



DEPARTMENT OF FINANCE

CIRCULAR INSTRUCTION

CI No. 09 of 2026

SUBJECT: STRICT COMPLIANCE ON USE OF APPROPRIATION 227- OTHER OPERATIONAL EXPENSES

TO: All Departmental Heads, Provincial Administrators, and Chief Executive Officers of Public Bodies and Statutory Authorities.

Document control

Circular number	CI No. 09 of 2026
Status	Current
Date issued	20 August 2026
Date of effect/action by	Thursday 20 August 2026.
Enquiries/contact officer	Ms. Marlene Philip, a/First Assistant Secretary, and Ms. Ruthie Synell, a/Assistant Secretary, Expenditure Control, Financial Controls Division, FCD@finance.gov.pg ;

1. Purpose of this circular

The purpose of this Circular Instruction is to remind and direct all Departmental Heads and Heads of Government Agencies to strictly comply with the approved use of **Appropriation/Economic Item 227 – Other Operational Expenses**.

This Circular further clarifies that Appropriation 227 is intended solely for normal day-to-day operational requirements of Government business and must **NOT** be used for the purchase or acquisition of motor vehicles.

2. Details /what you need to know

2.1. Use of Appropriation 227

Appropriation 227 – Other Operational Expenses is provided to meet the normal operational expenses of Government agencies and departments. It is not intended for capital purchases.

2.2. Prohibition on Motor Vehicle Purchases

The purchase or acquisition of motor vehicles is classified as a **capital expenditure** and must not be charged against Appropriation 227.

All motor vehicle purchases must be charged only against the appropriate approved capital provision under **Economic Item 231 – Motor Vehicles**, and only where sufficient appropriation and warrant authority are available.

3. Legal Authority

This Circular Instruction is issued pursuant to the *Public Finances (Management) Act 1995*, (as amended) specifically:

- **Section 29 (1)**, which requires expenditure to be incurred only for the purpose for which the money was appropriated; and
- **Section 31**, which requires public monies to be committed or expended only as authorised by a valid warrant authority.

4. Immediate Directives

With immediate effect:

1. No motor vehicle purchase or acquisition is to be charged to Appropriation 227;
2. No commitment, purchase order, payment, electronic funds transfer (EFT), or any other transaction relating to the purchase of motor vehicles is to be processed against Item 227;
3. Any cheque clearance submitted to the Department of Finance relating to the purchase of a motor vehicle charged to Appropriation 227 will not be entertained or processed;
4. Departmental Heads and Agency Heads are responsible for ensuring that all finance, procurement, and program officers comply with this instruction; and,
5. Any transaction that does not comply with the approved appropriation and warrant authority must not be processed.

5. Compliance Requirement

This Circular Instruction is mandatory and must be strictly adhered to by all Departments and Government Agencies. Failure to comply may result in the rejection of transactions and other administrative actions as provided under relevant financial management laws and regulations.

6. Enquiries

Any enquiries regarding the application or interpretation of this Circular Instruction should be directed to:

Acting First Assistant Secretary, Financial Controls Division	Ms.Marlene Philip – marlene_philip@finance.gov.pg
Acting Assistant Secretary, Expenditure Control	Ms. Ruthie Synell – ruthie_synell@finance.gov.pg

7. Authorisation


MR. SAMUEL PENIAS
Secretary for Finance



Date: 2/18/2026