

FINANCE MANAGEMENT MANUAL



Volume 4 - Government Financial Statements and Reporting



issued by Department of Finance

Definition of Reporting
Entity for Cash Based
Accounting

Preparation of General
and Special Purpose
Financial Statements

Keeping of Registers and
Period end Closing

Government of PNG

Financial Management Manual

Volume 4

Financial Statements and Reporting

This document is available in electronic form and is constantly updated. For the latest version of the manual and its volumes or any inquiries on this Document, please contact:

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The Finance Management Manual is designed to assist agencies in complying with the various public financial management legislations and to also assist department heads in developing a framework for the financial management of their agency.

Section 117 of the PFMA states that the Finance Departmental Head may issue Financial Management Manuals, not inconsistent with this Act, for instruction and guidance on the implementation of any matter for the better control and management of public moneys and public property.

Volume 1 discusses the principles underpinning public financial management in PNG.

Volume 2 discusses PNG's Public Financial Accountability and Governance.

Volume 3 discusses Procedures and Control of Public Accounts

Volume 4 (this volume) discusses financial reporting and provides specific guidance on financial reporting obligations, performance monitoring, and expenditure control measures required of public sector bodies in PNG.

Volume 5 discusses Internal Controls and Internal Audit

Volume 6 is an Elected Member's Guide to PNG PFM

Volume 7 is the Department of Treasury Budget Manual

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FMM 04.1 Financial Reporting Obligations

This volume of the Finance Management Manual provides guidance to Public and Statutory Bodies including Provincial Governments, and Local-Level Governments (LLGs) on fulfilling their reporting obligations.

It outlines the preparation and submission of required financial statements and reports, in compliance with the Public Finances (Management) Act 1995 (PFMA), Finance Instructions and released National Gazette notices.

It is intended to assist agencies in the preparation of financial statements and to ensure consistency in presentation and is not intended to duplicate or replace the IPSAS standards.

1.1 Mandatory Policy

- 1. All public sector entities must produce both annual financial statements and performance reports at specified intervals to discharge their accountability for public resources in accordance with Section 47L, 50, 63 and 71 of the PFMA and under Section 114 the Organic Law on Provincial Governments and Local-Level Governments.**
- 2. All public sector entities are required to make reports publicly available including their publishing on the agency's website where it is in the public interest to do so.**
- 3. Reporting entities are allowed to and encouraged to adopt the IPSAS standards. However, if the entity that is adopting the IPSAS standards and is a consolidating entity of the Government of PNG Public Accounts, the adoption and treatment needs to be identified for consolidation elimination purposes.**
- 4. The Finance Minister (Section 3), Treasurer (Section 3A) and Finance departmental head (Section 4) and Treasury department head (Section 4A – limited to budget and economic matters) has powers to request financial or other reports or any other records on such matters and in such form on matters relating to any area of responsibility of a departmental head.**

5. **In addition to the specified annual statements and reports required under Section 47L, 50, 63 and 71, the Finance department head will issue Finance Instructions specifying the form and content of special purpose financial statements, records or other matters as required.**
6. **The FMM will also specify specific records and registers that are required of all public entities, particularly this volume on financial reporting.**
7. **Bank reconciliations are to be performed regularly (if not daily) to ensure that reporting is accurate and reflects the balances of the bank accounts.**

1.2 Non-mandatory Guidance

The following are the main types of reports and statements for GoPNG:

- General Purpose Financial Statements (Annual Financial Statements) - Formal yearly financial statements prepared on a Cash Basis IPSAS format (or Accrual Basis IPSAS format if nominated), providing a full account of an entity's financial position and performance for the fiscal year.
- Special Purpose Financial Statements or Reports - the Finance Minister is required to publish within the 30 days after the end of a fiscal quarter, a summarised statement of the receipts and expenditure of the Public Funds up to that fiscal year. Therefore, all agencies who have received or expended public funds for that fiscal year are required to provide financial information to consolidate into this report and this is classified as a special purpose financial report and are not covered by the IPSAS standards.

Special purpose financial statements and reports are also any additional financial statements or schedules required for specific purposes (e.g. trust account statements, appropriation reports, or other statements as directed by Finance Instructions or the Finance Minister or Treasurer).

- Management and Performance Reports – Reports on non-financial and financial performance, including Performance & Management Plans (forward-looking plans at the start of the year) and Performance/Annual

Reports (backward-looking reports on operations and achievements, typically annual, as well as any interim performance reports required). These fulfill PFMA requirements (Section 50 for plans and Section 63 for annual performance reporting).

In addition to legislated financial reporting, agencies should have in place a series of Periodic Financial Reports which are routine monthly and quarterly reports that support oversight and control, such as monthly accounts and bank reconciliations, and quarterly budget execution and management reports.

These ensure issues are identified and addressed throughout the year rather than only at year-end.

A significant problem in producing financial reports to comply with the PFMA and Fiscal Responsibility Act 2006, is the completion of bank reconciliations. It is important that bank reconciliations are performed regularly (if not daily) to ensure that reporting is accurate and reflects the balances of the bank accounts.

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FMM 04.2 Definition of a Reporting Entity

Under the International Public Sector Accounting Standards (IPSAS), a *reporting entity* is typically defined as:

“An entity that prepares (or is required to prepare) general purpose financial statements. A reporting entity can be a single entity (such as a ministry or statutory authority) or a group of entities (such as a government-wide consolidation) where there exists the ability to exercise control over other entities and a need to present financial information about that group.”

A *government* (national, provincial and local-level) is a reporting entity according to the PFMA, as it provides consolidated financial information about all agencies or entities under its control.

Individual departments, statutory bodies, State owned enterprises, and trust funds can also be separate reporting entities—where there is a reporting obligation for external users such as Parliament, under donor agreements or the general public.

When determining if your agency is a reporting entity, key points are:

- Clearly defined accountability obligation for the agency to report financial information to users (Parliament, public, lenders, donors) who rely on general purpose financial statements to obtain information about the entity’s finances and performance. This may be clearly defined in legislation or an obligation under an agreement.
- Public accountability and service delivery for government agencies and their controlled entities for obligations to demonstrate stewardship of public resources and compliance with budgets or legislative mandates.
- IPSAS 35 (Consolidated Financial Statements) states that an entity should consolidate all entities over which it has *control*. A government (or a higher-level public entity) is deemed to control another entity if it:
 1. Has power over the other entity’s relevant activities,

2. Is exposed, or has rights, to variable benefits (not necessarily financial returns but also service potential) from its involvement with the other entity,
3. And can use its power to affect the nature or amount of those benefits.

If an entity meets those criteria, it is part of the reporting entity for consolidation purposes.

2.1 Mandatory Policy

1. **All Provincial and Local-Level Governments are a reporting entity to produce general purpose financial statements (GPFS) in accordance with Section 71 of the PFMA and Section 114 of the *Organic Law on Provincial Governments and Local-level Governments*.**
2. **Any Public or Statutory Body operating under its own Act or Authority is a reporting entity to produce GPFS in accordance with Section 47L or Section 63 of the PFMA and is required to consolidate any subsidiary statutory bodies under Section 49 of the PFMA.**
3. **A National Department is considered part of the National Public Services under Section 188(2) and is not an individual reporting entity.**
4. **For the purposes of Section 47L of the PFMA, the term ‘public body’ refers to statutory authorities and other entities legally distinct from the National Public Service and are consider a reporting entity to produce GPFS.**
5. **The Finance Minister (Section 3) or the Finance departmental head (Section 4) may make a determination that an agency is a reporting entity and is required to produce GPFS under the PFMA.**

2.1.1 Consolidation

6. **In line with IPSAS 35 and Section 49 of the PFMA, any public body (agency) that the Government (National, Provincial, or Local Level) controls must be included in consolidated GPFS of that agency. This notion of “control” arises if:**

- The entity is established by legislation that vests majority or significant control in the hands of the Government or an appointed board,
- The Government can appoint or remove majority board members, direct the entity's relevant activities, or substantially determine its budget or policy,
- The entity is primarily funded by or reliant on Government appropriations, and the Government can direct how those funds are used,
- The Government bears residual risks or has residual benefits from the entity's activities (e.g., surpluses returned to consolidated revenue, deficits covered by Government).
- Where there are voting powers, the agency controls, directly or indirectly, 50% or more of the voting powers of that body, or holds 50% or more of the issues shares or share capital of the body.

Entities satisfying these control conditions are generally within the Government reporting boundary.

2.1.2 Register of reporting entities

7. The Department of Finance is required to identify those Public Entities on its Register of Public Entities (refer to FMM 01.10) that are reporting entities for GPFS and publish on the Department of Finance website.
8. The Department of Finance is required to review the nominated reporting entities on an annual basis.

2.1.3 Reporting Entities consolidated in the Government of PNG Public Accounts

9. The National Departments and their subsidiary statutory bodies including held trusts are considered a consolidated reporting entity for GPFS (Economic Entity) and will be part of the Government of PNG Public Accounts GPFS. Under IPSAS "*consolidated financial statements of an economic entity in which cash receipts, cash payments and cash balances of the controlling entity and its controlled entities are presented as that of a single entity*".

2.2 Non-Mandatory Guidance

The IPSAS Financial Reporting Under the Cash Basis of Accounting is freely available and provides comprehensive detail on preparing GPFS using Cash Basis and guidance for additional elected disclosures.

2.2.1 Entities Not Consolidated

If an entity does *not* meet the control definition, it is not consolidated in the public accounts. Examples might include:

1. Private-sector or non-governmental organisations that receive public grants or contracts but are not under Government's power to govern financial/policy decisions,
2. Associations or Committees where Government is a partner but does not have the ability to direct the entity's relevant activities or access a majority share of its benefits,
3. Joint ventures or co-financed projects in which Government's influence does not rise to the level of control (though these may require proportionate consolidation or note disclosure under IPSAS, depending on the arrangement).

2.2.2 Special Cases and Disclosure

- If the Government or a public body holds shares in a company but does not control that company's strategic decisions, it is reported as an investment rather than being consolidated.
- Public-Private Partnerships (PPPs) is only consolidated if the Government meets the "control" criteria over an infrastructure asset or SPV (Special Purpose Vehicle), the asset and relevant liabilities should be included in the consolidated accounts. Otherwise, the arrangement may only appear as note disclosures.
- Sovereign Wealth Fund and Landowner Trusts (or similar trusts) are only consolidated if the Government has control over the sovereign wealth fund or trust fund; if not, it may be reported as a special purpose arrangement with separate financial statements, plus note disclosures in the Government's accounts.

2.2.3 Government Public Accounts (GPFS)

The National Public Accounts constitute the general purpose financial statements of the National Government's Public Fund, comprising the Consolidated Revenue Fund and Trust Fund. These accounts are prepared annually by the Department of Finance in accordance with the PFMA and Cash Basis IPSAS.

The Public Accounts provide a full statement of the government's revenue, expenditure, trust activities, and balances, and fulfil the legal obligation to publicly report on the financial performance and position of the National Government's Public Fund.

The National Public Accounts represent the financial statements of the National Government's Public Fund only. They do not include the financial results of public bodies such as statutory authorities or State-Owned Enterprises, which are legally and financially autonomous. These entities are required to report separately under Section 47L of the PFMA and are not consolidated into the Public Accounts. A future transition to full IPSAS accrual accounting would enable whole-of-government consolidation.

If an entity is partially owned or not controlled, it may only be disclosed as an investment in the notes.

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FMM 04.3 Application of IPSAS

3.1 Mandatory Policy

1. The Government of PNG and its reporting entities are to adopt the International Public Sector Accounting Standard (IPSAS) *Financial Reporting Under the Cash Basis of Accounting*.
2. Reporting entities are encouraged to adopt further non cash disclosures and commence preparations towards Accrual Based accounting.
3. Non Trading Reporting Entities that nominate reporting under an Accruals Basis are to adopt the IPSAS Accrual standards. except those identified as trading enterprises.
4. Under Section 62 of the PFMA, in the case of a statutory body that is declared by its governing law or by the Finance Minister to be a trading enterprise for the purpose of this section, the accounts and records required by Subsection (1) shall be kept in accordance with the accounting principles generally applied in commercial practice.

3.2 Non-mandatory Guidance

The IPSAS are issued by the International Public Sector Accounting Standards Board (IPSASB) and agencies are encouraged to visit this website

<https://www.ipsasb.org/standards-pronouncements>.

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FMM 04.4 Climate Change Risks and Financial Reporting

Introducing Environmental, Social and Governance Sustainability (ESG) was discussed in FMM Volume 2 (FMM 02.3) and recognises the need to modernise and align financial management with broader societal goals such as environmental sustainability, social equity and transparent governance.

Climate change poses significant financial, operational, and reputational risks for public sector entities—ranging from damage to infrastructure and assets to increased costs of disaster response, disruptions to service delivery, and potential liabilities.

These risks can also affect government revenue (e.g. decreased agricultural or tourism activity) and long-term economic growth.

4.1 Non-mandatory guidance

Although not mandatory for financial reporting disclosures, the collective FMM seeks to bring awareness to government agencies of this policy progression and eventual disclosure of climate related risks and its impact on future agency reporting. Under the FMM:

- Volume 02.3 requires agencies to incorporate ESG elements in governance and financial frameworks, particularly for risk management purposes;
- Volume 02.8 requires agencies to capture climate risks in fiscal planning and public asset management (in accordance with the *Climate Change (Management) Act 2025*; and
- Volume 03.32 requires an agency's asset register to log climate change-related risks to public assets and incorporate them into asset life-cycle planning.
- Volume 7 discusses the requirements to capture climate change as part of cross-cutting issues as well as the sustainability in major projects. These considerations are mandatory under the Public Investment Program National Budget submission process.

The International Public Sector Accounting Standards Board (IPSASB) is actively exploring sustainability reporting in the public sector (e.g., consultation papers on natural resources, discussion about potential guidance for climate-related disclosures). Currently, there is no standalone IPSAS dedicated to climate-change reporting, but the general IPSAS disclosure framework can accommodate climate information under risk disclosures (IPSAS 1, 19, 20, etc.) in accrual-basis entities.

For cash-basis entities, climate-related items could appear as contingent liabilities or notes on potential impacts and risks and agencies are encouraged to do so.

4.2 How to recognise material climate risks and their impact

Climate change can be disclosed or occur in public sector financial reports through:

- Damages to assets (e.g., roads, public buildings) from rising sea levels, extreme weather events (floods, cyclones, drought), and potential disruption of service delivery.
- Policy changes (e.g., carbon taxes, new environmental regulations) leading to increased compliance costs or stranded assets.
- Government obligations for disaster relief, rehabilitation, or potential litigation if communities or other entities hold the government accountable for climate impacts.
- Reduced tax base from affected industries (e.g., agriculture, tourism) or changes in resource revenue.
- Climate adaptation and mitigation programs might require significant budget allocations, affecting overall budget and performance targets.

4.3 Optional approaches to reporting climate-related risks

Reporting entities are encouraged to report or introduce frameworks to enable future report through risk disclosure in notes.

For Cash-Basis Reporting Entities this is the recognition in the notes of significant climate vulnerabilities, contingent obligations, or resilience

measures planned. This includes all large-scale climate-related obligations, such as disaster relief programs or major infrastructure adaptation.

For Accrual-Basis Entities:

1. Under IPSAS 19 (Provisions, Contingent Liabilities, and Contingent Assets), entities can disclose climate-related contingent liabilities if it is probable (though not fully certain) that a significant outflow of resources may occur in the future due to climate events or litigation.
2. IPSAS 1 encourages disclosure of key judgments in applying accounting policies, including areas of estimation uncertainty. If climate factors materially affect asset valuations or residual lives, and disclosure is in the notes.

All agencies can consider inclusions in performance reporting (including performance management plans required under the PFMA), by:

- Provide narrative discussion of the agency’s climate strategies, adaptation/mitigation efforts, and how these are funded.
- Outline climate-resilient investment plans or climate adaptation measures in service delivery. Show budget allocations and spend for each project.
- Inclusions in the annual management plan and corporate plan of agencies of forward-looking climate analyses, including identification of climate risks in the agency’s risk assessment processes and adaptation of climate change in asset replacement and rehabilitation.

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FMM 04.5 Annual General Purpose Financial Statements (GPFS)

All government reporting entities are required to prepare annual financial statements as their primary general purpose financial reports. These Annual General Purpose Financial Statements (GPFS) must comply with IPSAS and with the legal framework set out in the PFMA, Finance Instructions and the Government of PNG Finance Management Manual (this manual).

5.1 Mandated Policy

5.1.1 Submission & Deadlines

- 1. The GPFS are to be completed within 3 months after year-end and submitted to the Auditor-General who will conduct the audit.**
- 2. The reporting entity GPFS should be compiled and responsibility for preparation lies with the departmental head including the Provincial Administrator and the LLG Manager respectively, who must ensure the statements are completed and submitted.**
- 3. Bank reconciliations are to be performed regularly (if not daily) to ensure that reporting is accurate and reflects the balances of the bank accounts.**
- 4. The agency GPFS that form part of the Whole-of-Government Public Accounts are to be submitted to the Department of Finance within 3 months after year-end and earlier submission facilitates finalising the Whole-of-Government Public Accounts.**
- 5. In all cases, non-compliance with the required format or failure to produce the statements can trigger sanctions (PFMA Section 71 and Section 114 enforce compliance).**
- 6. The GPFS is to be prepared using International Public Sector Accounting Standard (IPSAS) Financial Reporting Under the Cash Basis of Accounting (IPSAS Cash Standard). For this standard, all reporting entities are to comply with the IPSAS Cash Standard under Part 1, and Appendix 1A provides templates for these statements:**

- 1A Financial Statement for National Government A
- 1B Government Entity B (this entity controls its own bank account)
- 1C Government Department C (this entity operates within the WPA)

- 7. The Government of PNG has elected for its reporting entities to disclose additional non-cash information in the notes to the financial statements and the templates for the discloses are provided as Part 2 of the IPSAS Cash Standard:**
- 8. Non-cash grants and in-kind contributions, Borrowings and other liabilities, investments, commitments and contingent liabilities, performance indicators and the achievement of service delivery objectives.**

5.1.2 National Departments

- 9. The departmental head should ensure that the department's accounts for the year are accurate and complete in IFMS, and cooperate with Department of Finance and Auditor-General requirements for the national financial statements.**

5.1.3 Provincial Governments and Local-Level Governments

- 10. Under Section 114 of the *Organic Law on Provincial Governments and LLGs* and PFMA Part IX, every province and LLG must prepare a full set of annual financial statements and comply with this FMM and adopt the templates provided as an Appendix A to this FMM Volume 4.**

5.1.3.1 Mandatory Components (refer to Appendix A for sample statements)

- 11. Appendix A to this FMM Volume, format (and the statements can be produced by IFMS) include five core components and also require an additional disclosure of commercial enterprises (interests):**
- **Declaration by Management** – A statement signed by the Provincial Administrator and Finance Manager (for provinces) or LLG CEO and District Finance Manager (for LLGs) certifying that the financial statements fairly present the financial affairs and that they comply with PFMA and IPSAS requirements.

- **Statement of Cash Receipts and Payments** – The primary financial statement showing total cash receipts and cash payments for the year, classified by appropriate categories (e.g. by sources of revenue and types of expenditure) for the reporting entity’s operations. It should also show the opening and closing cash balances for the year. *(For transparency, separate columns or sections can distinguish controlled funds vs. administered funds, if any).*
- **Statement of Budget Comparison (Budget to Actual Statement)** – A comparison of actual receipts and payments against the final approved budget for the year, showing variances. As Provincial Governments and LLGs receive budget appropriations approved by Parliament and deliver their budgets in accordance with the Provincial Executive Council, this statement is required to demonstrate compliance with budget limits. Major variances should be explained in the notes.
- **Notes to the Financial Statements (including Accounting Policies)** – Detailed notes providing accounting policies and additional information on amounts in the statements. Each entity should disclose the specific accounting policies used (e.g. cash basis of accounting, classification definitions) and provide breakdowns of key figures. Notes are to include analyses of significant receipt/expenditure categories and explanations for important trends or anomalies. They should also list any payments made on behalf of third parties or receipts collected on behalf of the national government, etc., as applicable.
- **Schedules of Assets, Liabilities, and Commitments (Non-cash disclosures)** – While not part of the core cash receipts/payments statement, Provinces and LLGs are encouraged (and in some cases required by Finance Instructions) to disclose balances of assets, investments, outstanding liabilities (such as payables or loans), committed expenditures, un-acquitted advances, and contingent liabilities at year-end.
- **Sub-national commercial enterprises** – the accounts are to declare any commercial enterprises and their financial performance in the annual financial statements.

12. **If any modifications to line items are needed of this template to suit an agency's operations, they should be minimal and explained (to maintain comparability) within the notes to the financial statements.**

5.1.3.2 District Development Authorities

13. **District Development Authority (DDAs) are classified as a reporting entity and District/Provincial Treasury will continue to compile all mandatory reports for DDAs using the mandatory reporting templates used for PG&LLG.**

5.1.4 Statutory Bodies

Statutory authorities, state-owned enterprises, and other public bodies established by law must also prepare annual financial statements. Under Section According to PFMA Section 47L and 63, GPFS are to be completed by all statutory bodies, overriding any contrary provisions in their own establishing Acts.

14. **Public and Statutory Bodies who are self-accounting entities can nominate to adopt an accrual basis of accounting under IPSAS.**
15. **Section 63 of PFMA explicitly states that "trading enterprises" should follow commercial accounting practices.**
16. **All statutory bodies defined by the PFMA and are a reporting entity are to submit their GPFS and performance reports under Section 63 and this applies **without exception** to *all* such bodies.**

5.1.4.1 Contents

17. **Every statutory body's annual report package to Department of Finance by 30 June of the fiscal year, should include at minimum:**
 - **Annual Financial Statements** for the year (either in full accrual format with notes if the entity uses accrual accounting, or in the prescribed cash/modified format if not), and
 - **Performance/Management Report** on its operations (see Section 4 below for details on performance reporting). The financial statements should be prepared in accordance with the entity's applicable standards, and include comparative figures, notes, and a statement of responsibility

by management or the Board. Templates or reporting formats provided by the Department of Finance or Auditor-General should be adhered to for consistency.

5.1.5 Audit and Submission

- 18. All GPFS must be submitted for audit to the Auditor-General promptly after preparation before they are officially submitted to the Minister for tabling. PFMA Section 63 requires that the financial statements be audited (or reviewed) by the Auditor-General prior to submission.**

By fourth month each year, the final Annual Report and Financial Statements for the previous fiscal year must be provided to the Auditor-General and notified to the Minister Finance.

For public and statutory bodies, this is a statutory deadline under PFMA Section 47L and 63(2). The Minister (Finance Minister) will then present these reports, along with the Auditor-General's report, to the National Parliament.

5.1.6 Publication and Compliance

- 19. All reporting entities must publish their annual reports (including financials) once tabled in Parliament, ensuring that any publication includes the Auditor-General's opinion or review as required by law.**

Failure to submit reports on time can lead to serious consequences. For statutory bodies the PFMA Section 64B allows the Finance Minister to issue a notice of non-compliance and without remedy can provide a recommendation to the NEC for the suspension or termination of the departmental head or members of the controlling authority.

5.1.7 State Owned Enterprises

For government-owned corporations under Companies Act, their own legislation identifies their reporting requirements and generally required to

follow accepted accounting standards (often within 4-6 months of year-end for AGM).

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FMM 04.6 Keeping of Registers to support Annual Financial Reporting

6.1 Mandatory Policy

1. All agencies are to keep registers necessary for the completion of the GPFS and final accounts, namely:

6.1.1.1 Commitments (Contracts) Register (FMM 03.18 and FMM 03.41)

- Tracks major purchase orders, Authority to Pre-commit, contracts, and future obligations.
- Includes contract details, amounts committed vs. paid, and remaining balances.
- The value of the commitments and their timing of commitment by fiscal year must be disclosed in the GPFS.

6.1.1.2 Losses and Deficiencies Register (FMM 03.43)

- Records all incidents of losses, theft, damage, or deficiencies of public monies and properties.
- Includes date, description, value, responsible officers, investigations, and final disposition (e.g., recovery, write-off).

6.1.1.3 Contingent Liabilities Register (FMM 03.41)

- Tracks possible obligations dependent on future events (e.g. legal claims, guarantees).
- The value of material contingencies and their possible timing by fiscal year should be recorded a disclosure for the GPFS (IPSAS Cash Basis recommends disclosing material contingencies).

6.1.1.4 Unacquitted Advances (Imprest) Register (FMM 03.21 and FMM 03.38)

- Records advances for travel, projects, or petty cash, along with their acquittal status.
- Ensures outstanding advances are regularly reconciled and cleared.

6.1.1.5 Investment Register (FMM 03.39)

- Documents all shares, term deposits, equity interests, and other long-term or short-term investments held by the agency. This should also include interests or running of commercial enterprises.
- Key details typically include the date of acquisition, valuation method (if applicable), dividends or interest earned, and disposal (if any).

6.1.1.6 Asset Register (FMM 03.32)

- Records the agency’s physical assets (buildings, vehicles, equipment) and possibly intangible assets.

6.1.1.7 Liabilities (Borrowings) Register (FMM 03.44)

- Tracks loans, bonds, or other debts incurred by the agency (centrally registered by the Department of Treasury).
- Records principal, interest rate, repayment schedule, and outstanding balance.

6.1.1.8 Trust Accounts Register (if applicable) (FMM 03.36)

- For agencies managing separate trust funds, details each trust account’s purpose, signatories, balances, and key transactions (centrally registered by the Department of Finance).

6.1.1.9 Inventory / Stores Register (FMM 03.34)

- Tracks stock levels, issues, and balances of consumables where material (like pharmaceuticals, spare parts, or stationery) to reduce theft or wastage.

6.1.1.10 Bank Accounts Register (FMM 03.35)

- Lists all operational, project, or trust bank accounts under the entity’s control (centrally registered by the Department of Finance).
- Records bank, account number, signatories, and purpose.

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FMM 04.7 First Time Reporting for New Agencies

Where there is a newly created agency (such as a new statutory authority) which is also a new reporting entity, there is a requirement to ensure that there is clarity on the legal authority under which the agency was established and how to address any transitional requirements including transfers of assets or liabilities from another government entity.

7.1 Mandatory Policy

FMM Volume 1 – FMM 01.09 and FMM 01.10 provides specific policy and guidance on the restructure, acquisition or winding up of public entities.

- 1. In the agency’s first set of financial statements, a note to the accounts (or explanatory statement) must clearly cite the legislative or administrative instrument by which the agency was created. For example:**
 - *Gazettal Notice* issued under the Public Services (Management) Act, referencing the specific Gazette Number and date;
 - *Enabling Act of Parliament* if established by a stand-alone statute;
 - *Ministerial Determination or NEC Decision* if that is the formal basis.
- 2. Where the new agency inherits assets or liabilities from another government entity (e.g., upon restructure, merger, or spin-off) and a material error in respect of those balances is subsequently identified—originating from the transferor’s accounting treatment—the new agency must:**
 - Recognise the identified error, and
 - Correct the error by making an adjustment, either:
 1. For accrual-basis entities to equity (rather than re-stating prior-year results, if there is no prior comparative year for this new entity), and
 2. For cash-basis entities, this approach also applies conceptually—though no “equity” is formally recognised, the entity may record

an adjustment in an opening-balances note or disclaim the inherited error if it is immaterial.

- Include a note explaining the nature of the error, the fact that it arose from the transferor's prior accounting, and the quantum of the adjustment.
- 3. This policy applies at the earliest reporting date after discovery of the error, ensuring transparency from the inception of the agency's financial statements.**
 - 4. The new agency must adopt the standard government chart of accounts (if on IFMS) or an approved chart consistent with relevant Finance Instructions or the collective policy of the FMM.**

7.2 Non-mandatory Guidance

Publishing the first set of financial statements for a new entity is an important milestone for the entity and have some special requirement to recognise not only its first fiscal year but also any inherited foundation financial transactions.

All inherited assets (buildings, equipment) and outstanding liabilities (creditors, unacquitted advances) should be catalogued and included in a first-year opening statement or note, referencing any supporting handover documentation from the predecessor entity.

Maintain clear records of transfer-in events, including official handover letters, schedules of assets/liabilities, valuations, and any relevant documentation for auditing purposes.

If the new agency is on accrual basis IPSAS, apply IPSAS 3 (Accounting Policies, Changes in Estimates and Errors) principles for error correction, with the equity adjustment approach.

For performance reporting under PFMA Section 47L, 50 and 63 obligations, include in the first annual report a statement of goals, outputs, and how the new agency's activities fit within the wider government framework.

7.2.1 Example Disclosure

Note X: Establishment of the Agency

"Agency XYZ was established on [Date] under [NG Gazettal Notice No. XX / Act

of Parliament], with effect from [Date]. The core mandate of Agency XYZ is to [briefly describe mandate/roles].”

Note Y: Correction of Opening Balances

“During the year, the Agency XYZ discovered a material misstatement in the equipment transferred from Agency ABC. The item had been overstated by K500,000 in the agency’s records. Since this error relates to the opening balances, the Agency has recognised the correction by reducing the value in the asset register and adjusting the equity account by K500,000. This approach is consistent with the Agency’s policy for first-time reporting entities and relevant accounting standards.”

Further Information	frcd@finance.gov.pg statutoryreporting@finance.gov.pg
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FMM 04.8 Final Reporting of Abolished Agencies

There are occasions where an agency is abolished or is in the process of being dissolved and will be required to complete final financial statements.

8.1 Mandatory Policy

FMM Volume 1 – FMM 01.09 and FMM 01.10 provides specific policy and guidance on the restructure, acquisition or winding up of public entities.

- 1. Any agency whether previously a reporting entity or not is required to prepare final financial statements and include a note that must clearly state the legal or administrative authority under which the agency is dissolved. Examples of this abolition include:**
 - A *NG Gazettal Notice* pursuant to the Public Services (Management) Act (including Notice number and date);
 - A *Repealing Act* or legislative instrument dissolving the agency;
 - A *Ministerial Directive* or NEC Decision explicitly shutting down operations.
- 2. The final financial statements must specify:**
 - The exact period covered (e.g., “1 January 20XX to 30 June 20XX” if it is a partial year);
 - How comparative figures are presented if the final period is shorter or otherwise differs from previous reporting periods.
- 3. Where this decision is made for a commercial enterprise or subsidiary statutory body, the agency must disclose whether it has prepared the final financial statements on a going concern basis or on another basis (Where the government’s plan involves transferring certain assets, liabilities, or functions to a successor agency (refer to FMM 04.7 above), the financial statements should clarify these transfers and any residual matters).**

8.2 Non-mandatory Guidance

Winding up or abolishing an agency is a long and complex process and the financial statements are usually part of the final work that is undertaken:

1. If any assets or liabilities will be transferred to another government entity, outline the transfer arrangement (including referencing relevant schedules, if known at the date of final statements).
2. The final statements must still be audited and the agency (or the Department of Finance if overseeing the abolition) should facilitate the Auditor-General’s review before official closure.
3. Even upon abolition, financial and administrative records must be archived or transferred as per Public Services (Management) Act or PFMA provisions, (FMM Volume 2 FMM 02.12) on retention of financial data and records.

8.2.1 Example Disclosure

Note X: Basis of Abolition and Reporting Period

“On 30 June 20XX, the agency was abolished under National Gazette Notice No. XXX (pursuant to Section XX of the Public Services (Management) Act). These financial statements cover the period 1 January 20XX to 30 June 20XX. Comparative figures for the prior 12-month period are presented, but the current period is six months only due to the agency’s closure.”

Note Y: Going Concern

“These final financial statements have been prepared on a basis other than going concern because the agency has ceased operations. All remaining assets and liabilities will be transferred to the Department of ABC in accordance with the Gazette Notice. Therefore, no assumption is made about the agency’s continuity beyond 30 June 20XX.”

Further Information	statutoryreporting@finance.gov.pg
Version	Version 1.0
Date Issued	30 June 2025

FMM 04.9 Special Purpose Financial Statements and Other Reports

In addition to the general purpose GPFS, agencies may be required to prepare special purpose financial statements or reports for specific needs. These are typically dictated by Finance Instructions, the Finance Minister or Treasurer's directives (Budget Circulars), or specific statutory requirements. They can also be prepared in compliance to loan agreements or conditions of a grant or other form of agreement.

9.1 Mandatory Policy

- 1. All agencies under the scope of the PFMA must comply with a request for reports or other records by the Finance Minister, Treasurer, Finance department head on any matter related to the agency departmental head responsibilities and the Treasury departmental head can request reports on budget and economic matters.**
- 2. The form of the request is not prescribed but specified by the requested accountable officer and should also specify the exact information required, format and the deadline.**
- 3. Other requests for reporting, records or any other form of information can also be issued under Finance Instructions or through the Finance Management Manual, under Section 117 of the PFMA by the Finance departmental head.**

An example might be the Treasurer directing a statutory body to produce a special audited financial statement to comply with Non-tax Revenue Administration Act Determinations.

Non-compliance is an offence – failing to comply can result in prosecution or sanctions. While these are not routine, the existence of these provisions means agencies should maintain accessible financial records throughout the year in case additional reports are required.

9.2 Non-mandatory Guidance

Special purpose reports are not for general dissemination but for particular stakeholders or purposes.

Key examples include:

1. **Trust Fund Cashflow Statement:** If an agency administers **trust accounts** or special funds (e.g. donor grants, project funds, court trust monies), it may need to prepare separate financial statements or schedules for those funds. *For example, a department managing a donor-funded project might produce a statement of receipts and payments specific to that project, to report to the donor.*

The Department of Finance often issues instructions on trust account reporting. These statements would typically be on a cash basis (showing opening balance, receipts, payments, closing balance for the trust fund) and should be audited as required by the trust arrangement. Agencies should include trust fund summaries in their annual GPFS notes (as provinces/LLGs do) and also furnish any standalone reports required by donors or Finance.

2. *Appropriation and Budget Reports/ Cash Forecasts:* National Departments are required to produce a quarterly set of reports on budget (Statement of Appropriations – basically showing the original budget, warrants received, actual expenditures, and unexpended balances for each program or vote). While IFMS can generate standard appropriation reports, departments might compile these as a part of their internal annual report. Such a report format would be as determined by the Department of Treasury and, if required, will be communicated via circular.

Further Information	frcd@finance.gov.pg
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FMM 04.10 Reporting to Treasury

The Department of Treasury have obligations to deliver a National Budget and to do this effectively it needs to understand the context of agency National Budget submissions and service costs. The Treasury has specified very specific types of information that are required as part of the budget execution and budget formulation processes and these are at minimum outlined below.

10.1 Mandatory Policy

- 1. Agencies are required to submit to the Treasurer within 30 days of their completion the following (refer to the following FMM Volume 3 3.11 on these obligations):**
 - Annual Performance Management Plan (APMP) or the Annual Workplan that captures outputs, KPIs and budget link for the year. This will form the benchmark for quarterly reviews.
 - Corporate Plan when this is approved by the department head or Board of an agency (usually each three years) and should be forwarded to Treasury to enable them to understand the priorities for the agency when developing the National Budget.
 - Investment and Procurement Plan that lists all PIP and internally-funded capital projects and major procurements and should align to the PIP budget and updated whenever NEC approves changes including the cessation or commencement of a new project.
 - Cash-Flow Forecast which is specifically called for following the certification of the National Budget and is the 12 month projection of monthly cash needs by Vote and Funding Source. This is updated when forecasts deviates by > 10 % in a subsequent QBR.
 - Quarterly Budget Review (QBR) consolidates financial execution (budget vs actual), performance dashboard (KPIs vs target) and procurement status information as the templates for these are provided on the issuance of a Department of Treasury Budget Circular (refer to Volume 7 for more information). This is auto-populated from IFMS and agencies add narrative on variances and remedial action.

- Annual Performance Report (APR) compares year-end KPI results to initial APMP targets.
- Audited Financial Statements within the IFMS or approved finance system and following the Auditor-General external audit opinion and management letter.

Further Information	enquiries@treasury.gov.pg
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FMM 04.11 Management and Performance Reporting

In addition to pure financial statements, public sector agencies must engage in performance management reporting to link financial results with service delivery and targets.

11.1 Mandated Policy

11.1.1 Annual Performance and Management Reports and Plans

- 1. The PFMA outlines through Section 47L and Section 63 - Performance and Management Reports as mandatory submissions to the Finance departmental head.**
- 2. The PFMA Section 50 - Performance and Management Plan as mandatory submission to the Finance departmental head.**
- 3. This mandatory submission is required for reporting entities only and agencies (usually offices or projects or limited life units or committees) who are not reporting entities but are controlled by a reporting entity, are required to contribute to the Performance and Management Reports and Plans of their reporting entity.**
- 4. At a minimum, a Performance and Management Report should cover:**
 - 1. Overview of the Year** – agency mission and objectives (as per the plan), key achievements, and significant challenges or issues faced.
 - 2. Performance by Program/Activity** – a review of each major program, project, or functional area, comparing planned targets (from the Performance Plan or Budget) to actual results. This should include quantitative measures where possible (e.g. number of schools built, patients served, inspections conducted, etc., depending on the agency) and qualitative analysis.
 - 3. Financial Performance Summary** – a summary of budget allocation vs expenditure by program (linking to the Statement of Budget Comparison in the financial statements), highlighting any major

variances and explanations. It may also include analysis of revenue performance (for revenue-collecting agencies or statutory bodies with income streams). Essentially, this ties financial inputs to outputs/outcomes.

4. **Compliance and Governance** – statements on compliance with PFMA (for example, whether financial reports were submitted on time, whether audits are up to date), and governance matters like board meetings held (for statutory bodies), internal audit activities, etc.
5. **Future Outlook** – brief mention of plans for the next year or areas of focus (closing the loop to the next Performance Plan).
6. **The Annual Performance Report should be approved by its governing board for a Statutory Authority or approved by the Minister for a Public Body.**
7. **A statutory body is required to submit a Performance Management Plan which is a forward-looking document that outlines the agency's goals, key outputs, and financial/resource plans for the upcoming year. The plan should include: major programs and activities to be undertaken, performance metrics, and projected financial requirements (budget allocations) for those programs.**

11.1.2 Quarterly Report on Financial Management

8. **Under Section 5(5)(c) the departmental head of an agency shall as soon as practicable after the end of each quarter of each fiscal year, submit to the Finance departmental head a report on the financial management as required by the Act.**
9. **After the end of each quarter (Q1 ends 31 March, Q2 30 June, Q3 30 Sept, Q4 31 Dec), agencies should compile a financial management report and submit it to the Finance department head no later than 7 days after the quarter's end. For example, the Q1 report (Jan–Mar) is due by April 7.**

- A list of approved programs (or functions) for the year, with their corresponding activities or projects. (If an agency doesn't use a Program Budget structure, it can list by divisions/functions instead.)
- For each program/function, a Program/Function Evaluation Report summarising progress of that area.
- Activity/Project performance reports for each major activity and project, detailing implementation status, outputs, and any issues.
- Revenue performance (if applicable) showing for each revenue source the estimated revenue vs actual collection to date, including an explanation for any shortfalls or arrears. For example, if an agency is supposed to collect fees or internal revenue, report how much has been collected versus the target, and explain any arrears or delays.
- Expenditure performance – the report should include financial tables for expenditures by program (or economic category) against the quarterly budget or year-to-date budget. (The inclusion of a budget comparison is important to highlight overspending or underspending early.)
- Internal monthly reviews - the report can append any internal monthly review documents or minutes, highlighting problems identified and corrective actions taken during the period.

11.2 Non-mandatory Guidance

As with other reports, submission by email is preferred to statutorybodies@finance.gov.pg. Timely submission of quarterly reports is monitored.

To ensure continuous monitoring of performance throughout the year, all public and statutory bodies are required to submit quarterly financial management reports and a circular is usually issued by the Department of Treasury and/or National Planning & Monitoring on quarterly budget reviews. These are typically internal reports (not published externally) but are used by central agencies to track progress.

The quarterly report can be in a narrative Word/PDF document with embedded tables and charts. The Department of Finance may issue a standard template; if so, agencies should use it for consistency. Where possible, attach

system-generated reports. The narrative should focus on explaining significant variances from plan and what management is doing in response.

11.2.1 Monthly Operational Reports (Internal)

While not formally required to be submitted to Finance (except for financial data mentioned in Section 5 below), many agencies find it useful to do brief monthly reporting internally.

This could include a summary of key activities accomplished in the month, budget utilisation to date, and any issues needing leadership attention. Such internal reports feed into the quarterly report.

If an agency has an internal audit or monitoring unit, they should verify critical figures (like budget execution rates) each month. Though not mandated for all agencies to send monthly performance reports to Finance, some central agencies or high-priority programs might have to. Always follow any specific instructions from your oversight Ministry regarding monthly progress updates.

Further Information	frcd@finance.gov.pg statutoryreporting@finance.gov.pg
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FMM 04.12 Period-End Closing Procedures (Monthly & Annual)

Timely and accurate financial reporting is only possible if agencies follow disciplined period-end processing. Period-end processing refers to the set of activities at the end of a financial period – typically each month, and additionally at year-end – to finalise the accounts for that period.

Establishing a clear period-end routine helps ensure that all transactions are recorded, reviewed, and corrected in time, and that reports can be produced by the due dates. This section defines the period-end process for both monthly closes and the annual close, and provides a detailed checklist/calendar for tasks from T–5 (five days before period end) to T+10 (ten days after period end).

12.1 Mandatory Policy

- 1. All departmental heads must ensure that the agency has a documented period end and fiscal year-end financial period-end processing schedule to ensure the accuracy of the accounts. These are legislated obligations under Section 5, 47K, 62 and 68 of the PFMA to keep proper accounts and records of its transactions and affairs.**
- 2. The Department of Finance must advise through Finance Instruction prior to the end of the fiscal year of any fiscal year-end financial period-end processing cut-off dates for completing the public accounts to assist in reporting and consolidation.**

12.2 Non-mandatory Guidance

12.2.1 What is Involved in Period-End Processing?

Monthly period-end processing involves closing out each calendar month's financial records. Even though the government operates on a cash basis, monthly cut-offs are essential for meaningful monthly and quarterly statements and for detecting errors.

Activities include verifying all revenues and expenditures of the month are entered, reconciling records with bank accounts, and establish strict protocols for the period against further entries once finalised.

Annual period-end processing (for the fiscal year ending) includes all the monthly close steps ~~for~~ plus additional year-specific actions: ensuring all twelve months are finalised, preparing annual financial statements, liaising with external auditors, and resetting for the new fiscal year.

Key objectives of period-end processing are:

1. **Completeness:** All transactions that belong to the period are captured in the accounts (and none from the next period are mistakenly included).
2. **Accuracy:** Errors or mispostings are identified and corrected via journal entries before finalising.
3. **Reconciliation:** The accounting records (cashbook, general ledger) are reconciled to external records such as bank statements.
4. **Cut-off enforcement:** After a certain point, no further changes are allowed for that period, so reports can be considered final.
5. **Review and sign-off:** Management reviews the period's financial results and signs off, enabling submission to oversight bodies.

Both IFMS users and non-IFMS users must perform period-end tasks, though how some steps are done may differ (e.g. IFMS has some automated ledgers, whereas other systems may not).

12.2.2 Period-End Close Checklist and Calendar (T-5 to T+10)

An agency should develop and maintain a detailed schedule and checklist of all activities that occur around a period end including specific requirements for quarterly and fiscal year ends (such as stocktakes and advance acquittals).

This is difficult to prescribe because agencies need to customise this schedule and checklist to match the agency's environment (for example, major contracts might be added to this list for reconciliation prior to month end close). Some steps may be done earlier or later depending on staff availability.

Agencies should also include columns such as responsible person (or position) for subtasks and specific approvals or documentation that might be needed.

The account quality and reconciliation schedule should also assign active (or problematic) accounts or vendors for review every month and lessor used accounts or vendors for either quarterly or annual reviews and checks.

Timeline	Step / Action	Notes / Objective
T-5	Review Unposted Transactions	Identify any pending invoices, receipts, or vouchers. Clear backlog so all valid transactions are recorded before month-end.
T-5	Notify Divisions of Cut-off	If required (usually year end), send reminder to all units about month-end close. Instruct them to submit outstanding documentation by T-1.
T-4 to T-2	Preliminary Account Review	Scan the ledger for anomalies (wrong codes, negative balances, etc.). Investigate and prepare journal corrections.
T-2	Cash and Revenue Check	Deposit any remaining collections. Ensure all revenue is recorded. Pre-empt unbanked cash issues.
T-2	Prepare Recurring Journal Entries	Draft standard month-end journals (e.g., allocations, corrections) so they're ready to post on T or T+1.
T = 0	Process Final Transactions (Month-End)	Record last-day receipts and payments, post adjustments in system.
T = 0	Provisional Close in IFMS (or local system)	Mark the period as "closed" for routine users. Central finance may keep it open for a short grace period to allow final adjustments.
T = 0	Backup and Document	Generate key reports (trial balance, ledger summary). Secure a backup of data.
T+1 to T+3	Preliminary Financial Statements	Produce a draft Cash Receipts & Payments or monthly income/expenditure statement. Investigate leftover anomalies or needed adjustments.
T+1 to T+5	Bank Reconciliation	Obtain bank statements. Reconcile each bank account. Identify errors (unposted charges, duplication, etc.). Correct in the system. (note that most bank reconciliations should be occurring on a daily or weekly basis but the end of month bank reconciliation is the most critical for financial reporting).

Timeline	Step / Action	Notes / Objective
T+3 to T+5	Cash Corrections and Follow-Ups	Resolve any mispostings discovered in reconciliation. Investigate outstanding items.
T+5 to T+6	Management Review	Conduct an internal review meeting. Present monthly statements, highlight variances, finalise adjustments. <i>Note that some department heads or boards may require 'flash reporting' which is usually linked to cash or special dashboard reporting – these are usually prepared and delivered much earlier and should be part of the period end processing schedule.</i>
T+7	Monthly Statements Submission (<i>if required</i>)	Non-IFMS entities submit monthly accounts to Department of Finance within 7 days. IFMS users still send bank recs by T+14.
T+7	(If Quarter-End) Quarterly Reports	For quarter-end months, compile the Quarterly Financial Management Report as well.
T+14	Bank Reconciliation Submission Deadline	All agencies send monthly bank recs to Finance by day 14 if not already.
T+8 to T+10	Finalise and Lock the Period	Close the accounting period in IFMS/local system. No further backdated entries. Any late corrections go into the next period.

12.3 Non-mandatory Guidance for Annual Fiscal Year Close

The fiscal year end involves all the steps of a normal month-end close, plus additional activities to finalise the full fiscal year accounts and prepare for audit and new-year budgeting. Here are additional considerations:

1. Agencies should start planning for the year-end close well in advance (e.g. in October). This includes reminding all staff and divisions of final cut-off dates for the year. Department of Finance will send out a Finance Instruction on cut-off dates for National Departments that form part of the Public Accounts to set an earlier deadline for procurement and invoice processing.

2. Identify any special transactions that occur at year-end (such as lapsing of unexpended budget, clearance of inter-agency balances, waivers and write-offs, etc.) and schedule tasks to handle them.
3. Confirm that all prior monthly closes have been completed and any issues resolved. It's very difficult to produce an accurate financial statements if earlier months had unreconciled differences. So, by year-end, there should be no pending bank reconciliation issues or suspense items from earlier in the year. If any exist, address them before closing December.
4. Although PNG Public Accounts are prepared on a Cash Basis, some year-end adjustments or notes should be prepared such as:
 1. Recognising open contracts (with multi-year APCs) and other commitments
 2. Ensure all outstanding travel or imprest advances are either acquitted or recorded in the statement of outstanding advances note. Write off or carry forward any long-outstanding ones per guidelines.
 3. Many agencies do a physical stocktake of assets and inventory at year-end. Results won't enter the cash accounts but should be used to update the asset registers and will feed into the notes on assets.
 4. Verify and document the year-end balances of any trust funds and check the expiry period of Trust Instruments which usually expire at a fiscal year end, as these will appear in the financial statements (and need separate audit confirmation perhaps).
 5. Under the PFMA, most unexpended appropriations lapse at year-end (unless legally allowed to carry over). Coordinate with the Department of Treasury on lapsing appropriations.

12.3.1 Legacy Systems (PGAS) and IFMS Integration

For agencies transitioning from the old Papua New Guinea Government Accounting System (PGAS) to IFMS. In such cases, those on PGAS must still adhere to similar deadlines: they should submit their monthly data to the Department of Finance in time for it to be uploaded or consolidated into IFMS. The cut-off for them might be slightly earlier to allow consolidation. The goal is that by the time Finance closes the IFMS period, it already includes data from any non-IFMS sources.

Note: a good practice for reporting entities is to undertake what is called ‘a soft-close’ for each month of the last few months prior to the end of a fiscal year (say September or October for a December year-end). The soft close means that some of the notes that are required for the GPFs are completed in those months also and updated on where there are new movements in the remaining months. This is a standard practice of organisations and also a practice adopted by government entities. It is a practice because it enables the accounts teams to get preparation and a ‘mind set’ for fiscal year end, identifies significant anomalies or problems in the accounts before they are identified following fiscal close.

Further Information	frcd@finance.gov.pg
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FMM 04.13 Preparing for External Audit and maintaining documentation

13.1 Mandatory Policy

- 1. The following requirements are mandatory for all public and statutory bodies subject to audit under the Public Finances (Management) Act 1995 (PFMA), Audit Act 1989, and Section 214 of the Constitution:**
 - Preparation and Retention of Substantive Documentation
 1. Entities must prepare and retain complete and accurate substantive documentation and working papers to support their annual financial statements (electronically or otherwise).
 2. Documentation must include:
 1. Bank reconciliations for all accounts
 2. General ledger and trial balance reports
 3. Fixed asset registers reconciled to the ledger including evidence of stocktake
 4. Debtors and creditors listings (aged analysis)
 5. Inventory valuations and listings – including evidence of a stocktake
 6. Payroll reconciliations, including tax deductions
 7. Lodgements of taxation, working papers of their lodgement including records of withholding taxes (including S65A withholdings)
 8. Loan, lease, and contingent liability schedules
 9. Supporting schedules for all notes to the financial statements
- 2. Substantive documentation must be retained in electronic format, where practical, to ensure accessibility and audit efficiency.**

3. **Documentation must be made available upon request to the Auditor-General or their authorised agents.**
4. **All financial statements and supporting records must be submitted within statutory deadlines in accordance with Section 63 of the PFMA.**
5. **Each public entity must appoint an Audit Liaison Officer responsible for coordinating with external auditors and providing access to all required documentation.**

13.2 Non-Mandatory Guidance

It is good practice to maintain an electronic Audit File with all supporting documentation structured to mirror the layout of the financial statements and notes. Prior year audits of the entity provide all the information that is usually collected by the auditor including verification of bank balances through to copies of any trust instruments and gazetted delegations. Prior year audits can guide what is the necessary information.

It is not acceptable to provide the auditor with PDFs or hard copy versions of work papers which are available and stored in other accessible formats such as spreadsheets, or structured system exports with intact formulas and metadata. An auditor has to be able to quickly complete their tasks rather than seeking to manually verify balances and working papers.

All entities should be proactively engaging with the Auditor-General’s Office for audit planning or to clarify documentation expectations.

Further Information	frcd@finance.gov.pg
Version	Version 1.0
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**Appendix A Sample Sub-national annual
financial statements**

**Sample Financial Statements
Kumul Provincial Government
12 Months
issued 30 June 2025**

	Annual Financial Report Contents	
	Declaration by Management	
A	Statement of Cash Receipts and Payments	
B	Statement of Comparison of Budget to Actual amounts	
C	Summary of Significant Accounting Policies	
1	Accounting Policies	
D	Explanatory Notes to the Financial Statements – Ref to Financial Statements	
2	Personnel Emoluments	
3	National Government Grants	
4	Internal Revenue	
5	Trust Accounts	
6	Borrowings	
7	Other receipts & Payments	
8	Goods & Services	
9	Capital Items Expenditure	
10	Prov SIP/LLGSIP	
11	Grants & Transfers	
12	Third Party Payments	
13	Closing cash balance. Bank Accts. restricted Cash: short Term Investments	
14	Revenue Collected on behalf of the National Government	
15	Discussion on Budget Comparison	

E	Schedules of: Assets, Investments, Liabilities & Contingencies	Non-Cash
16	Assets	
17	Investments	
18	Liabilities & Commitments	
19	Unacquitted Advances	
20	Contingent Assets and Liabilities	

DECLARATION BY MANAGEMENT

In accordance with a resolution of the Kumul Government Management being responsible for approving the annual accounts we state that:

1. The accompanying financial statements have been drawn up so as to present fairly the financial position and financial performance of the Kumul Government for the 12 months ended 31 December 2023.
2. This report has been prepared in accordance with reissue ? the *Public Finances (Management) Act 1995* and the International Public Sector Accounting Standard - *Financial Reporting Under the Cash Basis of Accounting* issued by International Public Sector Accounting Standards Board (IPSASB) of the International Federation of Accountants (IFAC)
3. To the best of our knowledge the records and books of account have been properly maintained.
4. To the best of our knowledge the **Statement of Cash Receipts and Payments;** and the **Statement of Comparison of Budget to Actual** and the accompanying **Explanatory Notes** are correct.

On behalf of the Management

Signed in Port Moresby this day of Month Year

name

Provincial Administrator

name

Provincial Finance Manager

STATEMENT OF CASH RECEIPTS AND PAYMENTS

		2023	2022
	Note Ref	K	K
Receipts			
Personnel Emoluments Grants	2	-	-
National Government Grants	3	80,649,425	-
Internal Revenue	4	194,334,525	-
Revenue Collection through Trust Account	5	-	-
Proceeds from Borrowings	6	-	-
Other Receipts	7	90,608,274	-
Total Receipts		365,592,224	-
Payments			
Personnel Emoluments	2	32,106,549	-
Goods and Services	8	21,841,685	-
Capital	9	13,209,174	-
Support Improvement Program	10	10,197,957	-
Grants, Subsidies and Transfers	11	39,960,109	-
Payments from Trust Accounts	5	-	-
Repayment of Interest and Borrowings	6	-	-
Other	7	251,350,414	-
Payments by Third Parties	12	-	-
Payments		368,665,887	-
Less Accounts Payable	18	(130,342)	-
Total Payments		368,796,229	-
Surplus/(Deficit) of Receipts over Payments		(3,204,005)	-
Add: Opening Cash		64,856,806	-
Closing Cash at Bank	13	61,652,800	-

STATEMENT OF BUDGET COMPARISON

	2023	2023	2023	2022	2023 Variances	
	Original	Final	Actual	Actual	Original	Final
	Budget	Budget	Actual	Actual	Budget	Budget
	K	K	K	K	K	K
Receipts						
Personnel Emoluments Grants	-	-	-	-	-	-
National Government Grants	26,691,700	26,691,700	80,649,425		53,957,725	53,957,725
Internal Revenue	203,058,600	203,058,600	194,334,525		(8,724,075)	(8,724,075)
Revenue Collection through Trust Account	-	-	-		-	-
Proceeds from Borrowings	-	-	-		-	-
Other Receipts	86,046,000	193,546,000	90,608,274		4,562,274	(102,937,726)
Total Receipts	315,796,300	423,296,300	365,592,224	-	49,795,924	(57,704,076)
Payments						
Personnel Emoluments	29,555,200	59,555,200	32,106,549		(2,551,349)	27,448,651
Goods and Services	22,772,000	22,777,000	21,841,685		930,315	935,315
Capital	13,702,400	13,382,400	13,209,174		493,226	173,226
Support Improvement Program	11,400,000	11,400,000	10,197,957		1,202,043	1,202,043
Grants, Subsidies and Transfers	83,623,000	88,051,000	39,960,109		43,662,891	48,090,891
Payments from Trust Accounts	-	-	-		-	-
Repayment of Interest and Borrowings	-	-	-		-	-
Other	149,913,700	283,532,200	251,350,414		(101,436,714)	32,181,786
Payments by Third Parties	-	-	-		-	-
Payments	310,966,300	478,697,800	368,665,887	-	(57,699,587)	110,031,913
Less Accounts Payable	-	-	(130,342)			
Total Payments	310,966,300	478,697,800	368,796,229	-	(57,829,929)	109,901,571
Surplus/(Deficit) of Receipts over Payments	4,830,000	(55,401,500)	(3,204,005)	-	(8,034,005)	52,197,495

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.1 Reporting Entity

Discuss the nature of business, activities, locations, etc – Not longer than ½ pages. Include domicile and legal form of entity, description of operations, reference to relevant legislation governing its operations and significant entities (and any changes) that are included in the financial statements (if any).

1.2 Basis of Accounting

The financial statements are general purpose financial statements and have been prepared in compliance with International Public Sector Accounting Standard (IPSAS) - *Financial Reporting Under the Cash Basis of Accounting* Part 1 issued by the International Public Sector Accounting Standards Board (IPSASB) of the International Federation of Accountants (IFAC), modified in respect of the inclusion of Accounts Payable (Unpaid Invoices). This basis of accounting provides relevant decision-making information for users of the Annual Financial Statements and ensures compliance with the PNG Public Finances (Management) Act 1995 (as amended)

The cash basis of accounting recognises transactions and events only when cash (including cash equivalents) is received or paid by the entity.

Cash Controlled by the Reporting Entity (IPSAS Cash Basis of Accounting)

Cash is controlled by an entity when the entity can use the cash for the achievement of its own objectives or otherwise benefit from the cash and exclude or regulate the access of others to that benefit. Cash collected by, or appropriated or granted to, an entity which the entity can use to fund its operating objectives, acquire capital assets or repay its debt is controlled by the entity.

Commencing with the Annual Financial Statements for 12 months ended 31 December 2023, the **Kumul Government** prepares its accounts as required by the *Public Finances (Management) Act 1995*.

1.3 Functional and Presentation Currency

The financial report is presented in Kina. The sum of the component in the financial statement are rounded to the nearest Kina.

1.4 Foreign Currency Transactions

Transactions denominated in a foreign currency are converted at the rate of exchange prevailing at the date of the transaction. Foreign currency balances are converted to Kina using exchange rates provided by the Bank of PNG at the end of the year.

1.5 Comparative Figures

Where necessary, comparative figures have been adjusted to conform with changes in presentation in these financial statements.

1.6 Cash at Bank

Cash balance refers to cash and cash equivalents which comprises of: cash on hand, cash at bank and deposits held at call.

1.7 Receipts

Receipts including Government Grants are recognized as revenue at the time the cash is received in the respective bank accounts. Appropriations are deposited into the bank accounts and are controlled by the Kumul Government.

Contributions-in-kind provided to the Government by foreign governments and aid organisations are recognised as grant revenue in the Accounts at the point the contribution-in-kind is received.

1.8 Payments

Payments are recognized as expenses at the time cheques / electronic payment is raised. Assets, and investments, acquired during the year are recognised as expenditure in the year payment is made.

1.9 Taxation

The Kumul Government is exempt from paying all types of taxes, including income tax.

1.10 Collection of Revenue on behalf of Government

The Kumul Government collects fees/fines/rates (provide details) on behalf of the State and repays the money into the Waigani Public Account or holds funds on a separate account (whichever applicable) to account for collected revenue (Note: type here types of revenue you collect).

The collected revenue is not recognised in the financial statements. Details of collection are disclosed in Note 14.

1.11 Events Since Balance Date

There is no event occurring after the balance date that could materially affect the financial position of the Kumul Government for 12 months ended 31 December 2023.

1.12 Economic Dependency

Kumul Government is dependent on monies received from the National Government to fund its operations. In 2023, funding from the National Government represented xx per cent (2022: was xx per cent) of the total receipts.

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

For each of the notes provide a detailed discussion and analysis of the key issues.

2. Personnel Emoluments

2.1 Receipts

	2023	2022
	K	K
Salaries and Allowances	-	-
Total	-	-

2.2 Payments

Personnel Emoluments receipts/payments comprise salaries, various allowances, overtime, leave fares, gratuity and repatriation expenses. The Department of Finance is processing most of the personnel emoluments on behalf of the Kumul Government.

	2023	2022
	K	K
Wages	16,869,242	-
Overtime	106,381	-
Leave fares	11,328,167	-
Retirement Benefits, Pensions, Gratuities	797,767	-
Members of Parliament	3,004,991	-
Total	32,106,549	-

3. National Government Grants

	2023	2022
	K	K
Grants & Transfers from National Government	56,000,000	-
Administrative Grants	585,000	-
Other Service Delivery Function Grants	357,726	-
Land Mediation Function Grant	65,000	-
Agriculture Function Grant	751,699	-
Public Servants Leave Fares	1,239,000	-
Teachers Leave Fares	7,728,000	-

Education Function Grant	2,000,000	-
Transport/Infrastructure Maintenance Gr	2,266,000	-
Village Courts Function Grant	157,000	-
Provincial Support Grant	500,000	-
District Support Improvement Program (DSIP)	-	-
Provincial Support Improvement Program (PSIP)	9,000,000	-
Total	80,649,425	-

4. Internal Revenue

	2023	2022
	K	K
Bookmakers' Turnover Tax	512,602	-
Goods and Services Tax (GST)	152,967,352	-
Mining Levy	3,880,101	-
Timber Levy	28,748	-
Small Craft Registrations	18,946	-
Small Craft Licensings	21,090	-
Commercial Property Rental Income	270,921	-
Rental of Institutional Housing	56,301	-
Motor Vehicle Registration (inc MVIL State Commission)	8,844,149	-
Commercial Vehicle Licenses	313,850	-
Building Permit Fees	40,642	-
Driving Permits	610,119	-
Liquor Licensing Fee	2,849,770	-
PMV Driving Permits	247,641	-
Sundry/(Other) Income	708,954	-
Recoveries from Former Years	19,335,882	-
Expenditure written back from Former Years	3,627,456	-
Total	194,334,525	-

5. Kumul Government Trust Account

The Kumul Government Trust Account was established in xxx. It has assisted the Provincial Government to (state the purpose). Receipts from (xxx detail which) are collected and paid into the BSP Bank Account. Payments are made strictly in accordance with the trust Instrument as follows:

	2023	2022
	K	K
Collections	-	-

Payments for:

Operational Expenses	-	-
Other Expenses	-	-
Balance as at 31 December	-	-

NOTE: The above disclosure only relates to trust accounts established by the Provincial Government (not the national trust accounts). If more than one trust account is maintained, same details will be provided for each of those.

In addition to the trust accounts established and controlled by the Provincial Government, the Trust Section at Department of Finance allocates national trust codes. The receipts/payments from those trusts are incorporated in the Statement of Cash Receipts and Payments.

6. Borrowings NOTE that no loan could be entered into without Treasurer's approval.

Provide description of the purpose of the Loan. If loans are used from more sources, provide information for each.

Guidance should include the type of information that should be reported for each loan (e.g. source, currency, interest rate, term, approved amount, drawn amount, balance outstanding, undrawn amount)

6.1 Borrowings

(a) Undrawn Borrowing Facility

	2023	2022
	K	K
Undrawn borrowing facilities as at 01.01.2023		
Additional loan facility		
Total available	-	-
Amount drawn		
Facility closure/cancellation		
Undrawn borrowing facilities at 31 December 2023	-	-

(b) Repayments of Loans:

Principal	-	-
Interest	-	-
Total repayment 31 December	-	-

6.2 Repayments of principal and interest

Provide details of interest and repayment of principal for each of the loans

Creditor/ Loan Ref	Loan Purpose	Year obtained	Approved Amount	Drawn Amount	Interest Rate P.A%	Interest Payment	Principal Repayment	Balance as at 2023

7. Other Receipts and Payments

7.1 Other Receipts

(Detail Type of collection of other revenue that the province can retain, if any)

	2023	2022
	K	K
Other Support Grants	608,274	-
Development Grants	90,000,000	-
Total	90,608,274	-

7.2 Other Expenses

Detail other expenses

	2023	2022
	K	K
Other Operational Expenses	251,350,414	-
Total	251,350,414	-

8. Goods and Services

	2023	2022
	K	K
Domestic Travel and Subsistence	3,767,815	-
Domestic - Travel allowance	423,907	-
Office Materials and Supplies	776,716	-
Operational Materials and Supplies	1,009,070	-

Transport and Fuel	2,046,863	-
Administrative Consultancy Fees	6,880,000	-
Utilities	1,335,675	-
Data services	-	-
Telephone & fax services	83,642	-
Telikom offset contribution	516,526	-
Electricity	774,006	-
Electricity charges	-	-
Water	306,737	-
Rentals of Property	1,146,529	-
Routine Maintenance	2,752,400	-
R/Maint - Office Buildgs, Structures & Grounds	-	-
Membership Fees, Subscriptions & Contribution	21,800	-
Total	21,841,685	-

9. Capital Payments

9.1 Capital Items

Major Capital Project Payments (list major projects not included above funded through Development Grants)

	2023	2022
	K	K
Office Equipments, Furniture & Fittings	378,666	-
Motor Vehicles - Purchase	8,798,235	-
Feasibility Studies & Project Preparation	199,999	-
Construction, Renovation and Improvements	3,832,273	-
Total	13,209,174	-

9.2 Projects – PIP

Provide information about projects under PIP carried out by Kumul Government

PIP Project	Funding Source	2023	2022
		K	K

PIP Project	Expenditure	2023 K	2022 K

10. Service Improvement Program (change details or % accordingly)

Information about SIP funding and expenditure should be shown by main classes of projects.

10.1 PSIP Receipts

	2023 K	2022 K
Provincial Support Improvement Program (PSIP)	9,000,000	-
Total	9,000,000	-

10.2 PSIP Payments

Change details or % accordingly	2023 K	2022 K
Admin General - 3%		
Electoral Office - 3%		
Mobilisation - 4%		
Health - 20%		
Economics - 10%		
Education - 20%		
Law & Order - 10%		
Infrastructure - 30%		

Total	-	-
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11. Grants & Transfers

	2020 K	2019 K
Grants/Transfers to Public Authorities	27,425,118	-
National Agency Grants	25,000	-
Grants/Transfers to Individuals and Non-profit Organisations	1,600,000	-
Total	29,050,118	-

12. Payments by other government entities (3rd party payments)

The International Public Sector Accounting Standard (IPSAS) - *Financial Reporting Under the Cash Basis of Accounting* requires separate presentation of the Payments by Other Government Entities in the financial statements.

Department of Finance

Kumul Government benefits from payments made by Department of Finance. The amount of KXXX was paid through the payroll system Alesco. These payments constitute cash receipts and payments of the Kumul Government, and are controlled by the Kumul Government, as the Personnel Emoluments have been appropriated through the National Budget.

XX Donor Agency

External Assistance has been received in a form of grants from XXX under international agreement XXX for the purpose of XXX name the purpose.

13. Cash at Bank

13.1 Account Balances

	2023 K	2022 K
Kumul Province Operating Account	(17,826,846)	-
Kumul Government-282 - PSIPOA	995,675	-
Covid-19 Emergency Trust Account	83,238,673	-

Total

66,407,502

-

The closing cash balances should be supported by bank reconciliation statements.

Provide explanation on any prior year error corrections and how they affected opening/ closing cash balances.

13.2 Restricted Cash

Of the closing cash balance of K XXX the following amounts rolled over to 2023 are restricted in that they have to be spent as previously appropriated:

Year of Appropriation	Purpose	Amount Rolled over	Notes

Detail any other form of restriction imposed on cash balances.

14. Revenue Collected/ Expenses Paid on Behalf of the National Government

Describe here in brief the process of collection, and the transfer to the CRF. If the Kumul Government Administration makes payment on behalf of the Government, i.e dividends, royalties to landowners, etc disclose those details in this note. This revenue/expense is collected/paid on behalf of the Government and is not included in these financial statements.

	2023	2022
	K	K
Type of Collection	0	0

Total

<u>0</u>	<u>0</u>
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15. Comparison to Budget

The Provincial Government is subject to budgetary limits in a form of appropriation as approved by the Provincial Assembly.

Material differences (variances) between actual revenue against estimates and actual payments versus budgeted figures must be identified, analyzed and properly explained.

A material difference or variance is defined as a difference of more (or less) than (10%???) of the revenue estimated to be collected or expense budgeted to be spent/ expended during the year.

	2023	2023	2023	2022	2023 Variances	
	Original	Final	Actual	Actual	Actual V	
	Budget	Budget	Actual	Actual	Original	Final
	K	K	K	K	Budget	Budget
Receipts						
Personnel Emoluments Grants	-	-	-	-	-	-
National Government Grants	26,691,700	26,691,700	80,649,425		53,957,725	53,957,725
Internal Revenue	203,058,600	203,058,600	194,334,525		(8,724,075)	(8,724,075)
Revenue Collection through Trust Account	-	-	-		-	-
Proceeds from Borrowings	-	-	-		-	-
Other Receipts	86,046,000	193,546,000	90,608,274		4,562,274	(102,937,726)
Total Receipts	315,796,300	423,296,300	365,592,224	-	49,795,924	(57,704,076)
Payments						
Personnel Emoluments	29,555,200	59,555,200	32,106,549		(2,551,349)	27,448,651
Goods and Services	22,772,000	22,777,000	21,841,685		930,315	935,315
Capital	13,702,400	13,382,400	13,209,174		493,226	173,226
Support Improvement Program	11,400,000	11,400,000	10,197,957		1,202,043	1,202,043
Grants, Subsidies and Transfers	83,623,000	88,051,000	39,960,109		43,662,891	48,090,891
Payments from Trust Accounts	-	-	-		-	-
Repayment of Interest and Borrowings	-	-	-		-	-
Other	149,913,700	283,532,200	251,350,414		(101,436,714)	32,181,786
Payments by Third Parties	-	-	-		-	-
Payments	310,966,300	478,697,800	368,665,887	-	(57,699,587)	110,031,913
Less Accounts Payable	-	-	(130,342)			
Total Payments	310,966,300	478,697,800	368,796,229	-	(57,829,929)	109,901,571

Surplus/(Deficit) of Receipts over Payments	4,830,000	(55,401,500)	(3,204,005)	-	(8,034,005)	52,197,495
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Provide detailed explanation of significant variances between actual and original & actual and final budgets.

SCHEDULES OF: ASSETS, INVESTMENTS, LIABILITIES, AND CONTINGENCIES.

The following schedules provide non-cash accounting information necessary to more comprehensively understand the operations and financial position of the entity.

16. Report on assets

16.1 Capital Assets

The following are assets that are owned by the Kumul Government. All asset categories are stated at cost. Due to cash accounting, the assets are not included in the financial statements:

	2023	2022
	K	K
Land	0	0
Buildings	0	0
Office Furniture & Equipment	0	0
Vehicles	0	0
Plant and Equipment	0	0
Staff Housing	0	0
Marine Vessels	0	0
Other	0	0
Total	0	0

16.2 Inventories – significant (material) balances

The Province at the close of the fiscal year had in stock the following inventories.

2023	2022
------	------

	K	K
Fuel	0	0
Stationery supplies	0	0
Other	0	0
Total	0	0

16.3 Receivables and Pre Paid amounts

The following amounts were due to be paid to the Province but at the close of the fiscal year had not been received. There are also amounts which will be received in the future as per existing contracts and agreements.

	2023	2022
	K	K
Rental Deposits	0	0
Rental Income	0	0
Pre Paid Amounts	0	0
Fees Outstanding	0	0
Other	0	0
Total	0	0

For all material receivables outstanding balances at end of year provide an ageing schedule

16.4. Losses and Deficiencies

Public Bodies are required to report and disclose all material financial losses and deficiencies of public monies and property. Includes any category of "loss" such as property, assets, motor vehicles, etc, where Secretary of Finance had provided the authority for a write off.

During the financial year the following losses/deficiencies occurred:

17. Investments

The Province has over the years accumulated the following investments. Due to the cash accounting, the assets are not included in the financial statements. The long term investments are valued using the following methods:

Investment valuations are determined using the following methods, in priority order:

1. Method A: (1st priority) Listed public companies are valued on the basis of share prices as at 31 December of current year.
2. Method B: (2nd priority) Independent valuations (no more than 3 years old) performed by qualified valuers.
3. Method C: (3rd priority) Net asset value published in audited financial statements.
4. Method D: (4th priority) Net asset value published in unaudited financial statements.
5. Method E: (5th priority) Where no current year valuation is available previous year valuations are used including original cost.

The valuation method used is indicated for each investment.

17.1 Shareholdings

The following are controlled entities (business arms) of the Kumul Government stated using XX valuation method. The balances represent asset and cash contributions since their inception.

	Owners hip	Investment Type	2023	2022
	%		K	K
XXX Corporation	100	Shares	0	0
XXX Corporation	90	Shares	0	0
Total			<u>0</u>	<u>0</u>

The entities have not been consolidated into the Kumul Government's accounts due to different accounting policies (accrual basis of accounting in the controlled entities).

The Kumul Government also has shares in publicly listed companies, however, does not have control over the entities. The share values are based on closing stock exchange prices as at 12 MONTHS ENDED 31 December 2023:

	Shares	2023	2022
		K	K
XX Company	25	0	0
XX Company	10	0	0
Total		0	0

17.2 Financial Investments

As of the close of the financial year the Province held term deposits with commercial banks which have not been included in the financial statements as follows:

18. Schedule of Liabilities and Commitments

18.1 Liabilities

18.1.1 Accounts Payable

The following accounts payable are invoices received but remain unpaid at the end of the reporting period. These payables are included in the financial statements to allow comparable analysis of budget performance

18.1.2 Other Payables

The following are liabilities that are not included in the financial statements and represent significant expenses incurred in 2023 that will be paid by Kumul Government in 2024.

	2023	2022
	K	K
Utilities	0	0
Rental deposits refundable	0	0
Other	0	0
Total	0	0

For all material receivables outstanding balances at end of year provide an ageing schedule

18.2. Commitments

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are disclosed when considered appropriate and provide additional relevant information to users.

(Provide details if this is correct,). In the normal course of business, the Authority lease facilities, hence minimum lease payments under lease agreements are as follows: XXX detail amounts per year and number of years.

The following are significant contracts entered with suppliers:

	2023	2022
	K	K
	0	0
	0	0
	0	0
Total	<u>0</u>	<u>0</u>

All amounts shown in the commitments note are nominal amounts inclusive of GST.

19. Un-acquitted advances

	2023	2022
	K	K
Accumulated Balance as at 1st January 2023	0	0
Add: Advances made during the year	0	0
Less: Acquittals made during the year	<u>0</u>	<u>0</u>
Accumulated Balance as at 31 December	<u>0</u>	<u>0</u>

20. Contingent Assets and Contingent Liabilities

Contingent assets and contingent are disclosed by way of note and, if quantifiable, are measured at nominal value.

The Provincial Government is involved (or state that is not, if that is the case) in various legal actions arising in the normal course of activities. Although the ultimate outcome is not determinable at this time, management believes that the resolution of these pending matters will not have a materially adverse effect, individually or in the aggregate, upon the Provincial Government's financial statements. State the potential amount if there are significant legal cases.

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Elements of this manual will be updated regularly. To access the most up to date version of the Finance Management Manual visit the Department of Finance website www.finance.gov.pg. and for Department of Treasury references including Volume 7 Budget Manual visit www.treasury.gov.pg