

## **FMM 03.27 Management of Overseas Funds, Financial Operations Overseas (Foreign Posts and Projects)**

### **27.1 Authority and Prescribed Requirements**

- Public Finances (Management) Act 1995 (PFMA):
  - Section 111 governs laws of another country applying to financial operations of agents of the State.
  - Section 116 No public money shall be kept in any place outside Papua New Guinea except with the approval of the Finance Minister and subject to such conditions as he determines.

### **27.2 Standards and Supporting Documentation**

- Nil

### **27.3 Minimum Responsibilities**

#### Department of Finance

- May issue directives, suspend, or terminate overseas accounts if reporting and compliance standards are not met.
- May undertake investigations into suspected financial misconduct or fraud, including abroad.
- Will oversee audit coordination and monitor the compliance of overseas posts with PFMA and financial instructions.

#### Department of Foreign Affairs and Trade (DFAT)

- Must obtain written approval from the Secretary for Finance for any overseas public bank account.
- Is responsible for developing and enforcing a financial operations manual for all diplomatic posts.
- Must ensure monthly financial reports and reconciliations are submitted to the Department of Finance.
- Must facilitate access for audit and investigation, including from Finance and the Auditor-General.

### Heads of Missions/Consulates/Overseas Posts or Projects

- Are accountable for public money held, collected, or spent at their overseas post.
- Must ensure funds are properly recorded, reconciled, and used strictly for official government purposes.
- Must enforce segregation of duties and keep accurate asset registers and procurement records.
- Have a duty to report suspected fraud or misuse immediately to the Secretary of DFAT and the Department of Finance.

### **27.4 Mandated Policy**

- 1. No funds may be held overseas without express written approval of the Finance Minister under Section 116 of the PFMA.**
- 2. All overseas public bank accounts must be reported to, and monitored by, the Department of Finance.**
- 3. All money held outside PNG must be recorded in the general purpose financial statements in PNG Kina at the prevailing exchange rate at the date of the statements.**
- 4. Overseas posts must operate in accordance with a Standard Financial Operating Manual, which must be endorsed by both the department responsible for Foreign Affairs and the Department of Finance.**
- 5. Monthly reconciliation of bank accounts, expenditure reports, and procurement summaries are mandatory.**
- 6. The National Procurement Act 2018 does not directly apply to goods and services procured overseas for consumption overseas, but a parallel procurement framework must be developed and approved for overseas operations as part of the Standard Financial Operating Manual.**
- 7. Fraud and financial abuse in overseas posts will be treated as a breach of leadership and criminal misconduct, and will be subject to investigation under PNG law.**

## 27.5 Non-Mandatory Guidance

- DFAT shall issue detailed standard operating procedures (SOPs) for:
  - Banking and revenue handling
  - Payroll and allowances for local staff
  - Management of travel advances
  - Small-scale local procurements
  - Use of corporate cards, if applicable
- Finance officers posted overseas must be trained in IFMS or any authorised financial system and be subject to regular refresher courses where IFMS is used.
- Overseas expenditure shall be captured and consolidated into PNG’s Whole-of-Government reporting under IPSAS where applicable.

<b>Further Information</b>	frcd@finance.gov.pg
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