

FMM 03.16 Authority to Pre-Commit

16.1 Authority and Prescribed Requirements

- Public Finances (Management) Act 1995 (PFMA): Part VII – Procurement regulation and coordination specifies the role and function of the Authority to Pre-Commit (APC), APC Committee and the minimum requirements for obtaining an APC as well as the control of the warrant within the major procurement process.
- National Procurement Act 2018 (NPA) is the act that governs all aspects of public procurement by public and statutory bodies.

16.2 Standards and Supporting Documentation

- Nil

16.3 Mandated Policy

An APC is an authority that authorises an agency or National Procurement Commission (for procurement under the authority of the Commission) to enter into a contract for:

- the procurement of goods, works or services specified in the APC; and
 - an amount not exceeding the maximum amount specified in the APC.
- 1. An APC is required before a departmental head can execute any contract which is greater than the K1 million regardless of the source of funds. This includes contracts that may be 100 per cent funded from international agreements or own source funds.**
 - 2. An APC can only be issued by the APC Committee or their delegates (Section 40 of the PFMA).**
 - 3. An APC is issued as either a single year or multi-year. Generally, an APC is issued as a single year APC. Where the APC Committee considers, based on reasonable evidence presented to it, that a contract for the procurement of goods, works or services is to be executed over multiple financial years, the APC Committee may issue an APC under Section 42(1) to enter into a contract for the procurement of goods, works or services for multiple financial years.**

- 4. A contract entered into as a consequence of a multi-year APC is to be conditional in all future financial years on Parliament making sufficient appropriations in the National Budget to meet the undischarged obligations of the contract.**
- 5. To apply for an APC, an application must be made to the APC Committee and should outline:**
 - If the APC request is for single or multi-year contract
 - If a variation to an existing APC, the existing APC number
 - Value of the APC required to meet the contract award and the commitment in the Budget Year and forward years
 - APC Committee certificate to commence number
 - Details of the expenditure vote summary or other confirmation of funds
 - If partially funded other funds, details of the split between government and non-government sources
- 6. All agencies are required to track contract expenditure against the contract and use the APC number as the reference number.**
- 7. All agencies are required to maintain a contract register (refer to FMM Volume 3 FMM 03.18)**

16.4 Non-Mandatory Guidance

For agencies where the Integrated Financial Management System (IFMS) has been implemented, creating a new purchase requisition in IFMS will require the additional mandatory step of completing the APC Number field if issued for the contract.

16.4.1.1 AROs accountability and usage of APC Number field for IFMS

- i. Any requisition raised for a contract will require the ARO to enter the APC number into the APC Number field on the IFMS purchase requisition creation form.
- ii. APCs are required for all contracts greater than the threshold regardless of funding source and should be clearly stated on the FF3.

- iii. The APC field is now a mandatory field to be filled by the AROs regardless of the value of the actual claim being processed. Every claim processed must now be linked to the APC issued for the contract.
- iv. It is mandatory that the Purchasing Method field is also completed. For all contracts, AROs must use the TENDER or COI (if issued) as the Purchasing Method field.
- v. The APC Number must be entered exactly in the field. The number will be used to track payments within an APC contract commitment database and reported regularly as part of the cash management processes.

Further Information	frcd@finance.gov.pg
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