



DEPARTMENT OF FINANCE

Introduction

The Financial Instructions set out in the Manual are issued under the powers vested in the Secretary of the Department of Finance under Section 117 of the Public Finances (Management) Act, 1995.

The Manual has been prepared to provide guidance to Departmental Heads, Heads of Public Bodies, Provincial Administrators, District Administrators, Provincial Treasurers, District Treasurers, senior managers and every Accountable Officer in the Public Service. The Manual is also a source of reference for Accountable Officers in the course of their work and to help ensure compliance with the Public Finances (Management) Act, 1995 - Appropriate extracts of the relevant laws are appended for ease of reference.

The Instructions herein supersede all prior instructions issued and associated guidelines.

The Manual will be revised, should it become necessary. Issue of fresh Financial Instructions will be later processed into formal amendments to the Manual and issued as replacement pages. A record of all changes made should be kept on the Amendments Record provided.

This Financial Management Manual has been collaboratively and extensively revised in response to many changes in Government policies, legislation and procedures that have occurred since the original version was published in 2000. Wider deterioration in financial management discipline that pervaded the 1990s and early 2002, led to a concerted effort by both the Government and the Department of Finance to improve the integrity of financial legislation and framework. Policies and responsibilities for financial management have been established for the respective levels of government, government departments including public bodies. These have been carefully articulated in the respective volumes of this revised Manual to enhance probity and necessitate high levels of legal compliance that should naturally be provided in relation to Public monies managed by Government on behalf of the people of PNG.

Today, there are three (3) volumes of the Financial Management Manual. Volume one (1) is for use in financial administration at the National Government

Level, Volume two (2) is for Provincial and Local-level Governments. Volume three (3) contains revised Finance Forms and is for the common use by all three levels of government.

The following amendments of significance, warrant special mention and attention:

- 1. Amendment to Section 9.** Establishment of Internal Audit and Audit Committees
- 2. Amendment to Section 10.** Provincial Governments and Local-level Governments Public Accounts Statements
- 3. Amendment to Section 39.** Central Supply and Tenders Boards
- 4. Amendment to Section 47.** Authority to Pre-Commit Expenditure
- 5. Amendment to Section 63.** Reporting requirements for Public Bodies

This revision also removes redundant and obsolete requirements. New requirements have been included for contract management, whole of government contract procedures, management of government vehicles and good procurement practices in general.

I sincerely extend my thanks to Divisional Heads and Branch Managers of the Department of Finance who have contributed tirelessly toward this Financial Management Manual and recommend it to all accountable Officers as a source of instruction and reference material to enhance consistent and strong financial management practices in government and the public sector at large.



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