

FMM 03.11 Revenue Collection

11.1 Authority and Prescribed Requirements

- Public Finances (Management) Act 1995 (PFMA)
 - Section 5(1)(a) requires Departmental Heads to ensure that all public revenues are collected, safeguarded, and accounted for in full.
 - Section 7 specifies duties for public officers responsible for revenue collection, ensuring full and prompt deposit of revenues into public accounts.
 - Section 13 Requires all public money, including fees and charges, to be paid into the Consolidated Revenue Fund (CRF) unless held in an authorised Trust Fund or General Revenue Fund.
- Non-Tax Revenue Administration Act 2022 (NTRAA) for in-scope agencies

11.2 Relevant Standards and Supporting Documentation

- IPSAS 9 (Revenue from Exchange Transactions) Governs revenue recognition from goods or services provided in exchange for payment.
- “Receipting (Revenue)”, IFMS Training Manual, Department of Finance, 2018 published for National, Provincial and Statutory Authorities.

IFMS generates the following reports:

- Collectors Daily Report – Report provides a list of all receipts for the day. This report is reconciled to the Receipt document file total in IFMS
- Agency Revenue Summary – Provides an outline of revenue collected for a specified agency for a specified period
- Revenue Summary – Provides a summary of revenue collected for a specified period
- Other Revenue Reports – these reports are subject to the user’s access rights in IFMS

11.3 Minimum Responsibilities

The Finance departmental head is to provide oversight on the collection, management, and reporting of revenues across all public entities and issue guidance on the consistent application of IPSAS standards for revenue recognition.

Departmental heads are required to ensure accurate recording, reconciliation, and timely reporting of all revenue streams by ensuring systems for revenue monitoring and management. It is the responsibility of departmental heads to ensure that public entity revenues are collected promptly and to the fullest extent and to have the rates of fees, charges, and imposts reviewed annually and the agency has adequate and capable staff resources for revenue management.

Heads of Finance are required to establish practices for collection of public revenues and ensure protections from fraud including regular bank reconciliations.

Revenue Officers of agencies (as receivers of public monies and accountable officers under the PFMA) are to collect and issue receipts for all payments and maintain accurate records for reporting and reconciliation. Revenue officers are to ensure that cash is not collected.

Internal Auditors are to verify that all revenues is collected and remitted in accordance with legislation. Identify and report any misuse or mismanagement of collected revenue.

11.4 Mandated Policy

11.4.1 Revenue Collection and Handling

- 1. All revenue collected by public entities must be deposited daily into the CRF or designated government accounts.**
- 2. Revenue cannot be collected without issuing an official government receipt. Agencies are required to record receipting in their Approved Finance System and are required to issue to a person an official Government Receipt when requested.**
- 3. A receipt cannot be issued without confirmation of an original deposit slip which should be stamped by the bank teller, electronically issued by internet banking, online payment system, or through EFTPOS machine.**

11.4.2 Revenue Fraud Prevention

- 4. Department heads must have mechanisms in place to prevent fraud and revenue loss for their agency. Revenue loss prevention must form part of**

the agency's fraud planning and risk management and overseen by the Audit Committee.

- 5. Collectors of public money (Revenue officers) should be considered for rotation periodically to prevent fraud and collusion.**
- 6. The Department of Finance must ensure that anonymous reporting mechanisms are available for suspected financial irregularities.**

11.4.3 Approved Payment Methods

7. The method for all government revenue collection is through electronic means only:

- Bank-to-bank transfers via Bank of PNG clearance and settlement.
- EFTPOS payments linked to Agency Bank Accounts.
- Direct bank deposits into Agency Bank Accounts.
- Where cheques are accepted, only Bank Cheques are to be accepted.
- Authorised online payment gateways, including:
 - BSP Non-Tax Revenue Receipting System.
 - Kina Internet Payment Gateway (IPG) where approved by the Secretary of Finance.

11.4.4 Prohibition on Cash Handling

8. Cash transactions for revenue collection are strictly prohibited.

9. Agencies must not accept or store cash payments, except under special Treasury-approved circumstances.

11.4.5 Handling of Inter-Agency Revenue Collection

10. When revenue is collected on behalf of another agency, the funds must be:

- Deposited into the designated account within 24 hours.
- Properly recorded in IFMS under the relevant economic item code.

- Receipted and reconciled before transfer of payment.

11.4.6 Reconciliation and Reporting Requirements

11. Agencies that are not operating on IFMS must submit monthly revenue reports to the Department of Finance.

12. Department heads are obligated to establish quarterly revenue reporting to their Minister, Board or the Provincial Executive Council as relevant.

11.4.7 Collection Sites

13. The following official sites are authorised to collect Bail & Court Ordered Compensation monies:

- National Capital District
 - a) Vulupindi Haus Collection Office
 - b) Twin Tower 1 Collection Office
 - c) Waigani National Court Cash Office, NJSS
 - d) Boroko Police Station Cash Office, RPNGC
- Sub-National
 - e) All Provincial Finance Offices
 - f) All District Finance Offices
 - g) Provincial Court Cash Office
 - h) District Court Cash Office
 - i) Provincial Police Station Cash Offices
 - j) District Police Station Cash Offices

11.5 Non-Mandatory Guidance

When processing a receipt, the different IFMS User Login in each district/province will automatically identify the use of sub-appropriation votes. All client collections will be receipted using the economic item specific to the revenue.

11.5.1 Guidance for Bail & Court Ordered Compensation

Bail and Court-Ordered Compensation is identified as a non-tax revenue receipt. Before 2019, monies from bail and court orders were receipted into the Receiver of Public Monies bank account. This changed when IFMS was rolled out to the provinces and districts, entitling these subnational government agencies to open their Bail and Court-Ordered Compensation trust bank accounts under Trust Deed Legacy Code 532, dated 29th May 2018.

Types of Monies Accounted for by Bail & Court Order Compensation Trust Process

- a) Bail payment imposed by RPNGC (Police Stations)
- b) Bail payment/refund imposed by Magisterial Services (District Courts)
- c) Bail payment/refund imposed by National Judiciary Services (National/Supreme Courts)
- d) Court Ordered Compensation payment/refund imposed by Magisterial Services (District/Family Court)
- e) Court Ordered Compensation payment/refunds imposed by NJSS (National/Supreme Courts)
- f) All other monies paid by any person for the trust accounts, specifically provided for within the trust instrument.

11.5.2 Trust bank accounts

Each of the bank accounts will be operated at the PFOs, while the NCD bank account will be operated from the Department of Finance Financial Controls Division. No collections can be deposited into other bank accounts including bank accounts within the General Funds.

11.5.3 Business processes for receipting and refunds/payments

11.5.3.1 Methods of receiving Bail, Court Ordered Compensation monies

All payments received by all existing and authorised Cash Offices (above) must comply with Financial Instruction 08/2021 Section 4.2, which specifies the prohibition of cash payments at all authorised and existing cash offices.

11.5.3.2 *Verification Process before Issuance of IFMS Receipt - Clients/Customer*

Step 1: Payments - All payments by clients/customers for IFMS Receipts must be made in compliance with the authorised Methods of Payment.

Step 2: Payment receipts—The Collector of Public Monies must retain all payment receipts from the authorised methods of payment as proof of payment.

Step 3: Verification/Confirmation—The Collector of Public Monies must conduct proper verification/confirmation for all payment receipts obtained from the authorised methods of payment.

Step 4: Customer details – Customer to provide details for IFMS receipt specification to Collector of Public Monies.

11.5.3.3 *IFMS Receipting Process*

Refer to *Receipting (Revenue) IFMS Training Manual CBCM*. This Training Manual provides the Collector of Public Monies a Guide on receipt of Bail & court Order Compensation within IFMS.

When processing a receipt, the different IFMS User Login in each district/province will automatically identify the use of sub-appropriation votes. All client collections will be receipted using the economic item '123106—Bails and Court Ordered Compensation'.

11.5.3.4 *Refund/Payment Process*

Refunds are only permitted to be done at the respective PFOs, using Kundu Pei electronic fund transfers (EFT).

All district refund claims are to be submitted to the respective PFO of your district to process the refund. These claims can either be emailed or hand-delivered to the PFM. The PFM must vet all Refund Claims before making payment through Kundu Pei.

Refer to *Kundu Pei User Manual (BSP)*. The Manual provides the Refund Officer a guide on how to use Kundu Pei to refund legitimate Court Bail Refunds.

11.5.3.5 *IFMS refund/payment recording*

All refunds processed through Kundu Pei must be recorded in IFMS.

Refer to the *Kundu Pei Payment—AP Trust (BCOC & CM) IFMS User Manual*. The Manual provides the Refund Officer with a guide on how to enter Claimant refund claims and how to enter refund payments.

11.5.4 Refer to Receipting (Revenue) IFMS Training Manual CBCM. Forfeitures of Bail & Court Ordered Compensations

If the court orders forfeitures of bail, it becomes a fine and is regarded as non-tax revenue for the Government. As soon as fines are identified, the funds should be transferred out from the Bail & court Ordered Compensation Trust bank account to the Receiver of Public Monies (RoPM) and reflected in the trust ledger in IFMS as trust expenditure using economic item '123104 – Forfeitures of court bail'.

Further Information	fcd@finance.gov.pg
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