific period of time if allowed by the DOA. This delegation evidence should be retained for a period of 3 years.

JV job descriptions should contain individuals' financial and administrative responsibilities.

Some matters are specifically reserved for JV Participants approval in the JV Governing Documents so cannot be delegated to the Board / MC in the DOA. The JV needs to refer its own Governing Documents for applicable clauses but items can include decisions such as amendment to the lease of airport facilities, issuing of shares, major capital expenditure or 3rd party capital expenditure financing.

1.4 JV Financing and Dividend Policy

1.4.1 Participant Loans

The JV should have a policy on the raising and administration of loans received from Participants. This is usually within the JV Governing Documents. Participant loans shall be used, administered and paid off in accordance with the specific terms of each Participant Loan.

1.4.2 Bank Accounts and 3rd Party Loans (Bank Financing)

The JV should have a policy on the dealings with banks and other financial institutions.

Opening or closure of any JV bank account shall be approved by the Board.

The JV Governing Documents may permit the JV to raise 3rd party loans. Such loans, overdrafts and other borrowing facilities from third party lenders are likely to place certain obligations on the JV and shall be approved by the Board / MC (it is important the Board / MC ensures it will be able to meet these obligation before agreeing to the terms of the loan). The nature of these obligations will depend on the type of facility and will vary. It is important that a copy of the borrowing facility agreement is held and that the relevant personnel within the JV are familiar with its contents and the requirements it places on the JV.

Many of the positive reporting requirements placed on the JV will be routine in nature and, where possible, procedures are to be put in place to ensure that requirements are routinely met. Some typical examples of requirements are given below; however, this list is not exhaustive, and reference should be made to the specific borrowing facility agreement.

- Notify the lender of changes in price or fee levels (e.g. levels of throughput fees)
- Provide regular management information (e.g. management accounts) to the lender within the agreed timescales
- Provide annual capital and operating budgets to the lender
- Provide audited statutory accounts to the lender within the agreed timescales
- Provide regular cash flow forecasts to the lender. Forecasts typically should be prepared at least annually, and should look forward for between three and five years.
- Notify the lender of any changes to important agreements such as JV Governing Documents, leases etc.

There may also be some negative requirements placed on the JV. These may take the form of financial covenants (e.g. maintaining a certain level of Debt Service Cover Ratio, ensuring that facility levels are not breached) or may be more general in nature (e.g. not disposing of key assets). An annual review of the loan agreement should be completed by the JV Manager and reported to the Board/MC to ensure that all covenants and undertakings have been complied with and future compliance is expected to continue.

1.4.3 Dividend Policy

Incorporated JVs should have a dividend policy defined in the JV Governing Documents

All available accumulated profits and reserves generated by the JV should be treated as if it is Participants' capital and should be returned to the Participants as stated in the JV Governing Documents unless agreed otherwise by the Participants.

1.5 Capital Expenditure

1.5.1 Definition

Capital Expenditure should be defined with expenditure limit, service life period (typically more than 1 year) and depreciation basis and be in accordance with JV Governing Documents and local accounting regulations.

Items with a purchase price of less than the expenditure limit or service life need not be capitalised.

1.5.2 Capital Expenditure Plan and Capital Expenditure Budget Approval

The JV should have a capital expenditure plan and a capital expenditure authorisation process.

The JV Manager should maintain a Capital Expenditure Plan for a minimum of the next 2 years detailing proposed asset purchases. This should be submitted to the JV Board / MC by the third quarter of the year for approval of the Capital Expenditure Budget for the following year.

The authorisation for Capital Expenditure should be documented for each capital commitment, identifying the budget year and description of the capital item or project with estimated start and completion dates, estimated cost/benefits and estimate accuracy (+/- percentage). All Capital Expenditure authorisation requests require approval in accordance with the DOA.

The JV Manager has authority, subject to the purchasing procedures and limits detailed in the DOA to commit expenditure and approve invoices for payment for approved projects.

1.5.3 Management of Capital Projects

The JV should have a process to manage capital projects in line with the JV Governing Documents and JV Board/MC approval provided. This should cover records, reporting and approval of changes to the budget and capitalisation of the project.

A separate file per project should be maintained containing records of internal and external project approvals, tenders, copy invoices and final capitalisation details.

A report indicating actual expenditures against approved Capital Expenditure Budgets should be prepared as a part of the Management Accounts.

The Board / MC should specify when project over-runs require additional approval.

Once the project is completed it should be promptly capitalised in accordance with the JV Governing Documents and local accounting practices.

1.5.4 Maintenance of an Asset Register and Depreciation Schedule

The JV should maintain an asset register with original cost and depreciated value.

All capitalised items of equipment should be uniquely identified on the asset register showing the purchase date and cost. A capital depreciation schedule in accordance with the depreciation periods specified in the JV Governing Documents and relevant accounting standards for the country should be completed as a part of the preparation of the annual accounts showing the depreciated values of each capital item.

1.5.5 Disposal of Assets

The JV should have a policy and process regarding the disposal of assets including approval limits for the JV Manager and threshold limits where assets should be sold by competitive tender. These limits can be based on original cost and current net book value.

Unless otherwise agreed by the JV Board / MC, all disposals where realisable asset is expected to be in excess of the value specified in the DOA should be in accordance with a tender procedure as per section 1.7.4. If an asset requires a write off due to a realisable value being less than current net book value it should only be made with the approval of the JV Board / MC.

1.5.6 Asset Register Verification (Physical Count of Assets)

The assets appearing in the asset register should be physically verified as existing at the site annually by the JV Manager. Any differences between the assets appearing in the register and assets on the site should be documented for audit purposes and reported to

the Board / MC.. At least every 5 years an asset verification should be carried out by an independent third party nominated by the JV Board / MC.

1.6 Operating Expenses

1.6.1 Annual Operating Expense Budget Approval

An annual Operating Expense Budget should be prepared for all forecast expenditure, broken down into major areas of expenditure with details of key information such as JV employee remuneration and benefits.

In accordance with the JV Governing Documents, it is the responsibility of the JV Manager to present to the JV Board / MC annually for approval a proposed Operating Expense Budget for the following year.

1.6.2 User Fees

The JV should have a clearly recorded methodology for determining user fees for Participants and other Users so that, if required to do so, the JV can demonstrate that user fees are calculated consistently for all users from year to year, and comply with the relevant regulations and the agreements between the parties.

The JVs' Operating Expense Budgets used for the calculation of User Fees should contain the fully built up cost of operating the JV which could include but not be limited to the following costs:-

- JV's own direct operating costs,
- Participants' Management Services / Technical Support / Audit & Inspection Costs,
- Participants' uninsured risk costs,
- JV profit (Depreciation costs (for replacing JV or Participant owned assets)
- Inclusion of prior year under/over recoveries where required by the JV Governing Documents.

The Operating Expense Budget and the forecasted airport sales volumes are used to calculate budget user fee unit rates in accordance with the JV Governing Documents. JV user fee calculation methodologies vary from full variable cost to some form of activity based costing e.g. where fees have a fixed and variable element such as type of aircraft and/or size of uplift. The JV unit cost calculation that applies to any third party User of the JV facilities shall be decided in accordance with applicable regulations and the JV user fee methodology.

1.6.3 Amendment of User Fees

The JV should have a policy on how user fees are adjusted for actual versus budgeted expense which is usually within the JV Governing Documents,

Any adjustment of the user fees during the year should be after agreement of the JV Board / MC and if applicable with Airport Authority approval, if they are estimated to be insufficient to recover the forecast operating budget or are likely to significantly exceed the forecast operating budget.

A year end reconciliation should be carried out and any over or under-recovery used to adjust either the final user fee for the year or the following year's operating budget to return the JV's finances to the normal position agreed in the relevant agreements.

The JV Manager should notify Users of any reconciliation invoices that are expected to be raised after year end so that Users can make their own provisions.

1.6.4 Operating Cost Report versus Budget

A report indicating actual expenditures against approved Operating Expense Budgets should be prepared as a part of the Management Accounts and distributed to JV Participants.

1.7 Purchasing / Tender Process

1.7.1 Purchasing Procedures

JV purchasing procedures shall comply with Anti-Bribery and Corruption (ABC), Anti-Money Laundering, Trade Sanctions and other local regulations. JVs may require Participant or competent 3rd party assistance to carry out appropriate due diligence procedures.

1.7.2 Financial Commitments and Invoice Approval

The JV should have a documented process for purchasing of goods and services and payment of invoices with approval limits per position defined in the DOA, including limits for JV Board Directors / MC Representatives.

Purchase Orders (or Blanket Purchase Orders) should be prepared for all purchases of goods or services.

Blanket Purchase Orders with a maximum duration of one year may be established with regular suppliers of goods or services where many items of a similar nature are purchased from the same supplier during a year. Approval limits should be defined in the DOA. The JV Manager should have authority up to their purchase order authority limits per item, to call off goods and services against approved Blanket Purchase Orders. A list of current Blanket Purchase Orders should be updated on a regular basis.

A check should be completed that the invoice received is correct and that the goods or services have been provided prior to payment. A minimum of two people, preferably three, should be involved in the ordering, goods receipt and payment process. Best practice requires the use of the three way matching principle (matching of invoice, goods receipt note and purchase order) before a payment is authorised.

1.7.3 Payment Process

The JV should have a documented process for paying invoices and an authorised signatory list held by the bank.

It is the responsibility of the Administrator to prepare the cheques / electronic banking payments. For electronic banking payments the JV Manager should check the payee bank account details. The DOA and authority mandate to the bank should specify limits for cheques / electronic payments though these may differ according to payment type, e.g. monthly payroll versus other costs. Payments over the JV Manager's authority limit require the additional authorisation of a JV Board Director / MC Representative.

A list of the Directors and JV Management authorised to sign cheques / electronic payments shall be sent to the bank. It should be updated as required to include changes in JV Management and Board Directors' signatures.

1.7.4 Purchasing Tender Process

The JV should have a procedure specifying when and how a tender process is to be used.

Competitive tenders (quotes) are required for purchases of equipment or services in excess of the value stated in the DOA with a recommended process including:-

- Tenderers should all be on the Approved Suppliers List (Ref Section 1.7.6),
- There should be at least 2 Suppliers asked to tender,
- Qualifying tenders should be received by the specified submission date, with tenders received late returned to the Tenderer.
- Bids should be reviewed by the JV Manager and one other JV employee.
- Provided that the Tenderer meets the tender specification the lowest bid should be accepted.

Competitive tenders are not required if:

- The specialist nature of the equipment or services means that there are less than twosuitable suppliers available, and
- By special written waiver from the Chairman of the Board / MC due to exceptional circumstances (e.g. the cost of delaying the purchase is unacceptable).

1.7.5 Purchasing Terms and Conditions

The JV should consider using a set of standard terms and conditions to provide to suppliers.

Consideration should be given to whether purchasing contracts are based on suppliers' standard terms and conditions or the JV's own terms and conditions.

1.7.6 Approved Suppliers List

An approved list of major and specialist fuelling equipment suppliers should be developed, maintained for significant purchases and made available to the Directors on request. Procedures for selecting suppliers should be agreed by the JV Board / MC.

The purchase limit above which only suppliers on this list need to be used should be on the DOA. Any supplier of goods or services should only be removed or added to the list with the approval of a representative of the JV Board / MC, though the JV Manager is responsible for making recommendations. Significant purchases should be made using the approved suppliers and in cases where this is not possible, justification for not using approved suppliers should be documented, e.g. single source justification and approved by a representative of the JV Board / MC.

1.7.7 Register of Consumable Stocks (Materials, Spare Parts etc.)

A Register of Consumable Stocks should be maintained by the JV Supervisor and reviewed at least 6 monthly by the JV Manager. Consumables for this purpose are defined as vehicle and other maintenance spare parts which are not capitalised, are held in stock and have an original purchase price in excess of the value as set by the Board / MC. Each item and the original purchase price (or an estimate if the price is unknown) should be clearly identified. The minimum critical level of essential spares should be defined and maintained. 6 monthly the quantity of consumables as appearing in the register should be compared with the actual quantity and any difference between quantities should be investigated and resolved.

1.8 Routine Accounting Procedures

The JV Board / MC will consider whether the JV needs a detailed Accounting Procedures Manual that contains routine accounting procedures that need to be completed to control the JV, how they are to be completed and who completes each task. Such Accounting Procedures Manual should be approved by the Board / MC. The areas below should be covered if applicable

1.8.1 Invoicing User Fees

The frequency, timing of issue and payment terms of invoices to the users should be done in accordance with the JV Governing Documents and identify all categories of sales as approved under 1.6.2 above.

1.8.2 Daily Record Keeping and Periodic Account Reconciliation.

Invoices, revenue receipts, payments and other financial transactions should be input to an approved accounts package on a timely basis. Payments into the JV bank account and withdrawals shall be recorded.

A reconciliation of the bank and petty cash accounts shall be completed monthly. A reconciliation of the purchase ledger, sales ledger and other balance sheet accounts should be performed at least quarterly and accounts prepared as defined by the JV Board / MC. Any unexplained differences should be noted and resolved, if necessary with the assistance of the JV's accountant.

The above reconciliations should be reviewed and approved by the JV Manager on an agreed periodic basis.

1.8.3 Accounts Receivable

On a monthly basis the JV Manager should review the aged debtor report and identify any overdue debts and follow up with those debtors.

If the JV Manager has any concerns over the ability of any debtor to pay this should be reported to the JV Board / MC.

1.8.4 Accounting Provisions and Write-offs

Provisions and write-offs should be made in accordance with the DOA, JV Governing Documents and local accounting regulations.

1.8.5 Cash Sales

Where the JV Governing Documents or local regulations require the JV to accept cash sales on behalf of Users, cash should be stored in a secure safe and banked at the earliest opportunity.

1.8.6 Petty Cash Accounting and Control

It is recommended to avoid JVs having any Petty Cash (cash held on site for small purchases). Petty cash disbursements should be kept to a minimum and strictly controlled with the supporting invoices for all purchases. Access to petty cash and the bank cheque book should be restricted to the JV Manager and Administrator.

1.8.7 Periodic Management Accounts

Management Accounts should be prepared by the Administrator and JV Accountant on a quarterly or six-monthly basis. It is the responsibility of the JV Accountant to check the accounts and to record any necessary accruals and adjustments. The contents of the Management Accounts should be as defined in the Governing Documents or as requested by the Board / MC. The contents may include the following reports and commentaries:-

- Financial KPI vs. Target Report Summary
- Profit and Loss Report
- Balance Sheet
- Volume analysis
- Expenditure versus capital budget
- Expenditure versus operating budgets
- Full year profit forecast
- Cash flow forecast

1.8.8 Custom Duties, Indirect Taxes (e.g. VAT) and Other Taxes

Duties, and Taxes, e.g. VAT, as applicable to the JV activities shall be calculated, reported and paid for in accordance with the local statutory requirements and JV Governing Documents.

1.8.9 Administration of Payroll

It is the responsibility of the Administrator to maintain records of overtime hours worked and sickness records for all JV employees. All overtime & sickness should be approved by the JV Manager. The Administrator should be responsible for monthly employee tax payments to the relevant authorities. It is also recommended to complete month versus month checks by employee and follow-up on major variances.

Where payroll is handled by an outside agency, all necessary information should be provided to them in accordance with an agreed schedule to ensure prompt and accurate payments to employees.

1.8.10 Administration of Pension Schemes

Where the JV has a contributory pension scheme, the Administrator is responsible for calculating and making the monthly payment to the pension scheme administrators following approval in line with the DOA. The monthly payment usually consists of an agreed percentage of employee salaries equal to the amount deducted from monthly salaries, plus a JV contribution.

1.8.11 Administration of Other Employee Benefits

Other employee benefits such as annual performance bonus payments, holiday entitlements and holiday carry-over should be administered in accordance with the JV's policies, conditions of employment and local statutory requirements.

1.8.12 Employee Expenses Policy

The JV Board / MC should define an employee expenses policy, e.g., for business travel and entertainment.

1.8.13 Records Retention

Financial accounting documentation, e.g. invoices, annual accounts, bank statements, should be kept for a period of 7 years or according to local legal requirements if longer. These should be included on a records retention guidance document defining the retention period for all important documents.

1.9 Systems

1.9.1 Systems Controls

Systems used for financial, operating or other purposes should be risk assessed for impact of loss of the system or data. Appropriate controls should be designed to protect the JV and users from key risks identified considering the following factors:-

- There are support arrangements with appropriate service levels in place in case of hardware breaks, software breaks, communications lines don't work etc. Service levels are compatible to those the JV requires to meet commitments to its Users.
- JV systems have enough protection, e.g. physical access to the computers to prevent manipulation and theft, employees have unique passwords.
- JV software (operating system and virus protection) maintained and up to date.
- JV systems have regular backups taken and safely stored.
- JV system operator is sure that rebuilding their system from a backup medium works and has been tested.
- JV staff have received appropriate training to operate systems reliably and accurately.

- If the system cannot be used is there a contingency plan to overcome the period until the system is restored and the plan is sustainable for the JV and Users.

1.9.2 Aviation Fuel Stock Accounting and Control

Stock control procedures shall be carried out in accordance with the JV Governing Documents and should follow industry best practice as described in the latest revision of JIG CP 5.02 'Guidelines for Stock Control at Joint Venture Operations'.

1.10 Communication Procedure for Changes in User Contract / Stop procedure

All communications between JV employees and Users shall be in accordance with the JV Core Principles. JVs should establish clear communication procedures for the following:-

- Procedure for Users to notify the JV of start date and end date of all new contracts and any particular contract requirements, e.g. additional services, split contracts and contract volume splits such as long-haul/short-haul & seasonality
- Procedure for Users to inform JV when a customer is no longer to be supplied (customer 'Stop' procedure).
- Users have 24 hour contact number to allow JV to check whether customer can be fuelled (e.g. ad-hoc customer).
- JV staff trained to check customers can be fuelled for contract / card customers.

1.11 Financial Audit Procedures

1.11.1 Appointment of Auditor

The annual accounts of an incorporated JV should be prepared by the JV Accountant and audited by an independent auditor appointed by the JV Board. For unincorporated JV's the annual verification is to be decided by the JV MC.

1.11.2 Annual Audit and Submission of Statutory Accounts

Incorporated JVs shall have an annual audit and file accounts if required by local regulations. The auditors should discuss any proposed changes or recommendations with the JV Manager before preparing draft audited accounts. The draft audited accounts should be circulated to the JV directors for approval. Final audited accounts shall be signed by the directors and the auditors.

Accounts shall be submitted to local authorities as required by local regulations.

1.11.3 Participant Audit of JV

The JV should have a process to allow audit access to Participants

The JV Participants may wish to conduct an audit of the JV to confirm the JV is being managed in accordance with the JV Governing Documents. JV Participants should do so in accordance with the JV Governing Documents and give reasonable notice of a proposed audit.

1.11.4 Airport Authority Audit of JV Activities

The JV should have a process to agree with the Airport Authority and other parties on when they can conduct audits if agreed in the commercial agreements with these parties.

1.12 Assurance that JV, Participant and User Insurances are in Place

Annually, or more frequently if considered necessary, the JV Board / MC should confirm that the JV, JV operator and users have the necessary insurances that are required under the JV Governing Documents. Various insurances may be required e.g.

- Users and JV Operator aviation liability
- JV Operator's employee liability,
- JV public liability,
- JV property damage,
- JV business interruption,
- JV vehicle 3rd party liability,
- JV Directors and Officers liability.

APPENDIX 1 – DELEGATION OF AUTHORITY (DOA) – XYZ LIMITED - EXAMPLE

Note: This guide is designed to provide easy reference to the specific authority delegated by the Board of XYZ Limited to enable the efficient and controlled day to day management of the business. If no specific reference is made to delegation then, as normal, the authority resides with the XYZ Board.

DOAG Profile	Job Title Authority Holder
A	Shareholders
B	BOARD
C	Director
D	JV Manager
E	JV Supervisor
F	Administrator

Approved by: _____
 Name: _____
 Position: Chairman of the Board
 Date: ___ / ___ / ___

Delegation of Authority (all figures in K USD – Note values used are for example purposes only and should be adjusted to suit each JV)	Shareholders (A)	Board of Directors (B)	Individual Director (C)	JV Manager (D)	JV Supervisor (E)	Administrator (F)
1. MATTERS RESERVED FOR SHAREHOLDERS						
1.1. Changes to the JV Governing Documents	X					
1.2. Endorsement of waivers to minimum operating standards (e.g. JIG)	X					
1.3. [Refer to shareholders agreement to add other matters]	X					
2. 1. ORGANISATION & CORPORATE MATTERS						
2.1. Elect JV Committees and delegate express authorities to officers in accordance with local laws/regulations		X	-	-	-	-
2.2. Adoption of shareholder policies or strategic directions, including significant changes in operating practices		X	-	-	-	-
2.3. Establish / change general guidelines / policies (financial / administrative) following shareholder guidelines / policies		X	-	-	-	-
2.4. Adoption of Delegation of Authority document (Review required every 2 years)		X	-	-	-	-
2.5. Assign individuals to authority profiles within DOA document		Level C/D	Level E/F-	-	-	-
2.6. Opening /closing of bank accounts & agreeing banking terms & conditions e.g. overdraft limits.		X	-	-	-	-
2.7. Appointment of the JV Manager.		X	-	-	-	-
2.8. Start legal proceedings		X	-	-	-	-
2.9. Settle litigation / claims		X	25	1		
3. 2. BUSINESS PLANS						
3.1. Approve Operating Expense Budget & Capital Expenditure Plan		X	-	-	-	-

GUIDELINES FOR FINANCIAL CONTROL & ADMINISTRATION OF JOINT VENTURE OPERATIONS

Delegation of Authority (all figures in K USD – Note values used are for example purposes only and should be adjusted to suit each JV)	Shareholders (A)	Board of Directors (B)	Individual Director (C)	JV Manager (D)	JV Supervisor (E)	Administrator (F)
4. 3. CONTRACTS, AGREEMENTS, LEASES & COMMITMENTS						
4.1. Purchase order approval (note 5)		X	200	20	10	-
4.2. Purchase order approval for goods & services from related parties e.g. shareholders, JV Participants.		X	-	-	-	-
4.3. Blanket Purchase Order approval		X	200	20	-	-
4.4. Capital Expenditure Authorisation approval (within Plan)		X	500	20	-	-
4.5. Approve Capital Expenditure over-run over 5%		X	30	-	-	-
4.6. Approval of JV standard purchasing terms & conditions.		X	-	-	-	-
4.7. Set level at which tenders are required		X	-	-	-	-
4.8. Add a vendor to the Approved Suppliers List		X	X	-	-	-
5. PAYMENTS						
5.1. Payments (e.g. Invoices) under the terms of reviewed contracts, purchase orders, agreements, leases, commitments, etc.		X	500	20	10	1
5.2. Approve monthly payroll payments		X	500	50	-	-
5.3. Corporate and other taxes (e.g. Income, excise duties, etc.)		X	500	-	-	-
5.4. Employee expenses (except own)		X	20	2	-	-
5.5. Payment of penalties and fines		X	5	-	-	-
5.6. Payment of interest for late payment		X	25	1	-	-
5.7. Payments not covered above (e.g. without contract)		X	20	5	-	-
5.8. Approval of monthly petty cash		X	5	1	-	-
6. PERSONNEL MATTERS						
6.1. Establish Employee Expenses policy		X	-	-	-	-
6.2. Hire regular employees		X	X	-	-	-
6.3. Hire temporary / fixed term / agency staff		X	X	-	-	-
6.4. Terminate employees contracts		X	X	-	-	-
6.5. Authorise Salaries and discretionary bonus		X	X	-	-	-
6.6. Authorise Overtime & other payments within policy		X	X	X	-	-
6.7. Authorise holiday carry-over greater than policy		X	X	-	-	-
6.8. Grant special leave of absence		X	X	-	-	-
7. 6. GENERAL						
7.1. Approve disposal of asset (original cost value)		X	50	-	-	-
7.2. Approve accounting provisions & write-offs		X	50	1	-	-

Notes:

1. X = unlimited authority
- = no authority

Amounts in \$k excluding VAT

2. Payments to suppliers require a supporting invoice or equivalent - the invoice, order or receipt must have a minimum of 2 signatures verifying the transaction.
3. Approvals should be by hardcopy signature though e-mail approval accepted for Directors.
4. The JV Manager may delegate their authority in writing to the JV Supervisor during periods of absence.
5. Tender process using suppliers on the Approved Suppliers List is required for purchases over \$30,000.

ATTACHMENT 1 CP 5.01 GUIDELINES FOR JIG FINANCIAL CONTROL AND ADMINISTRATION REVIEW FORM

Review Form Completion Notes

1. Differences to best practice should be identified (y/n or Not Applicable (N/A)),
2. If there is a difference then either record why this difference is appropriate and recommended to continue (e.g. to comply with local legislation) or detail the action necessary to close the gap. Actions may require update to the JV Governing Documents such as the JV Agreement to bring them in line with current best practice for financial control and administration of JV operations.
3. Where actions are identified, the JV Manager should enter proposed target completion dates.
4. This Review Form is available in Word format from the JIG web site (www.jigonline.com –Members Area Publications (Common Processes)) ref document CP 5.01A JIG JV Financial Control and Administration REVIEW FORM BLANK.doc

CP 5.01 Section Ref	Section Description	Gap Y/N or N/A (Note 1)	Reason why alternative processes are used and/or action plan to close the gap (Note 2)	Target Gap Closure Date (Note 3)
1.3	Financial Roles and Responsibilities and Delegation of Authority			
1.4	JV Financing and Dividend Policy			
1.4.1	Participant Loans			
1.4.2	Bank Accounts and 3rd Party Loans (Bank Financing)			
1.4.3	Dividend Policy			
1.5	Capital Expenditure			
1.5.1	Definition			
1.5.2	Capital Expenditure Plan and Capital Expenditure Budget Approval			
1.5.3	Management of Capital Projects			
1.5.4	Maintenance of an Asset Register and Depreciation Schedule			
1.5.5	Disposal of Assets			
1.5.6	Asset Register Verification (Physical Count of Assets)			
1.6	Operating Expenses			
1.6.1	Annual Operating Budget Approval			

GUIDELINES FOR FINANCIAL CONTROL & ADMINISTRATION OF JOINT VENTURE OPERATIONS

CP 5.01 Section Ref	Section Description	Gap Y/N or N/A (Note 1)	Reason why alternative processes are used and/or action plan to close the gap (Note 2)	Target Gap Closure Date (Note 3)
1.6.2	User Fees			
1.6.3	Amendment of User Fees			
1.6.4	Operating Cost Report versus Budget			
1.7	Purchasing / Tender Process			
1.7.1	Purchasing Procedures			
1.7.2	Financial Commitments and Invoice Approval			
1.7.3	Payment Process			
1.7.4	Purchasing Tender Process			
1.7.5	Purchasing Terms and Conditions			
1.7.2	Approved Suppliers List			
1.7.3	Register of Consumable Stocks (Materials, Spare Parts, etc.)			
1.8	Routine Accounting Procedures			
1.8.1	Invoicing User Fees			
1.8.2	Daily Record Keeping and Periodic Account Reconciliation			
1.8.3	Accounts Receivable			
1.8.4	Accounting Provisions and Write-offs			
1.8.5	Cash Sales			
1.8.6	Petty Cash Accounting and Control			
1.8.7	Periodic Management Accounts			
1.8.8	Custom Duties, Indirect Taxes (e.g. VAT)and Other Taxes			
1.8.9	Administration of Payroll			
1.8.10	Administration of Pension Schemes			
1.8.11	Administration of Other			

GUIDELINES FOR FINANCIAL CONTROL & ADMINISTRATION OF JOINT VENTURE OPERATIONS

CP 5.01 Section Ref	Section Description	Gap Y/N or N/A (Note 1)	Reason why alternative processes are used and/or action plan to close the gap (Note 2)	Target Gap Closure Date (Note 3)
	Employee Benefits			
1.8.12	Employee Expenses Policy			
1.8.13	Records Retention			
1.9	Systems			
1.9.1	Systems Controls			
1.9	Aviation Fuel Stock Accounting and Control			
1.10	Communication Procedure for Changes in User Contract / Credit Arrangements			
1.11	Financial Audit Procedures			
1.11.1	Appointment of Auditor			
1.11.2	Annual Audit and Submission of Statutory Accounts			
1.11.3	Participant Audit of JV			
1.11.4	Airport Authority Audit of JV Activities			
1.12	JV, Participant and User Insurances are in Place			