

FMM 03.36 Operation of Bank Accounts

36.1 Authority and Prescribed Requirements

- Public Finances (Management) Act 1995
 - Section 11 states that all public money must be deposited in bank accounts approved by the Secretary for Finance. Where banking facilities are not available, the Secretary will issue directions.
 - Section 5 Departmental heads must safeguard and account for all public money and ensure it is kept and used lawfully.

36.2 Standards and Supporting Documentation

Nil

36.3 Mandated Policy

36.3.1 Government Banking Framework

1. **The Waigani Public Account (WPA) is the principal bank account for the Government of Papua New Guinea and part of the Consolidated Revenue Fund. All national revenue—including taxes, grants, fees, levies, and borrowings—is deposited into the WPA and appropriated expenditures are paid from it.**
2. **A reporting entity shall have an operating bank account and this account is still part of the Consolidated Revenue Fund (or General Fund for provincial and local-level government entities)**

36.3.1.1 Approval of Bank Accounts

3. **No bank account may be opened or operated by a government entity, public body, or statutory authority without the written approval of the Finance department head.**

Applications must include:

- Clear justification (e.g. operational need, donor conditions, geographic location);

- Estimated cash flows and nature of transactions;
- Evidence of capacity for regular reconciliations and compliance with FMM policy;
- Confirmation that funds will be swept into the WPA if required.

4. Banks shall not permit a public or statutory body to open, maintain or operate a bank account without the consent in writing of the Finance department head. At the beginning of each fiscal year, the Secretary shall contact all banks in PNG to:

- Advise them that the prior consent of the Finance department head is required to permit a public or statutory body to open, maintain, or operate a bank account
- Advise banks of all approved accounts
- Require banks to search and examine their records within thirty (30) days to determine if they hold or operate any accounts in breach of Section 11 of the PFMA and to advise the Secretary for Finance

36.3.1.2 Closing of Bank Accounts

5. No account may be closed without prior written approval of the Finance department head.

6. Any unused balance must be returned to the Consolidated Revenue Fund WPA or General Fund (for provincial and local-level government).

36.3.1.3 Approved Banks

7. Public money may only be held in:

- Bank of Papua New Guinea (WPA);
- Commercial banks approved and gazetted by the Secretary for Finance.

8. The Department of Finance must review bank account approvals annually and liaise with all financial institutions to:

- Reconfirm approved accounts;

- Identify any accounts in breach of PFMA Section 11;
- Ensure full transparency and reporting to the Department of Finance.

9. Where an agency or an banking institution does not comply with information requests or directions given to it by the Finance department head, the Finance department head has the powers, by notice in writing to any bank in which a bank account has been opened, maintained or operated to transfer all funds in that account to the WPA and to close or otherwise allow the Finance department head to take over the operation of the account.

36.3.1.4 Depositing of Public Money

10. Any officer in possession of public funds (cash) must ensure those funds are banked at the earliest reasonable opportunity, which is defined as:

- By the next banking day, where an approved bank is within 10 kilometres of the point of collection.
- Electronic means (e.g. EFTPOS, online deposit) are the preferred method of banking and receipting.

36.3.1.5 Banking in Remote Locations

11. In areas without access to approved banking services, the departmental head must request specific instructions from the Finance department head for the safe holding and transfer of funds.

12. Special arrangements (e.g. mobile banking, periodic collection) will be issued and must be documented and followed.

36.3.1.6 Bank Account Maintenance and Compliance

13. All approved bank accounts must be fully reconciled, at least, monthly.

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