



DEPARTMENT OF FINANCE
Office of the Secretary

FINANCIAL INSTRUCTION 04/2022

09TH MAY 2022

**SUBJECT: TEMPORARY RESTRICTIONS TO ACCESS OTHER PUBLIC FUNDS
DURING 2022 GENERAL ELECTION PERIOD**

1. INTRODUCTION

1.1 Authority

This Financial Instruction (hereafter FI), is issued under Section 117 of the *Public Finances Management Act (as amended)* (PFMA) whereby the Finance Departmental Head 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

Pursuant to section 4 of the PFMA, the Finance Secretary has control and direction of all matters relating to the management of the financial affairs of the State.

1.3 Application of the Electronic Transactions Act 2021

Where this PI states that:

- information to be given in writing;
- a signature is required;
- a document in material form must be produced; or
- information is to be retained,

then this can now be done electronically with the same legal effect as if you had done so in paper format.

2. PURPOSE

2.1 Purpose

The purpose of this FI is to ensure there is clear processes in place that ensure the proper custody of public finances during the General Election period.

It is based on the principle that these are public funds and held accountable for the collective PNG Parliament.

The purpose of this instruction is to advise all Members of Parliament, Department Heads, Provincial Administrators, Chief Executive Officers and Provincial & District Finance Managers of the restrictions to public funds during the election period.

2.2 Scope

This FI applies to all public and statutory bodies at a National and Sub-National level.

This FI applies to all sources of funding held by or in trust for public and statutory bodies at a National and Sub-National level including public funds that are held in business entities or companies and were appropriated under the National Budget regardless of their purpose.

This FI does not apply should a state of emergency be declared during the General Election period.

This FI does not apply to funds used in the procurement or expenditure for the purposes of conducting the General Elections or under the *National Pandemic Act 2020*.

This FI applies from the period commencing on the day of issue of Writs until the appointment by Head of State of a new Government (herein Election Period).

3. RESTRICTIONS ON MAJOR PROCUREMENT

During the Election Period, the APC Committee will not issue an Authority to Pre-Commit (APC) whose authority allows for execution of contracts more than K1 million and this includes an APC issued at the Sub-National level unless:

- this relates to major procurement that commenced prior to the General Election period; or
- directly specified as an appropriation under the National Budget 2022; and previously declared on the public or statutory body's approved Procurement Plan.

Department Heads should consider limits on procurement more than K50,000 during the Election Period unless this procurement was previously approved on the Procurement Plan under Section 25 of the *National Procurement Act* or directly specified through appropriation under the National Budget 2022 as a project, special purpose grant or otherwise expressly identified.

This is particularly so for historically controversial procurements such as consultant contracts, lease or hire agreements or other expenditure that is considered non-essential.

4. LIMITS AND RESTRICTIONS ON EXPENDITURE

There are limits and restrictions to be placed on payments during the Election Period to preserve the apolitical nature of public funds. During the Election Period there is no Parliament to oversee the expenditure of Government and therefore common sense and good governance should prevail.

As a guiding practice, the same rules will apply during the Election Period as would be if Parliament had not appropriated (section 14(1)(f) of the PFMA).

Therefore, during the Election Period, the total quantum of expenditure from bank accounts shall not exceed in total one third of the budgeted expenditure for 2022. This threshold limit can be adjusted on the authority of the Secretary to ensure continued vital government services continue.

Furthermore, payments from any bank account must only be done:

- To meet existing and ongoing costs related to services and operations such as salaries, fixed costs and other minor operating expenses;
- For the satisfaction of existing contracts for works, goods or services that are valid, legal and binding contracts on the State and provided with all the necessary supporting documentation such as tax invoice, APC, contract and proof of delivery;

and where such payment is politically uncontroversial and would be paid during the fiscal year regardless of who holds office, that is, where there would be political consensus.

In all instances, any payment regardless of value should only be done where such payment is necessary for the essential functional and delivery of Government services. Low priority or non-essential activities should be put on hold pending appointment of the new Government.

4.1 Special Expenditure Forecasts to be prepared during the Election Period at Sub-National level

Specific restrictions and oversight should apply on any payments made using funds sourced from:

- PSIP, DSIP and LLGSIP funds;
- PSG and DSG funds;
- IDG funds;
- MRA funds;
- SPA funds;
- MOA/MOU funds; and
- Business Arms of the Provincial Govts, DDAs & LLGs funds.

To ensure all funds are properly expended and in a manner that is within the public interest, a forecast of all expenditure that will be incurred during the Election Period

should be prepared. This should include sufficient detail to understand the estimated expenditure value, related activity and method of payment.

No expenditure can be made using these funds unless it relates to a Resolution by the Provincial Executive Council or District Development Authority Board and such Resolution was made prior to the Election Period and such payment would be considered politically uncontroversial.

5. MONITORING OF PUBLIC FUNDS

Given the importance of maintaining impartiality during the Election Period, the Department of Finance will closely monitor the use of public funds during the Election Period.

6. ENFORCEMENT

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

7. EFFECTIVE DATES OF THIS FINANCE INSTRUCTION

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

8. HELP DESK

Should you require further information the following should be contacted: jacob_mark@finance.gov.pg, max_bruten@finance.gov.pg, or samson_metofa@finance.gov.pg.



DR KEN NGANGAN OBE PhD CMA CPA
Secretary



Date:

10 / 05 / 2022