

FMM 03.13 Donations, and Goods Received Below Fair Value

13.1 Authority and Prescribed Requirements

- Public Finances (Management) Act 1995 (PFMA):
 - Section 13 – All public money, including donations and grants, must be deposited into the Consolidated Revenue Fund (CRF) unless otherwise authorised under a Trust Account or other approved arrangement.
 - Section 14 – No public money, including donated funds, shall be expended unless appropriated by law or specifically authorised.

13.2 Standards and Supporting Documentation

- IPSAS 23 – Revenue from Non-Exchange Transactions – Governs the recognition of donations, voluntary contributions, and assets received below market value as revenue in financial statements.
- IPSAS 17 – Property, Plant, and Equipment – Provides guidance on recognising donated assets and their valuation in financial statements.

13.3 Minimum Responsibilities

The Finance Minister and Department of Finance is responsible for approving the establishment of trust accounts for donations where required and ensuring all monetary donations are deposited into the CRF or an approved trust account. Setting reporting and disclosure requirements for donated funds and goods received at below-market value.

Departmental Heads must ensure all received donations are recorded in IFMS and reported in financial statements.

Finance Officers must record all monetary donations and conscious money under the appropriate revenue classification in IFMS. Ensure donated goods and assets are recorded under the appropriate asset register and disclosed in financial reports.

13.4 Mandated Policy

- 1. All monetary donations and in-kind contributions must be recorded, reported as a revenue, and disclosed at the time that it was receipted or**

in the case of non-cash items, when the donation is under the control of the agency.

2. Monetary donations must be deposited into a bank account within the Consolidated Revenue Fund (or respective General Fund) unless legally exempted or authorised under a Trust Fund arrangement.
3. Cash donations cannot be accepted.
4. In kind contributions (non-cash donations or discounts, goods, services and assets received below market value) must be recognised at fair value at the time of receipt in the agency's asset register (refer to the FMM Volume 3 on Asset Register).

13.4.1 Donations with Conditions

5. Donations with specific conditions (e.g., donor-specified use or reporting requirements) must be accounted for separately and used only for their intended purpose.
6. Assets that are purchased for use on donor related projects are not considered property of the State until project/agreement completion. Even in these instances, if the assets are under the control of the agency, the assets are recorded in the agency's asset register.

13.4.2 Recording and Tracking

7. Agencies must maintain detailed records of all received donations in their approved finance system and the chart of accounts must classify donations given for different purposes.
8. Agencies must submit annual financial reports on donation usage and compliance with donor conditions.

Further Information	frcd@finance.gov.pg
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