

## SECTION 9: ADVANCES MANAGEMENT

### 9.1 Purposes

1. Advances to an officer are allowed only for the following purposes:

- (a) Maintenance and operations of a cash office – cash office advance.
- (b) Provision of counter cash – counter cash advance.
- (c) Provision of petty cash – petty cash advance.
- (d) Travelling expenses – traveling advance.
- (e) Payment of salaries wages and allowances.
- (f) Recreation leave or furlough due to the officer.
- (g) Payments that cannot conveniently be made at a cash office.

Section 32 Officers are empowered to approve advances only up to the limits of their delegation.

An officer shall not use an advance for a purpose other than that for which it was intended.

Acquittal of an advance is the personal responsibility of the holder of the advance and advances cannot be transferred from one to another.

**Exception:** An advance for maintenance and operation of a Cash Office can be transferred with the approval of the appropriate section 32 officer.

Authorising Officers in Paying Offices are responsible to maintain proper records of all advances paid under their authorisation.

### 9.2 Imprest Advance & Counter Cash Advance

Section 10 of this manual explains further the use of the imprest advance and counter cash advance.

### 9.3 Special Advance

The District Treasurer may make advances for such special payments as land purchase, compensation etc.; on the application of the Cash Office Clerk.

## 9.4 Temporary Cash Advances (Outstation)

Temporary cash advances may be made to government officers for approved purposes only and should be recorded in the Advances Schedule (FF14). The details will include the name of the officer, the amount and purpose of the advance, and the date of repayment. Prior approval of the advance must be given by the appropriate Section 32 Officer. The advance must be signed for by the receiving officer.

Finance Form 108 may be used as a combined record and payment form for temporary cash advances. Such advances may include the purchase of fresh food, firewood and patrol expenses.

Agricultural officers purchasing cash crops will continue to use Produce Purchase Dockets.

## 9.5 Repayment

Advances must be repaid in full as early as possible where no repayment date is specified and precisely on the date of repayment where this is a condition of the advance.

**Note: A new advance will not be made for any purpose while the previous one to the same person is unacquitted except where evidence is produced that payment is still continuing and repayment action on the first advance is not deliberately delayed.**

## 9.6 Salary Advances

**9.6.1 When Payable:** As a general rule, no salary advance is payable in view of the operation of the Special Pay procedure. However, in the following exceptional circumstances a salary advance may be allowed and that too only if a Special Pay has not been arranged in time:-

- (i) On transfer of an officer from one station to another in a remote location, or
- (ii) When an officer returns to duty in a remote location ex-leave.

**9.6.2 Amount of Advance:** The amount of advance for payment should be authorised by the District or Provincial Administrator.

## 9.7 Advances on Overseas Travel by Local-level Government Officers

**9.7.1** Cash advances of 100% of the traveling allowances payable may be made to officers traveling overseas on official duty. The

advance will be acquitted on return to duty as detailed below.

#### **9.7.2 Acquittal of Traveling Advances**

- All officers will acquit their traveling advances within 14 days of return to their duty station.
- Any case of non-compliance must be reported by the officers making the advance to the District or Provincial Administrator or the Secretary responsible for Financial Management.
- No further advance will be issued to an officer who has not acquitted the earlier advance.

#### **9.8 Advance for Internal Travel**

A cash advance may be paid, in the case of internal duty travels, towards

- Allowance for meals and
- Incidental expenses.

**No advance is to be made for accommodation costs.**

Financial Delegates will be responsible for the control and management of the advances. Each Financial Delegate will maintain an Advance Register for advances made to officers. The Advance Register will contain the following columns:

- 1 Date of Advance
- 2 FF4 reference No. and date
- 3 Cheque No.
- 4 Name and designation of the officer receiving the advance
- 5 Signature of the recipient.
- 6 Date of acquittal.
- 7 Remarks.

As soon as an officer's tour programme is approved, it should be sent out to the Financial Delegate concerned on Finance Form 3.

The Financial Delegate will, subject to availability of funds, take the following steps:

(i) **Issue ILPOC for Accommodation only**

Issue an ILPOC to the officer to cover the accommodation expenses only, after commitment action as laid down in the Manual of Financial Procedures. The ILPOC should be rubber stamped on all copies in bold letters "FOR ACCOMMODATION ONLY".

(ii) **Cash Advance for Traveling Allowance**

Prepare FF4 in triplicate for the meal allowance and incidental expenses for the sum arrived at by applying the rates shown in the Department of Personal Management Circular Instruction.

The cash advance should be charged to the departmental travel vote concerned.

The financial delegate will then send the FF4 duly completed (original and duplicate) to the Paying Office for a cheque with the instruction "Return Cheque to the Financial Delegate".

The Paying Office will process the FF4 for payment and forward the cheque to the Financial Delegate with the duplicate FF4.

While forwarding the FF4 to the Paying Office and on receipt of the cheque, entries should be made in the Advance Register.

As soon as the cheque is received from the Paying Office, the duplicate FF4 should be attached to the triplicate, entry made in the Register and the cheque delivered to the officer proceeding on tour, who will sign the Register in token of having received the advance.

Within seven days of return from duty travel, the officer concerned will acquit advance by submitting an acquittal form (FF 16). He should also at the same time return the triplicate of ILPOC as already laid down in this Manual.

Any refund due will be paid by the advance holder directly to the Cash Office and the original receipt attached to the acquittal form in support.

**NO SECOND ADVANCE IS TO BE MADE WHEN AN ACQUITAL OF THE FIRST ADVANCE IS OUTSTANDING.**

## **9.9 Recovery from Salary or other Payments due:**

- (a) Payment of the advance is subject to the condition that should the officer concerned fail to acquit the advance within the prescribed time

or fail to refund any balance due, the amount due will be recoverable from the salary of the officer concerned in not more than three consecutive instalments or any other payments due to him.

This condition should be brought to the notice of the staff by a general departmental circular and also specifically at the time when the advance is made.

- (b) Where it is decided to recover the unacquitted advance from an officer's salary, the staff section should be advised to prepare the necessary computer advice for recovery.

### **9.10 Review of Advances Register**

Financial Delegates will review the Advances Register regularly to make sure that all advances are being acquitted.

### **9.11 Extension of Stay**

In certain instances officers on duty travel may have to extend their stay beyond the period originally scheduled.

If the original itinerary is properly planned, such cases of unscheduled extension of stay will not normally arise. However, in exceptional circumstances when an extension of stay becomes unavoidable, the following procedure will apply:

- (a) The officer concerned will contact the Departmental Financial Delegate at the duty tour station for an additional cash advance to cover the extended period of tour.
- (b) On receipt of the above request, the Financial Delegate at the duty station will immediately contact the Financial Delegate who originally processed the tour programme and get his authorisation to pay the additional cash advance and the commitment line number.
- (c) The Financial Delegate at the duty tour station will then process the advance on FF4, entering the line number obtained under (b) above and the appropriate vote number.
- (d) A copy of the FF4 form should be sent by the Financial Delegate at the duty tour to the Financial Delegate who originally processed the tour programme, so that the Advances Register is updated.

### **9.12 Excess of Surplus Advance**

Should any advance prove to be excessive, the surplus must be repaid.

### **9.13 Advances Register**

As stated in paragraph 5 above, the authorising officer shall keep a record of all advances, which he has authorised.

Each register shall record the date of issue, the amount advanced, the purpose for which the advance is made and the date of repayment.

The date of repayment will be recorded in the register and all outstanding advances regularly reported in accordance with procedures laid down.

Regular scrutiny of the Advances Register will be undertaken by the officers responsible for their maintenance as well as inspecting officers and prompt action taken to ensure acquittal and any repayment necessary.

Outstation Examiners will maintain an advances register for each station and will draw attention to all temporary advances outstanding after one month from issue and report all advances outstanding for 3 months or more to the Provincial or District Treasury.

### **9.14 Petty Cash Advances**

The object of the Petty Cash Advances procedures is to eliminate credit purchases of small values on ILPOCs. Local-level Governments should assess their requirements in relation to the incidence of small value transactions and establish small Petty Cash Advances (or floats).

### **9.15 Amount of Petty Cash Advance**

The float should be K50, K100, or K200 depending on the volume and frequency of transactions expected to be dealt with by the advance holder. The amount of the advance should be approved by the Provincial Treasurer.

### **9.16 Initial Funds to Operate Floats**

When a float is approved, money will be drawn on an FF4 form, charging the expenditure vote Item 135 (other operational expenses)

### **9.17 Expenditure from Petty Cash Advance:**

Expenditure, not exceeding K50 at any time, can be incurred from the advance. Receipts will be required (unless unattainable) from all items of expenditure. The receipts should be attached to the Petty Cash Vouchers

**9.18 Reimbursement:**

Reimbursement should be claimed from the Financial Delegate concerned on an FF4 form giving an analysis of the expenditure by vote on the FF4 form to facilitate proper accounting. The reimbursement claim should be supported by original Petty Cash Vouchers and receipts.

**9.19 Petty Cash Advance Book:**

A Petty Cash Advance Book should be maintained by every advance holder and should be open to inspection by the Internal Audit Section or Auditor-General's staff or Finance Inspection Division.

The Petty Cash Advance Book should be kept as an imprest system for the purpose of completing the FF4 for reimbursement.

**PAPUA NEW GUINEA FINANCE FORM 16 DUTY TRAVEL ADVANCE****ACQUITTAL FORM TO BE COMPLETED BY ADVANCE HOLDER**

1. Name of Advance Holder \_\_\_\_\_
2. Designation \_\_\_\_\_
3. Department \_\_\_\_\_
4. Location \_\_\_\_\_
5. Amount of Advance K \_\_\_\_\_
6. Date of receipt of Advance \_\_\_\_\_
7. Was there any deviation from the approved itinerary on the basis of which Advance was granted? \_\_\_\_\_
8. If the answer to (7) is 'yes',
  - (a) Was the revised programme approved by a competent authority?
  - (b) State here the entitlement to travelling allowance (i.e., meal allowance and incidentals) on the basis of the actual tour programme.

	No.	Amount
Complete Days	_____	_____
Part Days - Meals	_____	_____
- Incidentals	_____	_____
		<b>K</b> _____

**(c) Amount due for refund by the Officer**

In case refund is due, the amount should be Paid at the nearest Cash Office and receipt Attached to this form. State Official Receipt No. \_\_\_\_\_

I declare the particulars stated above are correct.

\_\_\_\_\_  
Advance Holder

**ACTION BY FINANCIAL DELEGATE**

- 1 Is the amount shown in item 8 (b) above correct?
- 2 Is an Official Receipt attached in support of refund?
- 3 Have entries been made in the Register of Advances?
- 4 Other remarks.

Designation: \_\_\_\_\_

Date: \_\_\_\_\_