

**TREASURER'S INSTRUCTION**  
**FINANCIAL MANAGEMENT ACT 2016**  
**PREPAID EXPENDITURE**

**EFFECTIVE DATE**

1 July 2019

**SCOPE**

This Treasurer's Instruction applies to all agencies listed in Column 1 of Schedule 1, Part 1 in the *Financial Management Act 2016* unless otherwise exempted or provided for under the provisions of the Act.

**APPLICATION**

At all times.

**OBJECTIVE**

To require the Accountable Authority to prevent the making of prepayments for the purchase of goods and services.

**INSTRUCTION****Prepaid Expenditure**

- 10.1 The Accountable Authority must ensure that the Agency does not make a prepayment for any goods or services that have not been provided and that are not due or required to be paid, whether or not an invoice or statement has been rendered to the Agency.
- 10.2 Paragraph 10.1 does not apply where a deposit or prepayment, as a condition of fulfilling a contract, is unavoidable. The Accountable Authority must ensure that prepayments are limited to travel tickets, annual subscriptions, rentals, license and registration fees, application fees, annual service agreements and deposits that are normally prepaid.
- 10.3 In abnormal circumstances, prepayments not covered by paragraph 10.2 may be required. In such circumstances, prior approval of the Accountable Authority is required, accompanied by certification that payment in advance is necessary and unavoidable because of the nature or conditions of the contract for the supply of goods and services.

**ADDITIONAL GUIDANCE**

There is no additional guidance.