



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

**FINANCIAL INSTRUCTION 06/2024**

**10<sup>TH</sup> SEPTEMBER 2024**

**SUBJECT: THE ADMINISTRATION OF NEW CHILD MAINTENANCE AND BAIL  
AND COURT ORDERED COMPENSATION 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**

Pursuant to section 4 (1) of the Public Finances Management Act, the Finance Secretary has control and direction of all matters relating to the management of the financial affairs of the State.

**1.3 Non-compliance with this and other FI's issued under the Public Finances (Management) Act 1995, will invoke appropriate sanctions and/or penalties prescribed under the Act and/or under other relevant laws.**

**1.4 Precedence**

This Instruction amends and consequently supersedes the FI issued on the 28<sup>th</sup> of January 2019.

**2.0 PURPOSE**

**2.1 Regulation & Funds Usage**

The Finance Instruction and related Trust Instruments are designed to ensure control and effective administration of new Child Maintenance and Bail and Court Ordered Compensation Trust Accounts.

This Instruction and the Trust Instruments sets out the procedures recording, accounting and reporting of trust funds.

for Bail & Court Ordered Compensation Trust Accounts. The bank accounts will be opened and administered in their respective provinces. The two main trust accounts will be used by National Capital District and also to receive appropriations for fees and other charges from Non—Tax Revenue Division.

#### **4.1 Purpose of the Trust Accounts**

##### **4.1.1 Child Maintenance Trust Account.**

To hold and distribute monies awarded by the Courts for the purpose of child maintenance payments.

##### **4.1.2 Bail Court Ordered Compensation Trust Account.**

To hold bail and court ordered compensation monies required by the courts, and for any repayments ordered by the Court.

#### **5.0 REVISED PROCESS IN ADMINISTRATION OF CHILD MAINTENANCE AND BAIL & COURT ORDERED COMPENSATIONS**

**5.1** The two new trust accounts will be managed by the Trusts Branch — Financial Controls Division. The use of sub-appropriation will allow for the identification of the relevant Provinces in FMS.

**5.2** The revised service will be Cashless Receipting System (CRS), using EFTPOS machines, linked to the two trust accounts (BSP accounts). Refunds and Child Maintenance Payments will be processed electronically using the BSP KunduPei system.

**5.3** The Kundu Pei System is currently in use to facilitate refund processes between BSP and FMS. This refund process will be decentralised in the respective provinces.

**5.4** The revised system will operate at both provincial and district levels (if need be). EFTPOS machines will be located at the Court House, Police Station, the Provincial Finance Office (PFO) and the District Office (if using FMS).

#### **6.0 BANK ACCOUNTS**

The Trust Bank Accounts will be opened and operated with Bank South Pacific (BSP).

#### **7.0 FUNDING SOURCE**

The funding sources are Bail Monies, Court Ordered Compensation and Child Maintenance payments.

#### **8.0 REPORTING REQUIREMENTS**

It is the responsibility of the Financial Controls Division, through the Trust Branch to ensure all necessary reports are provided on a timely manner.

#### **9.0 THE MANAGING AGENCY**

The Department of Finance will administer and manage these Trust Accounts.

### **3.0 BACKGROUND**

#### **3.1 Existing Processes**

The existing processes, using PGAS will remain in use until FMS is implemented at the Provincial and District Finance Office (PFO/DFO).

#### **3.2 Issues with Existing Processes**

As per the government decision, FMS is the recognized Financial Accounting System in PNG. PGAS will eventually phase out as FMS is being rolled out to all state departments, statutory bodies and to provinces and districts at the sub-national levels.

Since the rollout of FMS to the provinces and districts has already commenced, it has resulted in the reorganization of GoPNG accounting structures at the sub-national levels. The IFMS budget management configuration only allows budget and expenditure to be processed in accordance with the PFMA and the Appropriation Act. Therefore, this does not support the X-Warrant functionality that is currently been used in the PGAS system.

Additionally, Provincial and District Finance Office operations that are using operating bank accounts will be transferred to drawing bank accounts. All expenditures / or cheques will now be raised against approved appropriations and warrants. No deposits can be made into drawing accounts hence the new process does not support the old system of X-Warrants.

As stated above, the provincial and district operating bank accounts will no longer exist, hence, Provincial and District Finance Officers will no longer be able to receipt / or bank funds into their respective operational bank accounts and will not be able to process payments or refunds to clients accordingly. As such, the revised processes for these services need to be designed and implemented in order to allow for the continuous flow of business processes.

It is for this reason a recommendation through Secretary Finance for Minister's approval was sought to create two new Trust Accounts to support the ongoing provision of the Child Maintenance and Bail & Court Ordered Compensation services, which falls under the jurisdictions of Department of Finance.

### **4.0 ESTABLISHMENT OF NEW TRUST ACCOUNTS**

The Minister for Finance under Section 15 of the PFMA has approved the establishment of the two new trust accounts. The Trust Accounts will be operated under the Trust Accounting Branch — FCD and be known as:

- (a) Child Maintenance Trust Account; and
- (b) Bail & Court Ordered Compensation Trust Account.

The above Trust Accounts will be operated under the IFMS System. The gazetted Trusts Instruments also allow for subsidiary accounts if need be. Under Section 8 (on bank accounts), there will be forty subsidiary accounts under each province, twenty for Child Maintenance Trust Accounts and twenty

## 10.0 EXPIRY DATE

By 31<sup>st</sup> December 2027, (Subject to review after three (3) years and can be extended).

## 11.0 EFFECTIVE DATE OF THIS FI

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

## 12.0 HELP DESK

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

- First Assistant Secretary — Non Tax Revenue Division (Phone: 303 7812);
- First Assistant Secretary — Financial Controls Division (Phone: 303 7808) or ; and
- Assistant Secretary — Trust Accounting Branch (Phone: 303 7897).

  
**MR. SAMUEL PENIAS**  
Secretary



Date: 17 / 9 / 2024