

PART 20 – ADVANCES MANAGEMENT

Purposes

1. Advances to an officer are allowed only for the following purposes:
 - (a) Maintenance and operations of a cash office.
 - (b) Travelling expenses.
 - (c) Payment of salaries, wages and allowances.
 - (d) Recreation leave or furlough leave due to the officer.
 - (e) Payments that cannot conveniently be made at a cash office.
 - (f) Any other matter approved by the Secretary for Finance
2. Section 32 officers are empowered to approve advances up to the limit of their delegation.
3. An officer shall not use an advance for a purpose other than that for which it was made.
4. Acquittal of an Advance is the personal responsibility of the Holder of the Advance and advances cannot be transferred from one person 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.

5. Authorising Officers in Paying Offices are responsible for maintaining proper records of all advances paid under their authorisation.

6. Station Imprest Advance

- 6.1 **An Imprest Advance** is held by each cash office on the basis of cash required for a normal fortnight's payment.
- 6.2 There will be a threshold amount set for each cash office as a minimum amount and maximum amount of cash on hand at any point in time.

Maximum Amount- this is the cash amount which the cash office may hold at any point in time.

Minimum Amount- this is the cash amount in which the Cash Office should replenish to restore the imprest to the maximum amount.

6.3 Cash may be obtained from authorised sources only and the advance will be held by a senior officer, normally the officer-in-charge of the station, and recorded at the Provincial Treasury Office in the provinces.

6.4 The advance holder is responsible for any deficiency or surplus disclosed in the advance.

6.5 Recording of Payments

All payments of accounts will be recorded on Payments Schedule (FF 11) in duplicate.

6.6 Reconciliation of Advance

Accounting for moneys paid and collected as per Payments and Receipts Schedules should be entered onto **Finance Form 13 Statement of Receipts and Payments**.

6.7 Replenishment

- (i) Where the cash on hand is depleted to the minimum amount, a request for replenishment should be submitted with the Reconciliation of Advance form (FF13) to the Provincial Treasury Office and covered by currency packing notes.
- (ii) On receipt of replenishment request, the Provincial Treasury will check the advance reconciliation and payment schedule, and will process the required replenishment.

7. Special Advance

Provincial Treasury Offices may make advances for such special payments as land purchase, and land compensation, on the application of the officer-in-charge of a Cash Office.

8. Temporary Cash Advances (Outstation)

8.1 Temporary cash advances may be made to Government Officers for approved purposes only and should be recorded in the **Advances Schedule (FF 14)**. 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.

8.2 Acquittal of Temporary Advance Form (FF108) may be used as a combined record and payment form for acquitting temporary cash advances. Such advances may include the purchase of fresh food, firewood and patrol expenses.

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

8.4 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.

9. Temporary Cash Advances (Other than Outstations)

- 9.1 When cash advances are made by Provincial Treasury Offices the special procedures set out below will apply.

- 9.2 A temporary cash advance will be brought to account as expenditure at the time it is made. It follows from this that:

- (a) no advance can be made unless funds are available to cover the anticipated expenditure, and
- (b) a voucher will be required to support the issue of the advance - Finance Form 4 (General Expense form) will be used for this purpose.

If an advance is not fully spent, the balance will be repaid, brought to account as a normal receipt, and credited to the vote item against which the original advance was charged. If such a credit is made in a financial year other than the one in which the advance was charged then the credit will be to Former Years Appropriation Recovery.

- 9.3 The above procedure does not remove from an advance holder the responsibility for accounting for his advance and of doing so within a reasonable period of time after completion of the transaction for which the advance was given. Finance Form 108 - Acquittal of Temporary Advance Voucher - will be used for this purpose, but Departments must ensure that when acquitting an Advance the acquittal form is clearly marked "**Not to Be Posted**".

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.

10. Salary Advances

- 10.1 **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 office returns to duty in a remote location ex-leave.

10.2 Amount of Advance: The advance should not exceed 80 percent of the normal fortnightly net pay of the officer.

10.3 Who can authorise: The payment of advance should be authorised by the Departmental Head of the Department where the officer works.

10.4 How to make payment

National Government Departments

- (i) Salary Advance will be paid on General Expenses (FF4) made out in duplicate, with the officer receiving the advance signing both copies.
- (ii) The form will be clearly marked "**Salary Advance**" and the payment made chargeable to the Expenditure Vote of the Division Number of the Official's Department, irrespective of where he is actually working.

Provincial Governments

The accounting procedure for salary advances made to staff whose salaries are charged to expenditure votes of Provincial Government Administration will be as follows:

- The Advances are to be recorded as a debit to **SPECIAL PAYS ACCOUNT**.
- The Advances are to be processed on General Expense form FF4 (in duplicate).

10.5 Adjustment and Accounting Procedure

Action by Paying Office

- (i) As soon as an advance is paid, the Paying Office will inform by telex or fax the Departmental Staff/Salaries Section full details of the payment, namely:
 - (a) Name of the Officer
 - (b) Amount of Advance

- (c) Date of payment of advance
 - (d) Vote charged (ie Special Pays Account)
 - (e) Reason for payment in brief.
- (ii) The original FF4 will be retained after payment by the Paying Office and duplicate sent to the Departmental Salaries/Staff Section with a copy of the telex or fax referred to above.

Actions by Departments

- (iii) The Departmental Salary/Staff Section will, on receipt of advice of the advance payment, complete a SPA/TVA, as the case may be, and mark the recovery to be made with Code GA National Government Departments and Provincial Governments. The duplicate General Expense form when received will be checked against SPA/TVA already raised and filed away.

10.6 This instruction does not apply to Education Department officers, and in their case departmental instructions, if any issued by that Department will apply.

11. Advances on Overseas Travel

11.1 Cash Advances of 100% of the travelling allowance payable may be advanced to officers travelling overseas on official duty. The advance will be acquitted on return to duty as described below.

11.2 Acquittal for Travelling Advances

- All officers will acquit travelling advances within **14 days of return to their home station.**
- Any case of non-compliance must be reported by the officer making the advance to the Head of the Department and to the Secretary for Finance.
- No further advance will be issued to an officer who has an earlier advance from a duty visit except when the second visit occurs unavoidably within 10 days of return to home station. Such an exception will require the approval of the Secretary for Finance or the First Assistant Secretary - Expenditure and Cash Management Division.

12. Advance for Internal Travel

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

- Allowance for meals and
- Incidental expenses.

No advance is to be made for accommodation costs.

12.2 Financial Delegates will be responsible for the control and management of advances. Each Financial Delegate will maintain a register of advances to officers on duty travel, with 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 acquittal.
7. Remarks

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

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

(i) **Issue ILPOC for Accommodation**

Issue an ILPOC to the officer to cover 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 Travelling Allowance**

Prepare General Expense form (FF4) in triplicate for the meal allowance and incidental expenses for the sum arrived at by applying the rates shown in the Department of Personnel Management's Circular Instruction.

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

12.6 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"**.

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

- 12.8 While forwarding the FF4 to the Paying Office and on receipt of the cheque, entries should be made in the Register of Advances.
- 12.9 As soon as the cheque is received from the Paying Office, the duplicate FF4 should be attached to the triplicate and an entry made in the Register. The cheque will be delivered to the officer proceeding on tour, who will sign the register in token of having received the advance.
- 12.10 **Within seven days of return from duty travel**, the officer will acquit the advance by submitting an acquittal form (FF16). At the same time, he should also 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 supporting this repayment.

- 12.11 NO SECOND ADVANCE IS TO BE MADE WHEN THE FIRST ADVANCE IS OUTSTANDING.

12.12 Recovery from Salary or other Payments due:

- (a) Payment of the advance is subject to the condition that should the officer fail to acquit an advance within the prescribed time or fail to refund any balance due, the amount due will be recoverable from the salary of the officer in not more than three consecutive instalments or any other payments due to him. This condition should be brought to the notice of staff by a general departmental circular and also specifically at the time where 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.

12.13 Review of Register of Advances

Financial Delegates will review the **Register of advances** mentioned above particularly to make sure that all advances are being acquitted regularly.

12.14 Extension of Stay

In certain instances, officers on duty travel have to extend their stay beyond the period originally scheduled. If the original itinerary has been properly planned, such cases of unscheduled extension of stay would not normally arise. However, in exception circumstances when an extension of stay becomes unavoidable, the following procedure will apply.

- (a) The officer will contact the Departmental Financial Delegate at the duty 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 a 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 station to the Financial Delegate who originally processed the tour programme, so that the latter updates his **Register of Advances**.

Note: The term "**Departmental Financial Delegate**" may also include the Provincial Treasurer, holding a Cash Fund Certificate on behalf of the relevant Department.

12.15 Other than Duty Tour

The Cash Advance procedure is intended to cover only duty tours within the country.

In respect of officers on transfer this procedure would not apply. Also, in respect of contract officers who are accommodated in hotels pending allotment of suitable housing, the Cash Advance procedure will not apply. In such cases ILPOC's should be raised by respective departments for full board (with value limit on meals) subject to recovery of part of the accommodation cost at the prescribed rates.

13. Excess or Surplus Advance

Should any advance prove to be excessive, the surplus must be repaid to the issuing office immediately the surplus becomes apparent.

14. Register of Advances

- 14.1 As stated in paragraph 5 above, the authorising officer shall keep a record of all advances the payment of which he has personally authorised.
- 14.2 Each register shall record the date of issue, the amount advanced, the purpose for which the advance is made and the date of repayment.

- 14.3 The date of repayment will be recorded in the register and all outstanding advances regularly reported by the Provincial Treasurer who will pursue outstanding advances in accordance with these procedures
- 14.4 Regular scrutiny of the advances register will be undertaken by the officers responsible for its maintenance as well as inspecting officers and prompt action taken to ensure acquittal or repayment.
- 14.5 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 Treasurer.
- 14.6 At frequent but irregular intervals and at least twice each month, Paying Officers' Counter advances shall be checked by the Officer-in-Charge.

15. Handover - Takeover Procedures

15.1 Cash Offices

The following procedures will apply in respect of Cash Offices:-

(i) Station Imprest Advance:

Where for any reason the responsibility of the Station Imprest Advance passes from one officer to another, the following procedure will be followed:

- (a) The officer handing over the advance will, in the presence of the officer taking over, complete Payments Schedule, Receipts Schedule, Statement of Receipts, Payments Schedule and Advances Schedule (Finance Form 11,12, 13, and 14) thereby accounting for cash on hand, collection and payments, and advances outstanding.
- (b) Both officers will ensure that cash on hand is checked in each other's presence.
- (c) In addition, Section D of the Finance Form 13 will be completed by the officer handing over, who will:
 - (i) Enter as item (a) the amount shown at item 6 of Section A, less the amount (if any) shown at item 1 of Section B.
 - (ii) Enter as item (b) the amount shown at item 2 of Section B (if any).

- (iii) Enter as item (c) the amount of cash requested from Provincial Treasury Office which have not been received, which will have been shown at item 2 of Section B previously submitted Finance Form 13.
 - (iv) The addition of items (a), (b) and (c) must now equal the full amount of the Station Imprest Advance.
 - (d) The officer taking over the responsibility of the Imprest Advance will have proved to his satisfaction that the full amount of the advance is accounted for.
 - (e) The officer handing over and the officer taking over will both sign the handover/takeover certificate on Finance Form 13. An official receipt will then be written in favour of the officer handing over for the full amount of the station advance crediting "Advances....." A voucher will be raised in the name of the officer taking over the full amount of the station as a charge to "Advances....." The officer assuming the responsibility will sign the receipt form on the voucher. Both the receipt and voucher will be included or brought to account in the next reimbursement.
 - (f) Immediately on completion of the handover and takeover the Provincial Treasury Office will be advised by telex or fax of the name of the new advance holder.
 - (g) When the responsible for the Imprest Advance is leaving the station temporarily to go on patrol etc., and it is intended that another officer handle cash transactions during his absence, then a handover/takeover, as outlined above, will be completed.
 - (h) A officer-in charge of a Cash Office will advise the Provincial Treasury Office by fax or telex of any propose closing down, due to the officer leaving the station temporarily to go on patrol, etc.
- (ii) Temporary Special Advances

In respect of temporary special advance, for paying land purchase, compensation, royalties etc., the Cash Offices may have unacquitted advances at the time of handover/takeover. The officer taking over should satisfy himself that all Special Advances received since the last reimbursement have been brought to account.

(iii) **Local Cash Advances**

The officer taking over should pay special attention to the list of Cash Advances, especially those made in the last few days prior to the takeover, to make sure that they are genuine. He should not hesitate to make a personal enquiry where necessary with the officers against whom the advances are shown.

15.2 **General**

In all other cases (Petty Cash, Counter Advance etc.), the officer holding the advance should, while proceeding on leave or leaving service on resignation etc., retire the advance rendering a full account and refunding the cash balance before handing over. The officer taking over from him should obtain a fresh advance.

16. Petty Cash Advance

16.1 The object of the Petty Cash Advance procedure is to eliminate credit purchases of small value on ILPOC's. Departments should assess their requirements in relation to the incidence of small value transactions and establish as many Petty Cash Advances (or floats) as are considered necessary.

16.2 While no general rule can be laid down on how many floats should be set up, the following guidelines will help:-

- The Provincial Treasurer may be allowed a large float.
- Division and Branch Heads in Headquarters and officers-in-charge of Projects and National Government officers in the Provinces may be allowed advances at the discretion of the Head of the Department.

16.3 **Amount of Advance**

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

16.4 **Initial Funds to Operate Floats**

When a float is approved, money will be drawn on an FF4 form, charging the departmental vote relevant to the main activities for the Petty Cash Advance holder.

A similar procedure will apply when it is proposed to raise the float from, say K100 to K200.

16.5 Expenditure from Petty Cash Advance

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

16.6 Reimbursement:

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

16.7 Petty Cash Advance Book:

Petty Cash Advance Book, in the format enclosed, should be maintained by every advance holder and should be open to inspection by the Internal Audit Section or Auditor-General's staff.

16.8 There should be a central record at the Departmental Headquarters (preferably Accounts Section) of all the Petty Cash Advance holders indicating:

- The name of the holder
- His designation and location
- Amount

16.9 Provincial Government Officers carrying out National functions:

National Government Departments may allow officers of the Provincial Government to hold Petty Cash Advances on their behalf, but subject to the condition that they are to follow the procedure laid down in preceding paragraphs.

16.10 Provincial Government Transactions:

Provincial Governments are also required to follow these procedures in respect of duty travel and petty cash advances chargeable to their expenditure votes.

**PAPUA NEW GUINEA
DUTY TRAVEL ADVANCE
ACQUITTAL FORM**

FINANCE FORM 16

TO BE COMPLETED BY ADVANCE HOLDER

1. Name of Advance Holder
2. Designation
3. Department
4. Location
5. Amount of Advance
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 (ie., meal allowance and incidentals) on basis of the actual tour programme

	No	Amount
Complete Days		
Part Days – Meals		
Part Days - Incidentals		

K _____

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

K _____

In case refund is due, the amount should be paid at the nearest Cash Office and receipt attached to this form.
Indicate Official Receipt Number here: .

I declare the particulars stated above are correct.

Advance Holder

ACTIONS BY FINANCIAL DELEGATE

9. Is the amount shown in item 8 (b) above correct?
10. Is an Official Receipt attached to support a refund?
11. Have entries been made in the Register of Advances?
12. Is the revised copy of itinerary attached?
13. Other remarks
-

(FINANCIAL DELEGATE)

Designation: _____

Date: _____