

## FMM 02.5 Establishing Delegations

### 5.1 Authority and Prescribed Requirements

- Public Finances (Management) Act 1995 (PFMA)
  - A power, role or responsibility vested by the PFMA may be delegated only by written instrument (Gazette notice or Board resolution where the Act so provides).
  - Part II outlines all the assigned responsibilities for financial management
  - Section 32 provides for a departmental head, by notice through National Gazette, appoint officers to approve purchase requisitions.
  - Section 33 provides for a departmental head to appoint payment officers.

### 5.2 Relevant Standards and Supporting Documentation

- Nil

### 5.3 Minimum Responsibilities

Delegators (e.g., Finance Minister, Departmental Heads) are to ensure that delegations align with the PFMA, are well defined in scope, duration and have specified any limitations of delegated powers.

Delegates (e.g., Finance Officers, Provincial/District Finance Managers) have a responsibility to perform delegated duties strictly within the scope defined and comply with the PFMA, other applicable laws and any released instructions and guidelines including this manual.

### 5.4 Mandated Policy

- 1. No delegation is valid until published in the National Gazette and entered in the agency's Delegation Register.**
- 2. All delegations (administrative, financial and emergency powers) must be circulated to all agency staff.**
- 3. Department heads must ensure delegations are established for possible emergencies for the agency and how an emergency is declared for the agency (usually by the department head). Any national emergencies and**

**the appropriate delegations outside this delegation process can only be declared by the National Executive Council in accordance with the National Procurement Act 2018 or the Head of State under the Pandemic Act 2020 and Constitution (as examples).**

- 4. Only officers delegated Section 32 authority by the Departmental Head via gazettal notice may approve a commitment of public funds.**
- 5. Sub-delegation is not permitted. A person with delegated authority cannot further delegate that power.**

#### **5.4.1 Commitment vs payment powers**

- 6. Section 32 delegations (approve purchase requisitions/commit funds) are assigned to positions.**
- 7. Section 33 delegations (authorise payments) are assigned to positions.**
- 8. Bank signatories are assigned to a person and the department head must ensure that there is a counter-signatory and alternates for all bank accounts and a register kept of signatories.**
- 9. Holding s. 32 authority does not automatically confer s. 33 authority, and vice-versa.**

#### **5.4.2 Emergency delegations**

- 10. An “emergency” is a sudden event posing an immediate threat to life, public safety, critical service continuity or public property (e.g., natural disaster, epidemic, major system failure).**
- 11. A written Emergency Delegation Instrument sub-delegating existing department head delegation powers may be issued only by:**

- a. The Departmental Head for agency-specific emergencies, or**
- b. The Provincial Administrator for provincial emergencies.**

**All other general declaration powers above the department head threshold reside with:**

- c. The Board of the National Procurement Commission for national emergencies above a department head threshold; and**

**d. The Finance Minister on authority of the National Executive Council.**

**12. The instrument must state: nature of emergency, delegations assigned, financial ceiling, duration ( $\leq 30$  days), and any special procurement method.**

**13. Within seven (7) working days of issuance, the delegate must lodge:**

- a. A schedule of all commitments/payments made; and**
- b. All supporting CFCs and procurement documentation; and**
- c. with the Departmental Head, Secretary for Finance and the National Procurement Commission for ex-post ratification, where applicable.**

**14. This policy does not apply to the Pandemic Act or any declared State of Emergency under the Constitution or other legislated acts on emergencies which prescribe the process for emergency expenditure and procurement.**

**15. All emergency spending remains subject to PFMA, National Procurement Act and availability of appropriation. Emergency procurement must still follow PFMA and must be covered by a valid appropriation and CFC.**

#### **5.4.3 Delegations Register**

**16. Each agency must maintain a Delegation Register (electronic) containing:**

- a. Position**
- b. Type & limit of delegation**
- c. Gazette or Board reference and date**
- d. Validity period**
- e. Funds / votes covered**
- f. For bank signatories – the name of the person and bank account**

**17. The Register must be provided to internal auditors, the Auditor-General, Departments of Finance or Treasury and the Public Accounts Committee on request.**

#### **5.4.4 Review & Revocation**

**18. Delegations must be reviewed at least annually and whenever a delegate changes position, authority limits change, or audit findings require tightening of controls.**

**19. Revocation or amendment takes effect on the Gazette publication date and must be recorded in the Register.**

#### **5.4.5 Corporate Cards**

**20. Possession of a Government Purchase Card constitutes an s. 33 payment delegation.**

**21. A cardholder without an s. 32 delegation must obtain prior commitment approval from an authorised s. 32 delegate before using the card.**

**22. Transactions are limited to the lower of the card's transaction cap or the delegate's s. 32 limit (if held).**

*Refer to Volume 3 on Government Purchase Cards and Accounts for further details.*

#### **5.4.6 Consequences of Breach**

**23. Approving or paying outside delegated limits is an offence under PFMA Part XI and may result in surcharge, suspension or permanent disbarment.**

#### **5.4.7 Elections and Major Events**

There are events where persons who do not usually have delegations or are not trained in using Section 32 and 33 delegations that are assigned these powers, special oversight is required to ensure no over-commitment and arrears occur. The departmental head is responsible for establish frameworks for these activities.

*Special note, although industrial elections or events can be services provided that are not using GoPNG budgeted funds, when they are in the control of the agency, they are deemed public funds and must comply with legislation including the Finance Management Manual when spent.*

**24. All expenditure for elections or major events must be charged to the dedicated Vote / Sub-appropriation approved for this purpose and payment only if there is a Treasurer warrant.**

**25. Unlike 'business as usual' delegations, any financial powers that are delegated are listed and published with the following details:**

- a. Delegate's position.**
- b. Monetary ceiling equal to the budget for that event/electorate – the department head needs to identify how best to manage the ceiling limits – either by budget category or location – and this is important for tracking overall commitment values assigned to the delegate's position.**
- c. Allowed expense categories (polling kits, transport, polling-staff allowances, catering, etc.) and this needs to be specific – where an expense category is not included – the financial powers are not provided.**
- d. Start date and expiry and no contract or financial commitments can be made for recurring goods and services after that expiry date (eg. if they have 30 days of powers then any commitment such as hire car or storage fees cannot be contracted beyond that 30 days and must be authorised by another position such as department head)**

**26. All delegations for any elections or major events must be widely circulated and published so all staff and suppliers are aware of the express powers provided including the allowed expenses, ceiling limits and start and expiry dates.**

**27. Splitting of purchases to remain within an events limit is prohibited. Commitments that would exceed the ceiling must be escalated to the next senior delegate for approval.**

**28. Before issuing a contract, purchase order or hire agreement, the delegate must attach and Purchase Order from the IFMS.**

#### **5.4.8 Prohibition on Individual Benefit**

**29. Public funds (regardless of whether it is operating funds, trust funds or SIP funds) must never be used to support, promote or favour any individual candidate or political party or authorised for individual benefit.**

**30. Breach constitutes misappropriation under the Criminal Code and will be referred to the Ombudsman Commission, ICAC and Police, in addition to PFMA Part XI surcharge.**

## **5.5 Non-mandated Guidance**

### **5.5.1 Delegation Structure**

Always align limits with:

- Agency budget groupings or sub-appropriations.
- Fund source (Recurrent, Development, Trust).
- Economic item (e.g., travel, capital works) and risk level.

Use tiered thresholds so higher-risk or high-value items require senior approval.

### **5.5.2 Segregation of Duties**

Separate commitment, certification of receipt, and payment functions wherever staffing allows.

Every delegated decision should be traceable to: requisition, quotation/contract, CFC, approval minute, and, for payments, evidence of receipt or delivery, even during an emergency.

### **5.5.3 Communication & Training & Continuous Improvement**

Circulate an up-to-date delegation matrix to all staff annually.

Provide targeted training on: PFMA obligations, verifying invoices, estimating whole-of-life cost before approval.

Run quarterly exception reports from IFMS to flag approvals above limits or split purchases.

Board or executive should receive a periodic summary of delegation usage and breaches.

### **5.5.4 Emergency Readiness**

Pre-draft a template Emergency Delegation Instrument and have an emergency procurement SOP approved in advance.

Maintain a small panel of pre-qualified suppliers for critical goods and services.

After each audit or emergency event, review the adequacy of limits, documentation quality and speed of ratification, and update procedures accordingly.

Delegation limits should be reviewed regularly to reflect changes in roles or responsibilities and when establishing them consider organisational structure responsibility, control over public funds and bank accounts, expenditure items and high risk areas.

All delegations must be documented and communicated clearly to staff, on an annual basis.

When using delegations, this is done understanding the entire procure to pay cycle. For example, approving to lease equipment means the financial delegate was given a quote with the start date, end date, details of the unit cost, details of the supplier, any terms and conditions and the total estimated cost of the transaction.

Financial delegates should not approve commitments without understanding the complete cost of that approval or allowing no end date to the financial commitments.

Ensure segregation of duties with a person and position.

Ensure higher-value transactions or high risk areas require senior-level authorisation.

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| <b>Further Information</b> | frcd@finance.gov.pg |
| <b>Version</b>             | 1.0                 |
| <b>Date Issued</b>         | 30 June 2025        |