

FMM 03.29 Recalled and Repaid Salaries

29.1 Authority and Prescribed Requirements

- Public Finances (Management) Act 1995 (PFMA)

29.2 Standards and Supporting Documentation

- Department of Finance Recalled and Repaid Salaries Business Process Government Payroll Policy 2024
- Banking and Reconciliation Guidelines
- IFMS Payroll Processing Module

29.3 Minimum Responsibilities

The Department of Finance (DoF) is responsible for:

- Managing the Salary Repaid Account held with BSP.
- Approving salary recall and repayment requests.
- Ensuring unclaimed salary repayments are returned to the CRF after one year.

The Payroll Accounting Branch (PAB) must:

- Identify and track undeliverable salary payments.
- Notify affected agencies and public servants of recalled salaries.
- Verify repayment claims and process salary refunds accordingly.
- Reconcile the Salary Repaid Account monthly.

Government Agencies must:

- Submit claims for repaid salaries with supporting documents.
- Ensure salary payments are processed with accurate banking details.
- Report overpayments or salary discrepancies immediately.

The Non-Tax Revenue Division (NTRD) must:

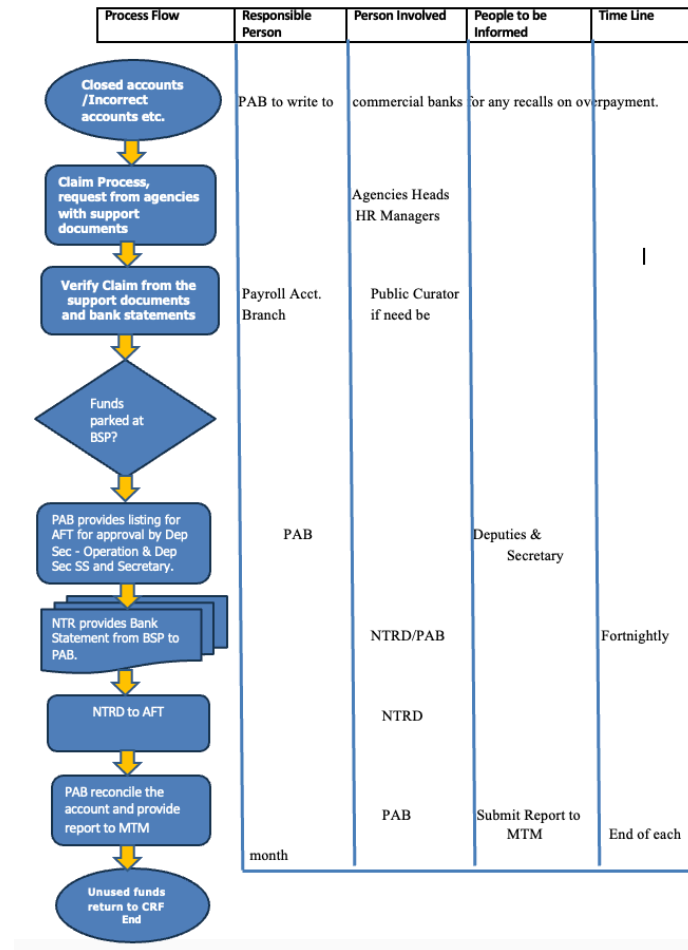
- Monitor the Salary Repaid Account transactions.

- Generate reports from BSP on repaid salaries.
- Process refunds using Authority for Funds Transfer (AFT) where applicable.

29.4 Mandated Policy

- 1. All recalled and repaid salaries must be processed in compliance with PFMA and payroll management policies.**
- 2. Salary payments that are undeliverable due to closed accounts, incorrect details, or deceased account holders must be recalled and temporarily held in the Salary Repaid Account.**
- 3. Recalled salaries may be refunded upon valid claims, supported by original payment details, valid ID, and bank account verification.**
- 4. Unclaimed funds must be transferred to the Consolidated Revenue Fund (CRF) at the end of each financial year.**
- 5. Payroll overpayments that have been recalled must be re-credited to the appropriate government agency's General Ledger (GL) account.**
- 6. Reconciliations must be conducted monthly to ensure proper tracking and reporting of salary recalls and repayments.**

29.5 Non-Mandatory Guidance



29.5.1 Identifying Undeliverable Salary Payments

- Payroll Accounting Branch (PAB) reviews salary payments that were not successfully processed due to:
 - Closed bank accounts
 - Incorrect banking details
 - Deceased employees
 - Other special circumstances (e.g., employees on extended unpaid leave)
- These salaries are moved to the Salary Repaid Account at BSP.

29.5.2 Processing Salary Repayment Claims

- Affected employees or their representatives must submit a formal claim to DoF, including:

- Valid ID
- Proof of original salary payment
- Bank account details (verified through a two-month bank statement)
- The Payroll Accounting Branch verifies claims and processes refunds through Automated Fund Transfer (AFT).

29.5.3 Handling Deceased Employee Salary Payments

- If the salary belongs to a deceased employee, the claim must be processed through the Public Curator's Office.
- The claimant must provide:
 - Death certificate
 - Court or Public Curator documentation proving authority over the estate
 - Proof of original payment details

29.5.4 Managing Unclaimed Salary Payments

- If salary repayments remain unclaimed for one year, they must be transferred to the CRF by December 31st each year.
- Recalled salaries that were overpaid due to system errors or incorrect payroll processing must be credited back to the relevant agency's General Ledger (GL) account.

29.5.5 Reconciling Salary Repayments and Reporting

- The Non-Tax Revenue Division (NTRD) requests monthly bank statements from BSP to reconcile the Salary Repaid Account.
- The Payroll Accounting Branch verifies all transactions and generates financial reports on salary recalls and repayments.
- Reports must be submitted to the Department of Finance for review and national reporting.

29.5.6 Salary Overpayments

Overpayments that are recalled by Payroll Accounting with authorisation from the affected agencies and are the subject of a separate FMM. Monies are re-credited back to the agencies' GL account through:

- Amending records in the system if occupancy records were used.
- Requesting ICT (Database team) to re-credit GL if overpayment occurred using offline data entry.

Further Information	frcd@finance.gov.pg
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