

FMM 03.14 Receipt of Grants and Special Purpose Funding

14.1 Authority and Prescribed Requirements

- Public Finances (Management) Act (PFMA) 1995

14.2 Standards and Supporting Documentation

- IPSAS 23 (Revenue from Non-Exchange Transactions)
- Development Cooperation Policy (Department of National Planning & Monitoring – DNPM)
- Finance Instruction 04/2019

14.3 Minimum Responsibilities

Department of National Planning & Monitoring (DNPM)

- Coordinates donor funding agreements and ensures alignment with government priorities.
- Monitors compliance with grant conditions and reports to development partners.

Departmental heads

- Maintain accurate records of received grants and their usage.
- Ensure that all grants and donor funds are deposited into the CRF/GF or an authorised Trust Fund.
- Submit financial and progress reports on grant utilisation.

Heads of Finance and/or 3rd party managing contractors

- Record all donor contributions in IFMS under the correct economic classification.
- Ensure funds are used only for their intended purpose.
- Monitor and reconcile grant balances regularly.

14.4 Mandated Policy

1. All grants, donor contributions, and special purpose funding received by the agency must be properly managed in compliance with the PFMA and any contribution agreements.
2. Special purpose funding (including intergovernmental grants and reciprocal funding) must be used strictly for its designated purpose.

14.4.1 Depositing and Recording of Grants and Donor Contributions

3. All grants, donor funds, and special-purpose government funding must be deposited into the Consolidated Revenue Fund or relevant General Fund unless held in an authorised Trust Fund.
4. Funds must be receipted and recorded in IFMS or the approved finance system immediately upon deposit and classified using the correct code in the Chart of Accounts.
5. Funding provided with conditions must be classified separately to ensure traceability.

14.4.2 Use and Accountability of Special Purpose Funds

6. Intergovernmental grants and reciprocal funding must be used strictly for their intended purpose (e.g., health, education, infrastructure, or emergency relief).
7. No agency may reallocate, repurpose, or retain unspent balances without Minister Finance approval and only where such decision complies with the original parliamentary decision or agreement for the funds purpose.
8. Annual reviews of special purpose funding arrangements must be conducted to assess efficiency, impact, and compliance.

14.5 Non-Mandatory Guidance

Nil

Further Information	frcd@finance.gov.pg
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