

PART 3 - PUBLIC ACCOUNT – NATIONAL GOVERNMENT

DIVISION 1 - PRELIMINARY

1. The Public Account in case of the National Government consists of two Funds, viz

- (a) The Consolidated Revenue Fund, and
- (b) The Trust Fund

In the case of a Provincial Government or a Local-level Government the Public Account also consists of two funds –

- (a) a General Revenue Fund; and
- (b) a Trust Fund

2. All public moneys are to be paid into the Public Account either to the **credit** of the **Consolidated Revenue Fund or the Trust Fund or a General Revenue Fund** as applicable. Surplus moneys that are not immediately required may be invested by the Secretary for Finance or the Provincial Government or the Local-level Government subject to any specific direction from the Minister for Finance & Treasury and in accordance with **Section 12** of the Act.

3. Investments out of a Trust Fund shall be deemed to be part of the Trust Fund, while investments from the Consolidated Revenue or General Revenue Fund will be part of that Fund. Income arising from such investments will, however, be credited to the Consolidated Revenue Fund or the General Revenue Fund irrespective of the source of the investments unless the investment relates to the Trust Fund and the relevant trust instrument or any legal provision requires a different treatment.

4. Bank Accounts

4.1 Section 11 of the Public Finances (Management) Act 1995 provides that public moneys shall be kept in such bank or banks as the Secretary for Finance directs subject to any specific directions of the Minister. Where banking facilities do not exist public moneys shall be kept in such manner as the Secretary for Finance directs.

4.2 Where banking facilities exist, public moneys are to be kept in accounts at a bank approved by the Secretary for Finance taking into consideration directions, if any, from the Minister for Finance & Treasury. Where they do not exist, the Secretary will issue directions as to the manner in which they are to be kept.

4.3 If a National Department or a provincial or a local-level government requires to open a bank account to conduct its operations, the Departmental Heads should submit full justification with the amount of advance required to open the account, to the Department of Finance. The justification should be based on the estimated out-turn of the entity, capability and capacity to keep the bank account reconciled up to date and other pertinent information.

4.4 All moneys collected and banked through these bank accounts are public moneys as defined under Section 2 of the Act.

4.5 No Bank Account may be opened or operated without the consent in writing of the Secretary for Finance.

4.6 Transfer of Funds:

For National Departments, the equivalent amount of funds will be transferred to the respective Drawing Accounts based on the actual cheques presented for payment at the Bank of Papua New Guinea. Departments should account for the amount in their cashbook (debits) subsequently.

4.7 Bank Reconciliation:

All Heads of Government Departments and Statutory Authorities are to ensure that their Bank Accounts are reconciled on a monthly basis. Bank balances should be reconciled against the Cashbook balance and the reconciled Cash Book balance should be agreed with the Appropriation Ledger for National Government, Provincial Government and Local-level Government transactions. Copies of Bank Reconciliation Statements should be forwarded to Accounting Frameworks and Standard Division, Department of Finance no later than 14 days of the close of each month.

Failure to comply with the above, may necessitate withholding further issuance of Warrant Authorities.

DIVISION 2 - CONSOLIDATED REVENUE FUND

5. All public moneys raised or received for the purposes of government (including loan moneys but not including moneys payable under any law or on account of the Trust Fund) are to be paid into the Public Account to the credit of the Consolidated Revenue Fund.

This includes any short term investment in bank deposits or any other investment under **Section 12** of the Act and advances made in accordance with the Act.

DIVISION 3 - TRUST FUND

6. The Trust Fund comprises the balances standing to the credit of various Trust Accounts established for the purposes as approved by the Minister for Finance & Treasury or prescribed by any law. The procedure for opening and operating trust accounts is dealt within Part 16 of this Manual.

DIVISION 4 - ACCOUNTING SYSTEMS

7. The accounting systems and records maintained by the various Departments are subsidiary to the accounting systems and records of the Department of Finance.
8. Departments may issue subsidiary instructions for the proper operation and effective management of their offices and agencies, but these instructions should not contravene the **financial instructions, regulations or the Act**. Where exemptions or deviations from the prescribed procedures are considered necessary because of the special requirements of a particular Department, the Department concerned should go to the Department of Finance for the issuance of an appropriate Finance Circular.
9. All Departments, agencies and offices should submit their monthly statements of accounts to the Department of Finance **within 7 days** of the end of the month, for incorporation in the General Ledger.
10. National Government Departments and Statutory Authorities using the Standardised Government Computerised Accounting System (PGAS) must ensure direct interface takes place into the General Ledger.