

PART 10 – REVENUE MANAGEMENT

DIVISION 1 - ORGANIZATIONAL REQUIREMENTS

1. **Departmental Heads' responsibility:** According to **Section 5 of the Act**, it is the responsibility of Departmental Heads to ensure that Departmental revenues are collected promptly and to the fullest extent and to have the rates of fees, charges, and imposts reviewed annually. There should also be stringent arrangements within Departments to safeguard the collections and custody of public moneys received and for their proper accounting.
2. It is therefore essential that Departmental Heads detail adequate staff resources for revenue management and have the duties of the officers' responsible for revenue collection, monitoring, review and reporting properly defined.
3. **Reporting system:** In order to keep themselves fully informed of the progress in revenue generation and to initiate timely remedial action where shortfalls are expected, Departmental Heads should install a management reporting system and make sure that it operates satisfactorily.
4. Periodical Review of Charges, and Fees

Where the charges, fees, commissions and imposts depend on the cost of services provided, the rate of charges, fees and other revenue items should be reviewed continually, (and in any case before submitting annual budget estimates), with reference to the actual costs. Also, where the revenue is based on specific rates and not based on value, the rate may require revision depending on the movements of market prices of the products from which the revenue is derived.

5. Annual Estimates

- 5.1 While preparing annual budget estimates, Departmental Heads should first review revenue performance of the current and preceding years before paying attention to expenditure requirements. The review of revenue performance should cover all projects as well as recurrent activities. Where there have been significant shortfalls, their impact on future revenue estimates should be considered, taking into account remedial measures initiated.
- 5.2 In addition to the overall responsibilities of Departmental Heads concerning revenue generation and collection of arrears, the **Act imposes under Section 7** thereof, specific duties on public office-holders responsible for the collection of revenue to ensure prompt and full collection and banking into the Public Account.

DIVISION 2 – SAFE CUSTODY OF REVENUE

6. Installation of Safes:

Officer-In-Charge of Offices where moneys and negotiable instruments are kept should check and ensure that the safes or similar receptacles are kept properly installed. They should either be permanently bolted down or cemented into the main structure of the building where they are housed. If practical, the safes or receptacles must be placed in positions not readily visible or easily accessible to the public.

7. Custody of Safe Keys

7.1 Officers having custody of safe keys should observe the following procedures strictly:

- In all cases, the Officers entrusted with the custody of keys to safes or similar receptacles will acknowledge this in writing in a permanent record.
- An Officer holding keys will not at any time permit such keys to leave his/her personal possession until he/she is relieved of this responsibility and the permanent records are amended accordingly.
- In cases when double lock safes are used, keys should be kept by two Officers, each being responsible for one lock, except where only one Officer is available.
- Duplicate keys of all safes or similar receptacles will be kept by the Director, National Intelligence Organization, who should be informed immediately when a key is lost, stolen or broken.

8. Safe Custody of Cash being Transferred

8.1 The following precautions shall be taken when public moneys or negotiable instruments are to be transferred from one place to another:-

- The Officer-In-Charge of the cash or valuables will be accompanied by another Officer as witness and assistant under armed escort.
- If transport is required to move cash, it shall be by the fastest and most secure mode. Public transport will not be used.
- The Officers will embark as close to their starting point as possible and leave the vehicle as close to their destination as possible.

- Where Officers have regular trips to or from a bank with large sums of money, times or travel should be varied.
- Officers will proceed to their destination as expeditiously as possible.
- Cash and valuables are not to be left unattended at any time.

9. Safe Custody and Checking of Cash.

- 9.1 All cash held as counter advance for change and petty cash should be locked in the office safe during lunchtime breaks and at night.
- 9.2 If the Officer responsible for cash advances does not hold the key to the office safe, the cash is to be locked in a strong box and the box locked in a safe.
- 9.3 Losses of cash through failure to adhere to this instruction will result in the Officer concerned being held responsible and the loss made good by him/her.
- 9.4 Attention of Officers is also drawn to the necessity for disclosing cash surpluses or deficiencies discovered during daily, fortnightly or monthly checks. Where a subsequent check discloses a similar deficiency or surplus, indicating a mistake in the original count, set-off will not be permitted unless the original discrepancy was declared.

DIVISION 3 - REVENUE COLLECTION

10 Appointment of Officers for Revenue Collection:

- 10.1 Collectors of Public Moneys will be appointed by the Department of Finance on request from Government Departments or Agencies who have sizeable revenue to collect. Collectors are accountable to specific Receivers of Public Moneys.
- 10.2 Receivers of Public Moneys are appointed by the Department of Finance and Headquarters of major National Government Departments and Provincial and District Treasuries.
- 10.3 Accountable Officers may be appointed to collect revenue by the Departmental Head, in consultation with Collectors of Public Moneys, to whom Accountable Officers are accountable.
- 10.4 Temporary appointment of Receivers and Collectors of Public Moneys for periods not exceeding 12 weeks at a time may be made by Expenditure and Cash Management Division (Cash Management

Branch) for National Government Departments, Provincial and District Treasuries.

11. **Accountable Officers:** Every officer and any person (even if he is not an officer) who authorises the collection of public moneys is an accountable officer as defined under Section 6 of the Act.
12. **Duties of Accountable Officers in relation to Revenue**
 - 12.1 No one other than a public office holder shall collect public moneys, unless the Secretary for Finance or his delegate has given approval.
 - 12.2 All Government revenue shall only be collected by public office holders specifically designated for the purpose.
 - 12.3 A member of the public service must not collect any non Government moneys in his official capacity unless prior permission exists either in general terms or specifically from the Department of Finance.
 - 12.4 It is the duty of the Accountable Officers to familiarise themselves with revenue collecting procedures outlined in this part of the Manual.
13. **Duties of Collector of Public Moneys:** A Collector of Public Moneys will compile a Collector's Statement (FF1) listing all collections made by him and forward the original copy of the Statement with the stamped copies of bank deposit slips and duplicate of the receipt to the appropriate Receiver of Public Moneys, daily or at intervals prescribed by his letter of appointment.
14. **Duties of Receiver of Public Moneys:** A Receiver of Public Moneys will compile a Receiver's Statement (FF2) for all collections received and made by him and banked and submit it to the Certifying Officer as set out in his letter of appointment. He is also responsible to supervise the collections made by the Collector of Public Moneys and other appointed accountable officers as already stated.
15. **Prompt Collections of Revenue**
 - 15.1 **CREDIT SALES PROHIBITED** - Selling of goods and services by Government Agencies on a credit basis to members of the public or private firms is not permissible. All charges or other forms of revenue must be collected promptly, in advance if possible, but in any case as soon as the services are provided or goods supplied or when the occasion for collection of revenue otherwise arises.

Raising of debit notes, providing unauthorised credit to members of public or private firms is not permissible. For instance, in the case of hospital charges the amounts due should be collected over the

counter by the designated staff as soon as the patient is due for discharge and not by raising a debit note.

15.2 Where there is failure to collect the sums due promptly or if unauthorised credit is provided, it will constitute an offence for the purpose of **Section 102 of the Act**.

16. **Raising of Demand Notices:-** Where raising of periodical demand notices is a pre-requisite for revenue collections, Departmental Heads should ensure that responsibilities of staff entrusted with this task are clearly defined. Where staff fail to raise the demand notices promptly and correctly without reasonable grounds, this failure will be regarded as an offence under **Section 102 of the Act**.

DIVISION 4 - ISSUE OF RECEIPTS

17. Acknowledgment of Moneys

17.1 A receipt in form FF132 should be used by every accountable officer for public moneys received by him except deposits to the Native Moneys Trust Account, collections from the Rural Development Bank and cash subscriptions to Papua New Guinea Government Loans.

17.2 A separate receipt will be issued to each individual payee. The original receipt is handed to the payee, duplicate forwarded with the Collector's Statement and the triplicate or book copy is retained at the point of collection.

18. **Cancellation of Receipts:-** Receipts will be issued consecutively and cancelled receipts will be marked "cancelled" on all three copies. The top two copies of "cancelled" receipts should be attached to the Collector's Statement.

19. **Duplicate Receipts:-** Duplicate receipts will not be issued without approval of the Secretary for Finance and should not be in the form FF132.

20. **Security and Custody of Receipts:-** Receipt books will, at all times be kept under lock and key. Only one receipt book should be used at any one time unless the Provincial Liaison Division or the Provincial and District Treasurer has issued special authority to use more than one.

21. **Control over the distribution of Official Receipt Books:-** All Government official receipt forms are accountable forms and their printing and distribution are to be controlled as follows:-

* *All official receipt forms will be printed only by the Government Printer and bear serial numbers, and despatched to the Expenditure and Cash Management Division of Department of Finance.*

- * *The forms will be sent to Provincial and District Treasury Offices on official requisitions, by the Provincial and District Financial Management. However, those authorised collectors of public monies at Departmental Headquarters in NCD should collect them at the Expenditure and Cash Management of Department of Finance.*
- * *Receiver of Public Moneys in the above offices will take custody of receipt books and issue them to the Collectors, keeping a record in the FF50 form.*
- * *Collectors will in turn issue them to Accountable Officers maintaining their own FF50's for controlling and accounting.*

DIVISION 5 - ACCEPTANCE OF MONEYS ON BEHALF OF OTHER BODIES

22. **General:-** A receipt must be issued in all cases where moneys are accepted on behalf of other bodies for safe keeping or transfer. The receipt must clearly describe the transactions and the Trust Account to be credited pending transfer or payment.

DIVISION 6 - ACCEPTANCE OF CHEQUES

23. **Procedures of Acceptance of Cheques:-** For instructions on acceptance of cheques, dishonoured cheques, stale cheques, please see Appendix of this Part.

DIVISION 7 - BANKING OF COLLECTIONS

24. **Retention of Collections Prohibited:-** An accountable officer should not retain the whole or any part of public moneys collected.
25. **Procedures for Banking**
- 25.1 An accountable officer should daily, or at prescribed intervals, pay all collections into a Government Account with a bank approved for the purpose or to an accountable officer designated for the purpose.
- 25.2 Complete FF120 and attach a bank acknowledged copy to the Collector's Statement.
26. **Banking of Cheques:-** Accountable Officers should cross all cheques received "**Not Negotiable - Credit Papua New Guinea Government Account only**" and bank them daily unless specifically instructed in writing by the Secretary for Finance to deposit them less frequently.
27. **Approved Bank Accounts into which Collections are Paid**
- 27.1 Taxation and Customs collections will be paid directly into the Waigani Public Account where arrangements for this purpose exist.

- 27.2 Collectors and Receivers at Provincial level will pay their collections into the Receiver of Public Monies (RPM) Accounts operated by the respective Provincial Treasury Office.
- 27.3 Collectors and Receivers at District level will pay their collections into the Receiver of Public Monies (RPM) Accounts operated by the respective District Treasury Office or District Treasury Operating Accounts.

DIVISION 8 - RECEIPT OF CASH AND VALUE BY MAIL

28. **Opening of Mail:-** All inward mail should be opened by one officer in the presence of another officer.
29. **Inward Remittance Register:-** The amount, nature of remittance and the date received be recorded in an "**Inward Remittance Register**". Each entry in the Inward Remittance Register should be initialled by both officers responsible for the opening of mail.
30. **Paying Inward Remittance:-** All inward remittance should be paid immediately to the Collector of Public Monies or to any other accountable officer designated for that purpose, who will acknowledge receipt in Form 132. The official receipt number should be indicated in the Inward Remittance Register.
31. **Security Measures:-** Maximum security measures must be taken at all times when dealing with remittances of cash and value. In addition, the two officers charged with the duty of opening mail must at all times be in each others presence till the cash and values received are paid to the designated officer and the receipt obtained.

DIVISION 9 - COLLECTIONS BY OUTSTATION CASH OFFICES

32. **Cash Offices to Deposit Collections into Provincial and District Treasury RPM Accounts:-**

All outstation offices should bank intact all collections of National Government revenues into the Provincial and District Treasury Receiver of Public Monies Account at the nearest branch of Bank of South Pacific daily or at prescribed intervals.

Bail monies will however be deposited into the Operating Account and paid against the Operating Account. Once the bailee loses the bail, a cheque should be drawn against the Operating Account in favour of the RPM account and accordingly deposited to the RPM Account.

33. Banking Procedure

33.1 Cash Offices should prepare an FF120 and obtain copies of FF120 duly acknowledged by the Bank.

33.2 Cash Offices will prepare a Receipts Schedule in the Form FF12 and forward it to the Provincial Treasury Office together with an acknowledged copy of FF120 and copies of official receipts, at prescribed intervals.

34. **District Treasury Offices to arrange collection of revenue from cash offices where banking facilities do not exist:** District Treasury Offices should make suitable arrangements to collect the revenue collected by cash offices in remote areas where there are no banking facilities or where access to banks is either risky or not possible.

DIVISION 10 - CHARGES, FEES, COMMISSIONS AND IMPOSTS

35. **Departmental Fees and Charges:-** No department is to increase a fee or charge or impose a new fee or charge without prior reference to the Department of Finance.

DIVISION 11 - REFUNDS OF COLLECTION

36. **Refund of Revenue:-** Amounts collected as revenue are not to be refunded except on the authority of Department of Finance in consultation with Departments responsible for collecting the particular revenue. In respect of taxation revenues, refunds are to be made as regulated in the appropriate statute.

DIVISION 12 – RECOVERY OF EXPENDITURE

USE OF SUNDRY DEBTORS SYSTEM

37. Services rendered or goods supplied by Departments to private parties (including public servants in their personal capacity) should be on cash basis and credit sales are not to be allowed as already stated. Where the exact cost or charge to be recovered cannot be established at the time of providing the service or supplying the goods, recovery should be made immediately on establishment of the cost or charge. Where delay is expected in establishing it, the estimated cost or charge should be recovered subject to settlement or establishment of the actual cost or charge.

38. Issue of Debit Notes should be Restricted to the following Purposes:

- To recover the differential cost or charge under conditions stated in paragraph 16 above.

- To recover from public servants excess telephone charges, costs of personal telephone calls, and contribution for meals and amounts paid in excess of Public Service entitlements.
- To claim refunds from airline companies for unused airline tickets.
- To recover electricity and other charges where raising of Debit Notes is the only convenient procedure.

39. Procedure for Raising Debit Notes

39.1 Debit Notes are accountable forms and the procedure laid down in Part 27 should be strictly followed to ensure control over Debit Notes.

39.2 Debit Notes are to be raised by Departmental Accountants or senior officers designated by the Departmental Heads and should show the following details:

- (i) **Debtors' Names:** Enter given name (or Christian name) followed by surname.
- (ii) **Address:** This must be the debtor's own business or private address.
- (iii) **Particulars of Debit Charge:** Entry must be clear and precise giving the date of service and nature of service or charge.
- (iv) **Vote or Revenue Item:** Enter here the Vote or revenue head number to which the recovery should be credited. If the recovery relates to previous year(s), the recovery is to be credited to 106-1 Recoveries from Former year's appropriation.

40. Hospital Charges

All charges should be recovered by counter clerks at hospitals. In the case of hospitalisation/medication, should any private individual present himself to any hospital for medical attention and claims that this is a **Workers' Compensation** case, this must be validated by the production of proper documentation by the individual's employer; otherwise it must be treated as a personal debt. Medical superintendents must ensure that their staff are aware of proper procedures in handling personal ailments as opposed to injuries sustained under the **Worker's Compensation Act**.

41. Credit Notes

- 41.1 Credit Notes are to be used only to cancel a charge or correct a charge raised by a Debit Note.
- 41.2 The "Particulars" column should give cross reference to the serial number of the Debit Note which is proposed to be cancelled or corrected and the reasons for the issue of Credit Notes.
- 41.3 Credit Notes should be approved by Departmental Heads.

FREIGHT CHARGES ETC INCLUDED ON NON-VOCABULARY STORES

- 42. The expenditure on wharfage, handling and freight charges (for on-forwarding to destinations) incurred by the Division of Supply for stores purchased by other Departments and Provincial and Local-level Governments must be recovered in full from them using the following procedure:

- (a) **Action by the Purchasing Departments**

All Government cargo will be cleared by the Division of Supply (DOS). The client Department will on receipt of advice from the DOS about receipt of the cargo, provide DOS with:

- Departmental documents necessary to effect clearance and
- An ILPOC committed for the estimated cost of clearance on forwarding if necessary, as ascertained from the DOS.

- (b) **Action by the DOS:**

The DOS will, on completion of clearance and delivery, complete the **Receiving Officer's Certificate** on the ILPOC on behalf of the client Department, attach supporting documents for delivery and costs (DOS 8, copies of manifest etc.). Send the original and duplicate ILPOC's with one copy of the attachments to the designated Paying Office.

- (c) **Action by Paying Offices**

Paying Offices will process the ILPOCs for payment and send the cheque to the DOS and the duplicate of the paid ILPOC to the Financial Delegate.

ELECTRICITY CHARGES

43. Electricity charges are recoverable from consumers at category "C" centres at the following flat rates, if meters have not been installed at the premises (effective from 1 January 1984).

Rate per month

Low Covenant	K13
High Covenant	K52
Commercial Premises	K52

44. In respect of electricity supplied for only part of the month, the above should be applied prorata per day.
45. The unit rate applicable, if meters are in use, is the same as laid down by the **PNG Electricity Commission** for consumers of electricity supplied by the Commission.
46. **Responsibility for recovering Electricity Charges**

It is the responsibility of Provincial Governments and Local-level Governments to collect the electricity charges regularly from consumers. A monthly return should be submitted by the seventh working day of the succeeding month by Provinces and Districts to the Provincial Treasury, providing the following information for each "C" Centre:

1. Report for the Month of
2. Name of "C" Centre
3. Number of Consumers
 - Low Covenant
 - High Covenant
 - Commercial
4. Revenue arrears for electricity charges as at the end of previous month
 - Low Covenant
 - High Covenant
 - Commercial
5. Amount due for the month under report
 - Low Covenant
 - High Covenant
 - Commercial

6. Amount collected during the month
 - Low Covenant
 - High Covenant
 - Commercial
7. Steps taken to recover the arrears
8. Annual estimate of revenue collection
9. Whether Annual Estimate will be met; if not, reasons for the expected shortfall.

GOVERNMENT SUBSIDISED FEES

47. The messing fees ceased in 1990 budget decision and tenants are accommodated in self content units levied at a subsidised rent of K20.00. The National Housing Corporation now a statutory body is responsible for implementing the policy of new generation apartments on commercial line applying reasonable rates for rent at market price.

VILLAGE COURT FINES

48. This instruction is issued to ensure that collections of village court fines are brought to account properly by Revenue Officers of the Provincial and Local-level Governments.
 - 48.1 Village Court Clerks should use Official Receipt Books for collection of Village Court fines.
 - 48.2 When a Village Court Clerk deposits fine money at a Cash Office he should hand the following to the Cash Office Clerk:
 - (a) Official Receipt Book with Village Court Stamp
 - (b) Village Court Fines Schedule Book
 - (c) Cash
 - 48.3 The Cash Office Clerk must take the following steps:
 - (a) Check that all receipts are correctly entered on the schedule
 - (b) Check that the addition is correct on the schedule
 - (c) Check that the cash on hand is the same as the total on the schedule
 - (d) Issue an official receipt for the cash crediting appropriate revenue head.

- (e) Complete the details at the bottom of the Schedule.
 - write the amount received
 - write the Official Receipt No.
 - write date of official receipt
 - print name, signature and designation
 - stamp with Cash Office stamp
- (f) The original of the official receipt and the original of the Schedule should be kept by the Cash Office Clerk. These will be collected regularly by the Village Courts Inspector.

48.4 **Section 24 of the Village Courts Act (Chapter 44)** relates to disposal of fines collected under the Act. All matters relating to the disposal of fines will be regulated by the Village Courts Secretariat.

48.5 **Provincial Treasury Offices:** A memorandum sub-ledger card should be maintained for **Village Court Fines** so as to facilitate extraction of details of fines collected.

GRANTS TO NON-GOVERNMENT ORGANIZATIONS

- 49. The scheme for disbursement of grants to non-government organizations was established by NEC Decision No. 123/83 dated 27 July 1983.
- 50. The following are the guidelines for the administration of the scheme are set out below:
 - (a) All requests for grants should be forwarded to:
The Chairman
Budget Implementation Committee
P O Box 710
WAIGANI NCD
 - (b) Grants will be disbursed on the basis of the following priorities:
 - (i) Non-government organizations providing essential services to the community.
 - (ii) Non-government organizations providing supplementary services to those provided by the government.
 - (iii) Non-government organizations commencing new initiatives.
 - (c) All submissions for grants should include the following:

- (i) The purpose, functions, current programs and financial operations of the organization as well as audited financial statements of the previous three year's operations for the initial application. Subsequent requests should contain details of the previous year's audited financial statements and achievements.
 - (ii) Details of training programs, provided they are carried out in the community itself.
 - (iii) Details on improving the administrative capabilities of the organization through training of personnel or expertise to set up better, simple accounting systems and reporting systems.
 - (iv) Carrying out surveys which will assist in improving the delivery of services by the organization.
 - (v) New initiatives which will further improve the delivery of services.
51. On approval of a grant, the Department of Treasury (Budget Division) will arrange disbursement of funds to the organization.

DIVISION 13 - GENERAL INSTRUCTIONS

52. **Records of Receipts:-** All collectors of public moneys and other accountable officers in possession of official receipt books should maintain a "**Consumption Register**", where the receipt and usage of official receipts are recorded.
53. **Shortage and Surpluses:-** All accountable officers should make good shortages or bring into account by writing an official receipt for any surplus as the case may be in collections made by them.
54. **Private moneys not to be held:-** Holding of private moneys along with the collection of public moneys **is strictly prohibited**.
55. **Internal checking of moneys in Hand:-** All Departmental Heads, Provincial and District Treasurers should make sure that a system of periodic internal checking of moneys held by accountable officers in their organisation is in operation and it is working satisfactorily.
56. **Security Procedures:-** Security procedures in relation to custody and safe keeping of collections of public moneys are dealt with in Division II of this Part.

APPENDIX - CHEQUES

1. Acceptance of Cheques

Only bank cheques will be accepted for the payment of services rendered or as deposits on contracts or as guarantees, for the issue of licences or permits. For dishonoured cheques, please see paragraph 11 below.

2. Immediately a cheque is received by an Accountable Officer, it will be stamped **"NOT NEGOTIABLE - CREDIT PAPUA NEW GUINEA GOVERNMENT ACCOUNT ONLY"**. Such stamps are available from Provincial Treasury Offices. For ease of identification, all stamps should also include the location of receipt. The payee's name together with the Official Receipt Number will be clearly written on the reverse side of the each bank cheque accepted by an Accountable Officer.
3. Cheques before acceptance must be made out for the exact value of the services rendered and on no account will change be given.
4. Cheques will not be cashed by an Accountable Officer unless specifically approved by the Secretary for Finance in special circumstances such as cashing of cheques drawn on the Papua New Guinea Salaries drawing account, Education Salaries drawing account and certain Local-level Governments. A Register should be kept detailing the cheques cashed on each day, which should be initialled by the person authorising the encashment. Officers will be held personally responsible for cheques for which they give cash without approval to do so. (see paragraph 14 below)
5. When accepting a cheque, the Accountable Officer will write the official receipt number on the back of the cheque. The payer should be requested to print his name on the back of the cheque.
6. **Staled Cheques relating to Consolidated Revenue Fund and Trust Fund Receipts**

For cheques received and deposited into the following Bank accounts:-

- * The Public Account
- * Receiver of Public Moneys Account
- * Government Drawing Account

if after 12 months a cheque has not been paid or cleared by the bank, the cheque shall be deemed stopped and Receipt Cash Book shall be endorsed as follows:-

Stale Cheque - invalid on _____ (date).

7. Concerning the Operating Account and the Receiver of Public Moneys Account.

- (a) on the date the cheque becomes stale a Journal Entry will be prepared debiting "recoveries from former year's appropriation" and crediting cash with the value of the cheque providing the cheque did not represent a receipt into the Trust Fund,
- (b) Should a cheque represent a receipt into the Trust Fund, the value of the cheque must be debited into the Trust Fund Account from which the receipt was originally credited,
- (c) Reference will be made to the Journal Entry clearing the stale cheque on the Receipt Cash Book.

8. **Acceptance of Cheques - Errors in Drawing**

No cheque will be accepted containing errors in drawing: such errors may include:-

- (a) Post dated cheques - i.e. dated after the day of presentation.
- (b) Cheques where words differ from figures, and
- (c) Cheques where any correction has not been signed by the drawer.

No cause for complaint shall be held against an Accountable Officer who declines to accept a cheque which is in his opinion is unlikely to be paid on presentation to the Bank on which it is drawn.

9. **Foreign Cheques**

Cheques drawn on Banks outside Papua New Guinea will not be accepted.

10. **Returned Cheques**

Cheques returned as not delivered will be redirected as soon as the current address has been ascertained.

11. **Dishonoured Cheques**

- 11.1 Should cheques be dishonoured, the dishonoured cheque will be returned to the collecting officer. When the cheque is for a license or permit, these will be cancelled by a letter in writing to the holder. If the person drawing the cheques offers cash in lieu, the letter cancelling the licence or permit may be withdrawn from the date cash is received.
- 11.2 When dishonoured cheques are received at Cash Offices, the Accountable Officer will immediately write a receipt for the amount of the cheque in favour of the Paying Officer, crediting advances and state on the receipt "Dishonoured Cheque. Drawer.... Number....

Date....". The original of the receipt will be forwarded to the Provincial Treasury Office.

- 11.3 The cheque will be placed in the safe and counted where applicable, as part of the Station cash on hand.
- 11.4 The Accountable Officer will endeavour to obtain cash in lieu from the drawer when the cheque may be returned but no further receipt will be issued.
- 11.5 If the cheque is dishonoured for technical reasons only (post dated, errors in figures or words), a new cheque may be accepted and the dishonoured one returned. No further receipt will be issued, nor will any accounting entries be made.
- 11.6 If a cheque is dishonoured for lack of funds and the drawer can satisfy the Accountable Officer that funds are later available, the cheque may be resubmitted to the Provincial Treasury Office with a suitable note requesting resubmission to the Bank.
- 11.7 Departments will report all outstanding dishonoured cheques monthly to the Department of Finance (Expenditure and Cash Management) as follows:-
 - (a) Drawer's Name
 - (b) Bank and Branch
 - (c) Amount of Cheque
 - (d) Date of Cheque
 - (e) Date of Cheque received by Department
 - (f) Action taken to clear

12. Banking of Collections

Accountable Officers will bank cheques received daily unless specifically instructed in writing by the Secretary for Finance to pay them in less frequently. Where no banks are situated in the locality, cheques will be forwarded to the appropriate Provincial Treasury Office as the case may be, by daily registered air mail unless specific authority is granted to forward them less frequently. The Provincial Treasurer and all other officers receiving cheques will bank them by the next day before close of business.

13. Encashment of Cheques

No personal cheques will be encashed under any circumstance

The following cheques only are allowed to be encashed:

- (a) Cheques forwarded as "Cash" salary as a charge to the **Government Salaries Drawing Accounts.**

- (b) Cheques forwarded as salary to members of the **National Teaching Service**. These cheques are drawn on the Papua New Guinea **Education Drawing Account** with the Bank of Papua New Guinea, Port Moresby.
- (c) Cheques drawn for deferred wages payment to Government Agreement Workers who have completed their contracts. These cheques may be drawn on any Government Public Moneys account and will show the agreement number and worker's name.
- (d) In approved cases, certain Local Level Government Councils and may obtain cash by presenting a government cheque to an Accountable Officer. It is emphasised that specific approval must be held in such cases, and approved limits will not be exceeded.

14. **Stale Cheques – (Previously issued in Payment)**

Concerning the Drawing Account or Operating Account.

- (a) on the date the cheque becomes stale a Journal Entry will be prepared debiting cash and crediting revenue item "appropriation of former years" with the value of the cheque providing the cheque did not represent a payment from the Trust Fund,
- (b) should a cheque represent a payment from the Trust Fund the value of cheque must be credited to the Trust Account from which payment was made,
- (c) Reference will be made to the Journal Entry clearing the stale cheque on the Paying Officer's cash book and voucher,
- (d) If a claim for payment is received in respect of a stale cheque, which has been cleared as above the voucher authorizing a fresh payment will bear the number and date of the original (stale) cheque and details of the Journal Entry, the value of such a payment will be debited to

"Unforeseen Expenditure" or to the appropriate "Trust Account" if a Trust Fund item,

No item may however be charged to "Unforeseen Expenditure" if the Department concerned does not have budget allocation to cover the charge. In such circumstances, the Department concerned should obtain prior approval from the Department of Finance before making such a payment.