

FMM 03.39 Advances and Acquittals

39.1 Authority and Prescribed Requirements

- Public Finances (Management) Act 1995 (PFMA) Section 5 – Requires Departmental Heads to establish internal controls, including acquittal processes, to ensure proper accountability of public funds.

39.2 Standards and Supporting Documentation

- Finance Form 14 – Advances Schedule
- Finance Form 16 – Acquittal Form
- Finance Form 108 – Acquittal of temporary advance voucher

39.3 Minimum Responsibilities

Departmental heads must ensure that all advances, allowances, and payments requiring acquittal are reconciled within the prescribed timeframe.

Finance Officers/Authorising officers are responsible and must track and reconcile acquittals, ensuring that all transactions are properly recorded in IFMS and that necessary documentation is submitted.

Public Officers receiving cash advances, allowances, or procurement-related payments must acquit funds within the required period, submitting all required documentation and refunding any unspent amounts.

39.4 Mandated Policy

- 1. All government funds issued as advances such as for travel allowances, operational advances, purchasing, project expenditures, and other accountable payments must be fully acquitted within the prescribed timeframe. This includes advances made to suppliers on account for future expenditure.**
- 2. No cash advances are allowed, for example, for petty cash, travelling allowances or counter cash. Department heads can authorise advances for such special payments refer to FMM Vol 3.22 Processing Payments Where Cash Handling is Required.**

- 3. Travel allowances are to be paid into the officers bank account including payments for any overseas travel allowance.**
- 4. Where an agency has been paying operational advances for overseas costs, the agency needs to apply for a government corporate debit visa card and implement the necessary internal controls for the management of these cards to pay for costs *other than the costs of an officer's travel allowance which must be paid and incurred on their own bank accounts*.**
- 5. The value of the operational travel advance or activities should be based on the estimated costs that will be incurred and these costs should be specified and estimated individually by category for reasonableness and final acquittal (such as conference fees, accommodation, hire etc).**
- 6. Section 32 officers are empowered to approve advances only up to the limits of their delegation and a departmental head may specify additional approvals or retain the delegations for advances approval.**
- 7. An officer shall not use an advance for a purpose other than that for which it was intended.**
- 8. Acquittal of an advance is the personal responsibility of the holder of the advance.**

39.4.1 Register

- 9. Agencies are required to maintain a register of any advances made and Finance Form 14 – Advances Schedule or similar will be used for that purpose (including an electronic version). A register is to record the date of issue, the amount advanced, the purpose for which the advance is made and the date of repayment and/or acquitted.**
- 10. Where a register can be maintained in the agency's finance system using account entries on the balance sheet for prepayments, Finance Form 14 is not required as an advances schedule.**

39.4.2 Repayment and Acquittals

11. Advances must be repaid in full as early as possible where no repayment date is specified but the maximum will be the date of the acquittal which is:

- Travel and operational advances must be acquitted within 14 days of return from duty travel or project completion.
- Corporate card transactions must be fully acquitted within 10 working days of the end of each monthly billing cycle.
- Project-related payments, trust account disbursements, and grant expenditures must be acquitted within 30 days of expenditure unless otherwise specified in financial agreements.
- Any outstanding acquittals beyond 90 days will be treated as a financial irregularity and referred for further investigation.

12. The records for the acquittal are to be attached or recorded with the documentation for the original advance payment.

13. To prevent fraud and mismanagement, a monthly list of outstanding acquittals must be circulated to senior management, and any acquittals that remain unresolved after three months may be classified as an attempt to defraud the State.

14. A new advance will not be made for any purpose while the previous one to the same person is unacquitted except where evidence is produced that payment is still continuing and repayment action on the first advance is not deliberately delayed.

15. A salary advance is not payable except where a special pay has not been arranged in time on transfer of an officer from one location to another remote location.

16. A reimbursement is not an advance and should be claimed from the financial delegate concerned using the payment processes and supported by original receipts.

39.5 Non-Mandatory Guidance and Steps for Implementation

39.5.1 Pre-Acquittal Requirements – Establishing Advance Accounts and Requesting the Advance

- An agency should have established roles who are responsible for managing the advance register and in the case of advances managed on the finance system, created various advance categories in the chart of accounts as a current asset/prepayment.
- An agency department head should consider if applying and maintaining a government corporate debit visa card is more appropriate for the pattern and behaviour of use of advances (and these cannot be used for travel allowances or personal expenditure by the cardholder).
- The officer must submit a request for an advance stating the purpose, estimated amount, and justification. Attached to this advance should be documentation, for example, the supplier quote (if establishing an advance account with a supplier), travel itinerary etc.
- The request must be approved by a financial delegate before funds are disbursed.
- The advance must be recorded in IFMS under the recipient's name.

39.5.2 Acquittal Submission

- The officer must submit an acquittal report within the days specified (refer to policy above) of returning from duty travel or completing the assigned task.
- The report must include:
 - Original receipts and supporting documents
 - Breakdown of expenses against the approved advance
 - Refund of any unspent balance to be returned to the government account (details of this are to be supplied by the agency finance team)

39.5.3 Review and Reconciliation

- Finance Officers must verify the acquittal submission against the advance issued.
- If all supporting documentation is valid, the acquittal is recorded in IFMS, and the advance is cleared.
- If any amount is unaccounted for, the officer may be required to reimburse the missing funds.

39.5.4 Follow-Up on Outstanding Advances

- If an advance remains unacquitted after 30 days, the Finance Officer must issue a formal reminder.
- Advances outstanding for more than 90 days may result in salary deductions or disciplinary action.
- Non-compliance must be reported to the Department of Finance for further action.

Further Information	frcd@finance.gov.pg
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