



**DEPARTMENT OF FINANCE**  
**Office of the Secretary**

**FINANCIAL INSTRUCTION 05/2024**

**09TH JULY 2024**

**SUBJECT: RENEWAL OF TRUST ACCOUNTS**

**1.0 INTRODUCTION**

**1.1 Authority**

This Financial Instruction (hereafter FI) is issued under Section 117 of the *Public Finances Management Act (PFMA) 1995* (as amended), whereby the Finance Departmental Head (hereafter, Finance Secretary) may issue Financial Instructions that are necessary or desirable for carrying out or giving effect to this Act and in general for the better control and management of public moneys and public properties.

**1.2 Legality & Enforcement**

1.2.1 Pursuant to Section 4 (1) of the PFMA, the Finance Secretary has control and direction of all matters relating to the management of the financial affairs of the State.

1.2.2 Non-compliance with this and other FIs issued under the PFMA will invoke appropriate sanctions and/or penalties prescribed under the PFMA and/or under other relevant laws.

**2.0 SCOPE**

**2.1 In-scope agencies**

This FI applies to all public and statutory bodies who are administrating Trust accounts established under Section 15 of the PFMA, 1995 (as amended).

**3.0 PURPOSE**

**3.1 Establishment of Trust Accounts**

Pursuant to Section 15 (1) of the PFMA states that, Trust Accounts may be established by the Minister of Finance or prescribed by any other law; (a) to

receive moneys held by the State as trustee, (b) to receive the proceeds of commercial or trading activities carried on by any arm, agents, or instrumentality of the State; or (c) for such other purposes as may be approved by the Minister of Finance. The Finance Minister shall establish a trust account by executing a trust instrument.

### **3.2 Renewal of Trust Accounts**

This FI provides the mandatory requirements for all State agencies when the current trust instrument has expired and requires renewal. A Head of an agency shall formally write to Secretary Finance to request for the renewal of Trust Instrument providing the basis of renewal for a trust account's life span of not less than three (3) years.

### **4.0 MANDATORY REQUIREMENTS TO RENEW TRUST ACCOUNTS**

Pursuant to Section 19 (1)(2) of the PFMA, the Finance Department Head may give directions in respect of the management of trust accounts. A Departmental Head responsible for a Trust Account shall ensure the proper management and operation of that account.

The following are the mandatory requirements for all State agencies to comply with in order for the expired Trust Instrument to be renewed:

1. A formal request in writing to Secretary Finance for approval to renew the Trust Instrument of the existing Trust Account.
2. All agencies Trust accounts must be up to date with their monthly bank reconciliation reports to Department of Finance before the renewal of Trust Instrument request is approved. Copies of all the respective bank statements and cashbooks should be attached.
3. A completed copy of the new *Trust Account Schedule* template must be attached. The schedule must include all necessary information such as the name of the trust account, the controlling public or statutory body of the trust account, the purpose of the trust account and signatories.
4. The formal request in writing should provide other information necessary such as source of funding, project work programs with start and end dates, cash flow statements, contact details and importantly the reason for renewal of the trust accounts.
5. All Trust accounts operating outside of the Integrated Financial Management System (IFMS) shall be brought into IFMS before the renewal of Trust instrument is approved. This is to ensure there is accountability and transparency in maintaining all transaction in IFMS for expenditure and reporting purposes.

Agencies that have *Active* Trust Accounts that are approaching their expiry dates should apply for the renewal of their Trust accounts three (3) months prior to the expiry dates.

Agencies with *Active* Trust Accounts whose expiry dates has already lapsed must lodge the application for renewal immediately in order to avoid transactions being dishonored by Banks.

Department of Finance will renew Trust instrument if all of the above mandatory requirements are complied with. The renewal will be granted for a maximum period of three (3) years or based on the assessment of the trust accounts in reference to the trust instrument and under section 19 of the PFMA.

All agencies with existing Trust instruments must be first sighted by Secretary Finance and are properly vetted by the Trust Accounting Branch of Financial Controls Division, Department of Finance.

## 5.0 OFFENCES

Pursuant to Section 106 of the PFMA, a person who in whole or part omits or fails to comply with a duty, obligation, or requirement of this FI, is guilty of an offence. All offences are of strict liability. Penalties shall be imposed for non-compliance.

## 6.0 EFFECTIVE DATES OF THIS FINANCE INSTRUCTION

This FI is effective as of the date of signing by the Secretary of Finance.

## 7.0 HELP DESK


Should you require further information, the following should be contacted:

7.1 Assistant Secretary – Trust Accounting Branch, Mr. Nelson Hwekwahin on;

Telephone: 3037897

Email: [nelson\\_hwekwahin@finance.gov.pg](mailto:nelson_hwekwahin@finance.gov.pg)

7.2 Email: [tab-helpdesk@finance.gov.pg](mailto:tab-helpdesk@finance.gov.pg)

  
MR. SAMUEL PENIAS  
Secretary



Date: 13 / 8 / 2024.