



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

**FINANCIAL INSTRUCTION 08/2021**

**12<sup>th</sup> AUGUST 2021**

**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 (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 monies and public property.

**1.2 Legality & Enforcement**

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.

**1.3 Non-compliance**

Non-compliance with this and other FIs issued under the PFMA 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 FI 17/2018 issued on 14<sup>th</sup> December 2018.

**2.0 PURPOSE**

This FI is designed to ensure control and effective administration of new child maintenance and bail and court ordered compensation.

This FI sets out the procedures and methods of receipting and refunding of child maintenance and bail and court ordered compensations and, is to be read in conjunction with the Practical Guides on Child Maintenance and Bail & court Ordered Compensation with regards to the recording and reporting.

### **3.0 ESTABLISHMENT OF NEW TRUST ACCOUNTS**

**3.1** The Minister for Finance under Section 15 of the PFMA has approved for the establishment of two new trust bank accounts and are to be known as:

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

#### **3.1.1 Child Maintenance Trust Account**

The purpose of the trust is to hold and distribute monies awarded by the Courts for the purpose of child maintenance payments.

#### **3.1.2 Bail & Court Ordered Compensation Trust**

The Purpose of the trust is to hold bail and court ordered compensation monies required by the Courts and for any repayments ordered by the Court.

**3.2** As permitted by the gazetted Trust Instruments, the Finance Secretary has approved for subsidiary bank accounts to be opened in each province only and are to be known as:

- (a) Child Maintenance Trust Subsidiary Account – [*name of province*]; and
- (b) Bail & Court Ordered Compensation Trust Subsidiary Account – [*name of province*]

**3.3** The Provincial Finance Office (PFO) are to open the above bank accounts with Bank South Pacific (BSP) immediately.

**3.4** Each of the above Trust Bank Accounts is to have Kundu Pei installed and linked to the Bank Account respectively. Each PFOs will be responsible to set this up.

**3.5** Each of the above Trust Bank Accounts is to have EFTPOS machines installed at all the Collection Points within the Province and Districts and linked to the Bank Account respectively. The Collection Points include Provincial Finance Office (PFO), the District Finance Office (DFO), the Court Houses and Police Stations. The PFOs will be responsible to set this up.

**3.6** Each of the above trust bank accounts are to be operated under the IFMS System.

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

**4.1** The two new subsidiary trust bank accounts will be operated at the PFO. At this stage, no subsidiary trust bank account will be opened at the *district* level. The trust bank account for the National Capital District (NCD) will be operated out of Department of Finance Head Office. The use of sub-appropriation will allow for the identification of the relevant Provinces in IFMS.

**4.2** The revised service will be a Cashless Receipting System (CRS), using EFTPOS machines to receive deposits of Child Maintenance and Bail & Court Ordered Compensations, that will be linked to the two Trust Accounts (BSP accounts). Refunds will be processed using electronic fund transfers (EFT) through Kundu Pei.

- 4.3** EFTPOS machines will be located at the PFO, DFO, the Provincial and District Court Houses and Provincial and District Police Stations. Official IFMS receipts can be issued at either the DFO or PFO. EFTPOS is to be utilised for after-hours Court Bail's with a manual receipt issued by the provincial and district Police Stations after hours, but an official IFMS receipt to be issued thereafter during working hours.
- 4.4** Refunds will be processed only by the PFO, using BSP's Kundu Pei electronic fund transfer (EFT) to allow for quick and efficient electronic refund process, after proper vetting by the Provincial Finance Managers (PFMs).
- 4.5** All refund claims are to be provided to the respective PFMs by all District Finance Managers (DFMs) for vetting and refund.
- 4.6** If there are any Child Maintenance and/or Court Bail funds deposited into either the Provincial Treasury Operating Account (PTOA) or the District Treasury Operating Account (DTOA), a reconciliation of the bank accounts is required, and these funds transferred out of the PTOA or DTOA and deposited into the new subsidiary trust bank accounts. This responsibility will be the role of the PFMs and DFMs. The reconciliations together with all supporting original deposit receipts of the required transfers are to be held in file for internal audit purposes.
- 4.7** For forfeitures, the bail automatically becomes a fine and is regarded as non-tax revenue for the Government. As soon as the fines are identified, the funds should be transferred out from the Trust Bank Account to the Receiver of Public Monies and reflected in the trust ledger (IFMS) as expenditure, 'Court Bail Forfeitures'.

## **5.0 NO ACTIVITY FOR CHILD MAINTENANCE**

Where no Child Maintenance activities occur whether at District or Provincial level, no Trust Bank Account is required. If a Subsidiary Trust Account was opened, the Department of Finance Head Office will request BSP to close the Account upon the PFM's request.

## **6.0 FUNDING SOURCE**

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

## **7.0 RECORDING OF TRANSACTIONS**

- 8.1** When receipting the Child Maintenance and Court Bail using IFMS, the revenue transaction will be linked to the revenue trust ledger and will be recorded automatically within IFMS.
- 8.2** The PFMs and their finance delegates will be assigned the IFMS Workplace to record the repayments and forfeitures out of the Trust Bank Accounts. The Finance Officers within the Trust Accounting Branch will be assigned the IFMS Workplace to record the repayments and forfeitures for the NCD Trust Account.

## **8.0 BANK RECONCILIATIONS**

Reconciliations of the Court Bail and Child Maintenance Trust Accounts are to be completed in accordance with PFMA provisions. The PFM is to ensure that subsidiary bank account is reconciled within 14 days of the end of the month. A copy of the completed bank

reconciliations, including a copy of the cash book out of IFMS, is to be provided to the Department of Finance, Non-Tax Division, Trust Accounting Branch, Financial Reporting and Compliance Division (FRCD) and Provincial and District Financial Management Division (PDFMD) by the 14<sup>th</sup> day of the month.

## 9.0 THE CONTROLLING AGENCY

The Department of Finance will be the Controlling Public Entity to each of the Trust Accounts.

## 10.0 EXPIRY DATE

By 31<sup>st</sup> December 2021, (Subject to review after three (3) years and can be extended).

## 11.0 CESSATION OF OLD PROCESS

11.1 All Court Bail and Child Maintenance monies must now be deposited into the new subsidiary trust bank accounts.

11.2 No funds are to be deposited into the PTOA nor the DTOA for the purpose of this FI.

## 12.0 EFFECTIVE DATE OF THIS FI

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

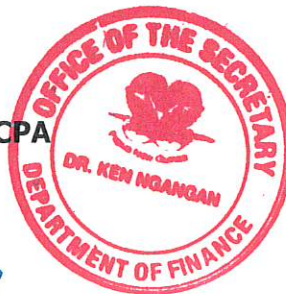
## 13.0 HELP DESK

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

- First Assistant Secretary – Non – Tax Revenue Division (Phone: 328 8570);
- First Assistant Secretary – Financial Controls Division (Phone: 328 8608)
- Assistant Secretary – Trust Accounting Branch (Phone: 328 8608).



**DR KEN NGANGAN, OBE PhD CMA CPA**  
Secretary



Date: 09 / 09 / 2021