



DEPARTMENT OF FINANCE

2016

ANNUAL MANAGEMENT REPORT

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FOREWORD BY THE MINISTER

The Department of Finance is undertaking, on behalf of our Government, three High Impact Projects: the Financial Framework Review (FFR); the roll-out of the Integrated Financial Management System (IFMS), and the implementation of the Public Expenditure and Financial Accountability (PEFA) Road Map 2015-2018.

The Financial Framework Review addresses serious weaknesses and deficiencies within the public finance legal framework. It is very pleasing to report that a comprehensive revision of the Public Finances Management Act (PFMA) that provides a clear pathway for completely modernizing the financial management framework for this country was approved by the Parliament and gazetted for commencement from the 1st January 2017.

The IFMS will deliver the Government a financial and accounting system across all levels of Government that fully supports the legal framework articulated in the amended PFMA. After a long period of underperformance, where the IFMS was only operational in the Departments of Finance, Treasury and National Planning a ramp-up of activity commenced in 2015 and the Department continued to build momentum through 2016, with 36 National Agencies on-line by year-end. The strengthened PFMA and the public financial management reforms identified in the PEFA Road Map provide clear direction and recognition that the IFMS must continue to evolve to provide a robust, transparent and accountable financial management system, to support the Government's efforts for decentralized service delivery. The Department has stepped up to this challenge, and in 2016 has expanded the project's coverage to move beyond national agencies to address the needs of Statutory Authorities and Sub-National Governments. System enhancements were also undertaken to further improve the system's internal control capabilities and introduce new functionality that greatly supports the Government's service delivery agenda. The department's aim is to have the system in widespread use across all levels of Government by the end of 2018.

The PEFA Road Map 2015-2018 was developed and published to address PFM weaknesses identified in the PEFA Self-Assessment and Report. The Road Map was launched by me and the Secretary for Finance after approval by NEC. A PEFA Secretariat has been established within the Department, and a PEFA Reform Monitoring Group consisting of 12 government agencies was created to monitor the implementation of the Road Map.

Whilst I have noted the impressive progress on the high impact projects, a great deal more has been done within the department. The Divisional Performance Reports outline successful achievements across a broad range of activities that are supporting the Government service delivery priorities. The Department has shown great resolve in delivering major PFM reforms on behalf of the Government, and I would like to take this opportunity to thank Secretary Ngangan, his management team and staff for a job well done.

The report provides valuable insight into the work being done by the Department to revitalise public financial management and give the people of PNG the confidence that the management and oversight of public funds is in good hands. It is with pleasure that I commend the report to you.

Hon. James Marape, MP
Minister for Finance

1. STATEMENT BY THE SECRETARY

2016 has seen the Department of Finance take positive steps to implement reforms that will bring about great changes to public financial management (PFM) in our country. At the forefront of these reforms is the implementation of high impacts projects that the Department is accountable to the Government to deliver; the rollout of the Integrated Financial Management System (IFMS), the Financial Framework Review (FFR) and the implementation of the Public Expenditure and Financial Accountability (PEFA) Road Map 2015-2018.

I am pleased to report that significant progress has been made with each of these important initiatives. IFMS has been implemented in 36 national Agencies, pilot projects undertaken for configuration in IFMS of Statutory Authorities (Internal Revenue Commission) and Provincial and Local-Level Governments (East New Britain). The FFR project has delivered a comprehensive overhaul of the legislative framework for PFM, with an amended version of the Public Finances Management Act (PFMA) approved by the Parliament. The Department also established a PEFA Secretariat in 2016 to coordinate the monitoring and reporting of the PEFA Road Map implementation.

A range of other initiatives were also undertaken as part of the wider reform program the Department is pursuing. These include the implementation of budget management strategies to strengthen cash flow management, improved general ledger management and the production of all outstanding Public Accounts (years 2010 to 2015), a review of non-tax revenue fees and charges and rollout of a computerized receipting system, continuation of internal audit training and support to internal audit committees, and a comprehensive reorganization and amalgamation of the key information and communications technology infrastructure and application areas of the Department.

An equally important element of the Department's PFM reform is building the capacity of officers involved in financial management. To this end, the Department has a partnership with the University of Papua New Guinea to conduct a degree program specifically designed for public sector needs, and the Department has taken the bold step to establish the Association of Government Accountants and Public Finance Managers (AGA&PFM) to promote professional development and enhance compliance with international public sector accounting standards. We are also continuing our close association with the Australian Department of Finance through a twinning program where two officers are selected annually to spend one year in Australia developing their professional skills in contemporary financial management. I have also proposed a restructure of the Department to improve the internal alignment of staff with the Department's core functions and better execute our responsibilities for leadership in public financial management. I look forward to implementing the restructure in 2017. These and many other achievements are discussed in more detail in the Division Performance Reports.

I would also like to acknowledge the valuable contribution made by our development partners. Delivering on the PFM reform agenda calls for a great deal of discipline and resilience, and at times we need outside assistance to fill capacity gaps. I have been heartened by the degree of understanding our development partners have of the PEFA Road Map and their support of our PFM reforms through the provision of funding and technical assistance in critical areas of the Department.

I take this opportunity to thank the Senior Management Team and the staff of the Department for their professional advice and support in 2016. I also thank our Minister, Hon. James Marape for his political leadership. Our efforts to support the Government's reform agenda for strengthened financial governance in support of service delivery to the people of PNG is gaining momentum as we position ourselves with the minor restructure to better lead PFM reforms into the future. It is therefore my pleasure to submit the Department of Finance 2016 Annual Management Report.

Dr. Ken Ngangan PhD CMA CPA
Secretary

2. BACKGROUND

2.1. Vision

Our Vision is to serve the people of Papua New Guinea by ensuring public money is used to achieve broad-based and sustainable development, particularly in rural areas.

2.2. Mission Statement

Our Mission is to promote the efficient, effective and ethical use of public money in Papua New Guinea.

2.3. Values

Our Values are reflected in the acronym ‘SHARP’, interpreted as; we provide **S**ervice to the people; we act **H**onestly at all times; we accept **A**ccountability for our actions; we **R**espect all people; and we act **P**rofessionally in our work.

2.4. Our Mandate

We source our mandate from the national Constitution, Public Finance (Management) Act, Fiscal Responsibility Act, Organic Law on Provincial and Local-Level Governments and other relevant legislations and statutes.

The Department is specifically responsible for providing policy direction and support in financial policy formulation, financial systems development and maintenance, financial accounting and information processing, financial management and accounting procedures, monitoring of financial performance against budget, and legislative compliance and financial reporting for the whole of Government.

Other specific requirements creating and authorizing the performance and execution of the Department’s responsibilities come from policy determinations of government reflected in various government development and strategic plans, the Appropriations Act and annual budgets.

The Department of Finance is the custodian of the Public Finance (Management) Act, wherein a large portion of its mandate is sourced.

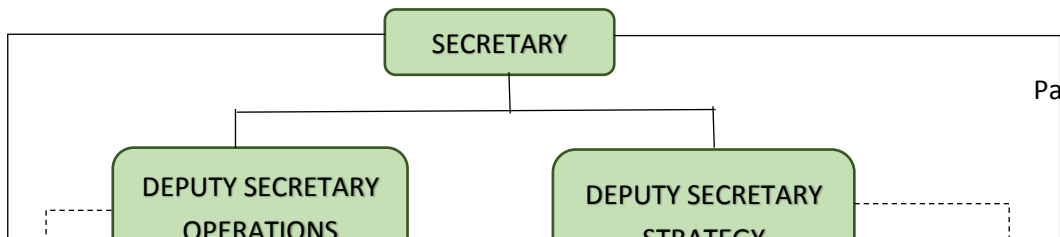
2.5. Core Outcomes

1. Strong financial management systems to support and control government expenditure
2. An effective and efficient government financial management framework
3. Timely and informative reporting on government finances
4. Effective and timely management of cash flows to agencies
5. Identification and collection of non-tax government revenue
6. Improved public sector governance through the support of internal audit units and audit committees
7. Effective accounting and financial management support to Provincial and Local-Level Governments
8. Support to Finance management and staff, and strong management and oversight of the Department’s budget

3. MANAGEMENT

The Department of Finance (DoF) structure, illustrated below, is headed by Secretary, supported by two Deputy Secretaries and eight divisional heads. The Department has its headquarters in Vulupindi Haus in Waigani and operates Finance Offices in 22 provinces and 89 districts throughout Papua New Guinea.

Figure 1: Management Organisation Structure



4. DIVISIONAL PERFORMANCE

4.1. INTEGRATED FINANCIAL MANAGEMENT SYSTEM (IFMS)

Outcome 1: Strong financial management systems to support and control government expenditure

4.1.1. Objectives:

IFMS is managed through the Financial Management Improvement Program (FMIP) and is central to the highest priority PFM reforms for the Department of Finance, specifically:

- (a) Completion of the roll-out of IFMS (National Departments and Provincial Pilot/s in 2016 and implementation in all provinces by end of 2018);
- (b) Replacement of PGAS (coincide with roll-out of IFMS, fully retired end of 2018 on completion of sub-national roll-out);
- (c) Development of interfaces with payroll and other PFM systems;
- (d) Development of checks and controls to ensure a high level of data quality, integrity and coherence;
- (e) Accounts reconciliations and improved cash management; and
- (f) Revision of the legal framework for PFM and better alignment of PFM practices and procedures to the capabilities of the IFMS.

4.1.2. Achievements:

(a) National Agencies

14 national agencies were implemented in 2016, bringing to 36 the number of Agencies on line in IFMS at end December 2016. High expenditure agencies implemented during 2016 included the Department of Works and all but five (5) of its provincial sites. The Police Department was another high expenditure agency rolled out. Ten (10) smaller agencies will remain to be implemented in 2017

(b) The Provincial and District Finance Offices (PFO / DFO)

The Provincial and District Financial Management Division (PDFMD) within the DoF provides financial services to the sub-national governments. The roll-out of Provincial and District Finance Offices is considered a critical prerequisite to roll-out to the sub-national governments (Provinces-LLGs). IFMS has been rolled-out to one PFO (Central Province). This roll-out identified a number of issues that will need to be corrected before a full roll-out to PFO/DFOs can occur. A project to specifically address PFO/DFO roll-out has been initiated.

(c) Statutory Authorities

Statutory Authorities have different operating and financial reporting requirements to national agencies; therefore, a suitable workplace has been developed within the IFMS for these type of organisations. The Internal Revenue Commission (IRC) was the Pilot organisation and was successfully implemented. The remaining 13 Statutory Authorities funded directly through the National appropriation (budget book) will be included in roll-out plans for 2017.

The Statutory Bodies workplace within IFMS is also suitable for the financial operations of District Development Authorities (DDA); whilst DDAs are not currently included in the IFMS roll-out plans, the framework is available if GoPNG requires their inclusion.

(d) Sub-National Governments

East New Britain (ENB) Pilot Project. As part of the ENB pilot project the sub national environment has now been configured to comply with the PFMA and legislative reporting, and reflects the Provincial-LLG Governments business processes. The Budget Execution module, procurement, accounts payable, receipting, general ledger and standard Reporting,

training and user acceptance testing have been delivered and ENB is ready to go live. The sub national configuration is now available for roll out to other Provincial Governments and LLG, subject to successful completion of the Pilot Evaluation.

(e) IFMS Enhancements

Further enhancements to the IFMS were also completed in 2016, including:

- (i) Cash Ceiling functionality, developed to assist with stronger management of available cash at bank and warrant issuance control.
- (ii) Electronic Funds Transfer (EFT) has been successfully tested with BPNG and implemented. At this stage EFT is available for transfer of grants between Government accounts, but in the future can be used for payment of suppliers, reducing the need for cheque payments.
- (iii) A management dashboard
- (iv) Electronic Bank Reconciliation
- (v) Cash Management/General Ledger Improvements
- (vi) IFMS has been successfully migrated to a more modern and substantially improved infrastructure environment for its servers and databases.

(f) Donor-funded support

The Department of Finance PFM reform agenda, including the IFMS Project, has been strongly supported by development partners. The Australian Department of Foreign Affairs and Trade (DFAT) funded a technical expert for the role of Manager, Financial Management Improvement Program (FMIP) who provides the operational management of the project, and the European Union (EU) funded a technical expert to assist with the development and configuration of a chart of accounts within the IFMS for roll-out to sub-national governments. This support is programmed to continue in 2017.

4.1.3. Challenges and Constraints

The major constraints and challenges impacting the enhancement and roll-out of IFMS are:

- (a) Authority to Pre-Commit (APC) and Centralized Supplier Data functionality will significantly enhance the Government's ability to monitor and manage major procurement across multiple years and increase visibility and transparency over suppliers across multiple Agencies and levels of government. The system vendor, TechnologyOne, has been asked to review the feasibility of having these features built into future IFMS system releases. The request has been with the vendor since 2015 without progress. The IFMS Project will continue to raise this with the vendor; however, unless the vendor can be convinced that this is something that other major users would desire, DoF will likely have to commit significant funds for research and development (R&D) before TechnologyOne commit resources to the work.
- (b) Invalid account codes in Alesco, and a failure to keep the Alesco accounts aligned with the GoPNG Budget Book accounts remains a significant problem. General Ledger Branch has scoped the project and held negotiations with the Alesco vendor, Concept, with a view to reach agreement for this work. Agreement could not be reached with unresolved issues relating to cost, respective input and responsibilities by the parties. Negotiations are at an impasse. As the future of Alesco is uncertain, this initiative will remain on hold until further instructions are received.
- (c) Technical capacity (project staff numbers and their skills, and availability/access to external technical experts). The IFMS Project comprises a mix of GoPNG staff, National and Expatriate Consultants, Donor-funded Advisers and external technical consultants. It is impossible to

deliver the project outcomes with a single staffing approach, e.g. GoPNG public servants; a cost-effective mix of the different personnel inputs will be necessary during the life of the project.

- (d) The IFMS National Department configuration does not meet the needs of Statutory Bodies and Sub-National Governments, particularly their budgeting and reporting requirements. Modification to the system structures and work environments requires advanced technical skill that resides with the system vendor, or consulting firms with expertise in the IFMS product.
- (e) Stable, well-supported ICT infrastructure is critical to the operation and roll-out of IFMS. This has been a long-term source of poor performance. Currently the system experiences periods of unacceptable slowness, which could become intolerable to users when the system is rolled-out across all levels of Government. This issue is being addressed as a matter of priority by ICT Division and IFMS.
- (f) IFMS is a real-time financial system that, provided users have internet access can be accessed from anywhere in the world. Connectivity through the internet is therefore essential to the successful roll-out of IFMS across PNG. Agencies can access IFMS through any internet service provider device; however, to ensure a consistently reliable service is available the roll-out to National Departments has been driven by access via a Private Branch Network (PBN) provided by a commercial service provider. This is proving successful; however, given PNG has some of the most expensive internet in the world, it comes at a significant cost, which is currently unfunded.
- (g) The current level of funding is insufficient to allow completion of the roll-out of IFMS to the sub-national governments. A K3 million reduction in funding for 2016 impacted on the project's ability to continue IFMS enhancements posing a severe risk to the completion of the development of workplaces within IFMS for the sub-national roll-out and the preparation for roll-out to PFOs/DFOs. With the additional costs associated with sub-national rollouts (systems configuration, ICT hardware, internet connectivity, project team travel) the reality of this situation is that the PFM reforms identified in the PEFA Road Map 2015-2018 will not be possible, and the already precarious state of sub-national financial management and reporting will get worse with the continuing deterioration of PGAS, as it progressively becomes obsolete.

4.2. INFORMATION COMMUNICATION TECHNOLOGY DIVISION (ICTD)

Outcome 1: Strong financial management systems to support and control government expenditure

4.2.1. Objectives

High quality ICT infrastructure, systems and technical support to government financial systems including the:

- (a) Integrated Financial Management System (IFMS)
- (b) Legacy Government Accounting System (PGAS)
- (c) Government Payroll System (Alesco)
- (d) CS-DRMS -second level database support

4.2.2. Achievements

- (a) Remediation of data centre infrastructure completed,
- (b) Department of Finance managed applications (IFMS, Alesco, Email and File access) migrated to a substantially improved infrastructure environment.
- (c) Managed service provider engaged to oversee and manage data centre infrastructure and performance.

- (d) Private Branch Network (PBN) established with Digicel for internet connectivity for the IFMS for National Agencies and Provinces.
- (e) Memorandum of Understanding with Digicel for PBN services drafted and formalised.
- (f) Disaster recovery site at Morauta Haus reactivated.
- (g) Successful Completion of Diploma in Information Technology for the ICTD staff, thus raising the minimum qualification to Diploma.
- (h) Re-stabilized our internal networking environment.

4.2.3 Challenges and Constraints

- (a) IFMS and Alesco experienced performance issues when moved to the new environment. This issue remains unresolved.
- (b) Move from Metropolitan Area Network (MAN) to PBN connectivity for larger government agencies impacted IFMS performance at some sites.
- (c) Hewlett Packard provision of spare parts for key infrastructure was slow due to delays in dispatches and customs clearances.
- (d) Issues with Oracle licensing changes impacted budgeting and licensing compliance for key systems IFMS and Alesco.

4.3. FINANCIAL REPORTING & COMPLIANCE DIVISION (FRCD)

Supported by FFR and PEFA, which are elements of the FMIP

Outcome 2: An effective and efficient government financial management framework

Outcome 3: Timely and informative reporting on government finances

Strong financial management systems to support and control government expenditure

4.3.1. Objectives

- (a) Develop workable financial framework for public and statutory bodies
- (b) Enhance understanding of the financial framework across government
- (c) Ensure implementation of the framework by Statutory Bodies
- (d) Improve whole of government monitoring and reporting

4.3.2. Achievements

- (a) Completed the amendment of the Public Finance Management Act (PFMA)
 - (i) The PFMA (Amendment) Bill 2016 was passed in Parliament on the **11th of August, 2016**. Certified on the **9th November 2016 and** Gazettal Notice G40 dated 25th January 2017 fixed the commencement date as **1st January 2017**.
 - (ii) Consequential amendment bills of 26 legislations, which relates to fees and charges, were also passed by Parliament on the 11th of August 2016.
 - (iii) First Legislative Counsel has completed the consolidation of the PFMA; will be released for distribution in 2017.
- (b) Financial Management Manual
 - (i) Financial Management Manual being finalised and will get the management concurrence for distribution for usage together with the new PFMA.
 - (ii) To be released and implemented in 2017 and onwards.
- (c) Revision of national procurement.
 - (i) National Procurement Policy Bill is still with State Solicitor for legal clearance
 - (ii) New Procurement Act Bill will be tabled in Parliament after the 2017 election when the new government comes on board.

- (d) Statutory Bodies and Trust Accounting Review
 - (i) Terms of Reference (TOR) being drafted and discussions progressing with Department of Finance (DoF), Department of Treasury (DoT), and PM&NEC to finalise.
 - (ii) The review will commence once the TOR is approved.
- (e) Public Accounts
 - (i) Finance Instruction issued for the development of the Public Accounts
 - (ii) Enhancements completed in the IFMS to improve work flows and internal controls resulted in significant improvements in the time required to complete the Annual Financial Statements. Work continues to be done where regulations are needed.
 - (iii) The public Accounts for 2010 to 2015 compiled. 2010-2014 audited by the AGO and printed for tabling in Parliament. 2015 with the AGO for auditing.
 - (iv) 2016 Public Accounts and notes being compiled. Should be submitted to AGO by mid May 2017
- (f) Improvement in completion of Agency bank reconciliations in IFMS
 - (i) Bank Reconciliation Support project established
 - (ii) Functionality for on-line upload of bank statements from BPNG implemented
 - (iii) Bank Reconciliation assistance being provided to agencies that have been implemented in IFMS
 - (iv) Agencies progressively completing bank reconciliation on-line.
- (g) Public Expenditure and Financial Accountability (PEFA) Secretariat established – section of FMIP
 - (i) PEFA Road Map 2015 addresses the findings of the PEFA Assessment and Report, and endorsed by NEC.
 - (ii) PFM Reform Monitoring Group formed to monitor the implementation of the PEFA Road Map. The PFM Reform Monitoring Group comprises of 13 key government agencies ; DoT, DoF, DNPM, DPM, AGO, IRC, Customs, NDoH, NDoE, DPLGA, NSO, NEFC & PM&NEC
 - (iii) A set of Monitoring instruments developed for National Government Agencies in the PEFA roadmap to report on the implementation of the PFM reforms.
 - (iv) 2016 Bi-annual reports on implementation status being produced. It is the first report by the government on the progress of the implementation of the PFM reforms. FY 2016 Monitoring Report to be finalised for submission to CACC and NEC with this report.
 - (v) Assisted an Adviser from the United Nations Capital Development Fund (UNCDF) with development of a PEFA performance measurement framework for PNG sub-national assessment. The tool provides an automated methodology for data entry and scoring. The UNCDF adviser will test the tool in two (2) districts before presenting it to the PEFA Secretariat (World Bank) for review and possible approval.

4.3.3. Challenges and Constraints

- (a) Long delays in receipt of PGAS data from Provinces and Districts for upload into IFMS to allow analysis and reporting of sub-national financial management. This also causes unnecessary delays to the preparation of the Public Accounts.
- (b) The Statutory Bodies and Trust Account Review is an enormous task to be coordinated within Finance, Treasury and PM&NEC that has massive potential to strengthen the financial practices and improve the returns on the Government's investment in the organizations, but will require long term resources to achieve the goals.
- (c) Funding and manpower issues a major challenge for agencies implementing the PFM reforms.
- (d) Implementing agencies consistently fail to provide timely submission of reports.

- (e) IMFS is tasked to be rolled out to all provinces by end of 2018. IFMS sub-national configuration is being developed for piloting in East New Britain (ENB); however, provinces and all districts are still using PGAS, and will continue to use the system until 2019. They will still need assistance in compiling Financial Statements and bank reconciliations. No budgets for officers to visit regions as per or when required.
- (f) Training of Bank Reconciliation officers and a training manual needs to be finalised by Finance Training Branch to assist our Bank Reconciliation Support Team.
- (g) Alesco mapping for PE account codes should be fixed permanently, especially for Jiwaka and Hela provinces, and teaching and staffing grants. General Ledger Branch have been raising journals to do corrections but a permanently solution should be an urgent priority.
- (h) Public Accounts Statement F - State Bodies are not providing Statements to Treasury in time for them to compile Statement F and submit to Finance, need some concrete measure to enforce reporting requirements.
- (i) Donor agencies – as above issue – do not provide their statements to the Department of National Planning and Monitoring by the time the Public Accounts are due for completion. It must be noted most donor countries have a different accounting period cycle (June - July) to PNG.

4.4. FINANCIAL CONTROLS DIVISION (FCD)

Outcome 4: Effective and timely management of cash flows to agencies

4.4.1. Objectives

- (a) Timely, accurate processing of payments, receipts and reconciliations
- (b) Monitor and report on the status of the Consolidated Revenue Fund
- (c) Remit funds to National Agencies, Provinces, Districts and Statutory Authorities in accordance with Appropriation Acts, Warrants Authorities and Finance instructions
- (d) Monitor and record debt transactions
- (e) Manage Payments for the claims against the state
- (f) Process payments and conduct regular bank reconciliations of the Departments of Finance drawing accounts
- (g) Manage application for Authority to Pre-Commit
- (h) Engagement of Financial Controllers in major spending Departments to oversee compliance with the PFMA
- (i) Improve efficiency and accuracy of trust reporting

4.4.2. Achievements

- (a) Distribution of Tuition Fee Funding (TFF). The government is committed to Free Education Policy, and has honoured its commitment despite the challenging cash flow issues the country faced throughout 2016. The Department remitted all quarterly TFF to schools.
- (b) The responsibility for remitting funds to PNG's Overseas Missions was centralised within the department to guarantee the timely processing of payments for the missions.
- (c) The Division implemented processes to support the implementation of FI 1/2016 to facilitate the clearance of Government cheques over K100,000.

- (d) Budget Management Strategies, directed by the Prime Minister, were implemented:
 - (i) Cash ceiling functionality was implemented in the IFMS to better align the release of warrant authorities with available cash flows. Two officers were recruited to the Division to support this initiative.
 - (ii) Claims processing for Development Funds managed by Treasury and Department of National Planning & Monitoring was transferred to the Department of Finance.
- (e) A forecasting tool was developed, with support from an EU-funded technical adviser, to improve the forecasting and management of cash flows. The tool has greatly improved the accuracy and timeliness of cash forecasts for presentation to the Public Debt Committee.
- (f) Reconciliations for the Waigani Public Account completed, and up-to-date.
- (g) All Trust Accounts managed by the Department of Finance configured in the IFMS and reconciled. Trust Branch provided technical support to agencies to bring their trust accounts on-line and reconciled during IFMS roll-outs.
- (h) Trust Accounts were established and funds management coordinated for the effective control of finances allocated to the 2016 South Pacific Games and the FIFA Women's Under 20 World Cup held in Port Moresby.

4.4.3. Challenges and Constraints

- (a) The greatest challenge for the Division has been the increased pressure on staff with the influx of work undertaken by the Department, which has in many cases resulted from poor governance practices in other agencies and a loss of confidence by the Finance Minister, Secretary Finance, CACC and NEC. The workload demands of these initiatives, particularly cheque clearance processes has meant that officers are not able to perform their 'normal' functions, such as gathering agency quarterly reports, undertaking analysis and holding feedback meetings with the agencies.
- (b) The lack of clarity around the separation of roles and responsibilities in Treasury and Finance was a long standing cause of confusion, and at times duplication of work. Similarly, the lack of clarity around application of elements of the PFMA, particularly with Trust Accounts, resulted in the creation of trust accounts and bank accounts without the appropriate direction and oversight of Finance. These issues have been addressed through the PFMA review, which took effect on 01 January 2017, and is the catalyst for ongoing PFM reform projects, such as a review of Trust Accounts and Statutory Bodies.

4.5. NON-TAX REVENUE DIVISION (NTRD)

Outcome 5: Identification and collection of non-tax government revenue

4.5.1. Objectives

- (a) Ensure all Government non-tax fees and charges are collected and accurately accounted for, in compliance with the PFMA.
- (b) Ensure a continuous review of fees and charges is effectively carried out by all relevant government departments and agencies.
- (c) Maximize the non-tax revenue base and strengthen business processes through research and policy development, consistent with national development objectives.

4.5.2. Achievements

- (a) Monumental changes were made through the 2016 amendment of the PFMA, with respect to revenue management:
 - (i) Department of Finance is mandated to institute and conduct reviews of fees and charges in consultation with relevant government departments; giving the Finance Minister the authority to seek approval through NEC for gazettal of revised rates prior to implementation.
 - (ii) A new Section was added to address the management of government arrears.
 - (iii) A requirement for all public revenue generating bodies, including Statutory Bodies, to remit all their revenues into the Consolidate Revenue Fund before withholding amounts. This significantly changes the operation of agreed sharing arrangements with the State and allocations for their annual appropriations.
 - (iv) There is a prerequisite for all intending statutory bodies to seek clearance through the Department of Finance on how their revenue will be managed.
- (b) Installation of Computerized Receipting System (CRS) and Electronic Funds Transfer at Point of Sale (EFTPOS) terminals for cashless payments in:
 - (i) 21 Provincial Finance Offices,
 - (ii) 17 District Finance Offices, and
 - (iii) 5 National Departments.CRS and EFTPOS installation will continues to be rolled out in conjunction with the IFMS to Government Departments and agencies, and Sub-National Governments.
- (c) Assisted IFMS sub-national roll-out, through the creation of a revenue chart of accounts for the pilot province (East New Britain). This exercise will be replicated in all other provinces.
- (d) Issuance of:
 - (i) Finance instruction No. 2/2016, Cashless Payments and Receipting System Guidelines for Receivers of Public Monies.
 - (ii) Finance Circular (25/06/2016), Collection of National revenues at the District Level (all public payments to be done at authorized Finance Offices only and no other government agency).
- (e) Improvement in the timeliness of revenue reporting and monitoring through improved compliance and monitoring activities carried out at the Provincial and District Finance Offices.
- (f) Successful coordination and compilation of the 2017 National Revenue Budget using the IFMS.
- (g) Consolidated National Government Revenue.

The consolidated amount for National Government Revenue Collections as of 30 November **2016 is K289.7 million**. The revenue collection data, shown in Table 1 (Data Source: IFMS-TMS10), below, clearly indicates that the 2016 estimate of **K205.2** million has been healthily exceeded.

Table 1: 2016 Department Revenue Collection – Budget versus Actuals

No.	National Department	2016 Estimates	2016 Actuals	Variances
1	Finance	74,000,000	168,453,226	94,453,226
2	Education	3,783,000	19,001,334	15,218,334
3	Police	3,332,300	4,643,093	1,310,793
4	Magisterial Services	1,045,000	2,033,229	988,229
5	Health	900,065	1,486,944	586,879
6	Commerce & Industry	67,775	87,971	20,196
7	Environment & Conservation		120	120
8	Electoral Commission		2,000	2,000
9	Correctional Services	282,500	281,291	-1,209
10	Judiciary services	110,000	102,104	-7,896
11	Agriculture & Livestock	50,000		-50,000
12	Works	125,000	33,435	-91,565
13	Transport	8,320,000	8,079,398	-240,602
14	Attorney General	345,000	98,815	-246,185
15	Community Development	965,000	624,314	-340,686
16	Labour & Industrial Relations	24,292,425	23,471,526	-820,899
17	Petroleum & Energy	5,399,054	4,107,553	-1,291,501
18	Defence	1,700,000	129,039	-1,570,961
19	Lands & Physical Planning	27,959,600	23,466,852	-4,492,748
20	Foreign Affairs (PNGICSA)	52,600,000	33,663,892	-18,936,108
	TOTAL	205,276,719	289,766,136	84,489,417

The Table shows the performance of 20 revenue collecting departments as recorded in the IFMS for 2016. The additional collections of K84.5 million has substantially exceeded the estimates by 41 percent. The table includes collections from the Jacksons International airport arrival centre and also from all Provincial and District Finance Offices. These collections have been allocated under the various national departments for which services were rendered.

4.5.3. Challenges and Constraints

- (a) Management and collection of Government revenue arrears was hindered due to reduced budgetary support to create a whole of government arrears data base and institute collection measures.
- (b) First review of four (4) governmental fees and charges and submitted to the State Solicitor's Office for legal clearance. Initiated further reviews with another four (4) departments. Submission of the proposed new rates were put on hold prior to formal authorization, pending passage of the revised PFMA. This activity will commence in 2017.
- (c) Migration Services Fees collected through PNG Foreign Missions abroad slightly reduced due to cash flow constraints faced by the country, which delayed their operational funding, resulting in them resorting to use of their collections. Improved cash flow control measures in 2017, with emphasis on timely funding of foreign missions should improve this.

4.6. INTERNAL AUDIT AND COMPLIANCE DIVISION (IACD)

Outcome 6: Improved public sector governance through the support of internal audit units and audit committees

4.6.1. Objectives

- (a) Deliver Finance internal audit, assurance and advice services for the Department of Finance
- (b) Deliver robust investigation services as a key pillar of anti-corruption strategy
- (c) Provision of professional advisory and secretariat support for the Public Sector Audit Committee Program (PSAP)
- (d) Pre-audit (vet and verify) off-line claims by agencies and fortnightly monitoring of threshold reports.

4.6.2. Achievements

- (a) 85 Audits Committee meetings were held in 2016, a reduction from 95 in previous year (2015).
- (b) Audit Committees established and going forward:
 - (i) Audit Committees have progressively grown from 17 in 2008 to 44 in 2016.
 - (ii) The number of independent members have grown from four (4) in 2008 to 57 in 2016.
 - (iii) Numerous attempts to establish Audit Committee in key agencies such as the Department of National Planning & Monitoring (DNPM), Department of Treasury (DoT) and Department of Personnel Management (DPM) were unsuccessful. Although committees were not established due to non-cooperation by these agencies Secretaries, IACD invested significant effort negotiating with the agencies.
 - (iv) Requests to establish new committees stood at 11, with preparation for Manus Provincial Audit Committee completed with a planned 2017 commencement.
- (c) Internal audit training completed:
 - (i) 63 auditors within the public sector have undergone training sponsored by the Department of Finance through the Public Sector Audit Program (PSAP) trust account at PNG University of Technology in Lae, Morobe province. The duration was for two weeks internship course. The attendees were from national and sub-national agencies where audit committees are established and operational.
- (d) Payroll Monitoring Unit (PMU)

A special investigative and monitoring unit established within IACD in 2014 to pre-audit offline claims from other agencies, including payroll audits, where warranted (funded by PSAP).

 - (i) Audits completed – 29 Agencies (Payroll Data Cleansing)
 - (ii) Total offline claims processed – 2,890 (since Sept. 2014 to Sept. 2015)
 - (iii) Value of Claims – K33m (K20m considered as illegal – savings to State)

Nil claims processed in 2016 – all claims directed to DPM; however, IACD undertook additional payroll activity to monitor off line claims to clean the payroll data and save millions of kina in those two years that the pre-audit activity was undertaken. Whilst responsibility for vetting off-line claims has transferred to DPM, monitoring of threshold reports remains a responsibility of the PMU.
- (e) Other 2016 achievement highlights of the program

There were some notable improvements in accountability as a result of the efforts of the audit committee program:

 - (i) The University of Papua New Guinea's (UPNG) Council disbanded the Board and sacked the managing director of the University's business arm. Other measures introduced

through the audit committee were to close unprofitable campuses, cease loans to staff and tighten controls around payroll, trust account management and travel.

- (ii) Also at UPNG, audit committee secretariat staff have assisted with bank reconciliations for the main account as requested through UPNG audit committee meetings. However the result was not successful because Bursary staff were not sure of the bank reconciliation processes and could not progress further; it still remains outstanding.
- (iii) Finance has National Housing Corporation also doing bank reconciliations of the main account. These accounts were in arrears for many years and Members of the committee requested assistance from the Finance audit division. Commencement was delayed due to bank statements arriving late, designated officers not available, etc., but slow progress is occurring.
- (iv) European Union (EU) provided financial support of K16,000 to host internal audit workshop at Holiday Inn for CEO's, Departmental Heads, Provincial Administrators, Chief Internal Auditors, Finance Managers and HR Managers. Attendees were from agencies with established committees.
- (v) EU funded an Audit Adviser placed with the Finance audit division for one full year. He assisted in running in-house trainings, review reports, attend audit committee meetings, involved in senior management meetings etc.
- (vi) Two agencies, Department of Madang and Department of Agriculture & Livestock, whose committees were defunct were resurrected.

4.6.3. Challenges and Constraints

- (a) PFMA - Internal Audit implications.
The implementation of the revised PFMA (completed in 2016) has far reaching implications for internal audit. With approximately 90 departments, agencies and provinces directly funded through the budget book and approximately 1100 Statutory Authorities in existence, the establishment and operational support of internal audit units and committees for all Public and Statutory Bodies is beyond the capacity (staffing and funds) of the Department of Finance. The establishment of a suitable framework with workable operational and support structures for Internal Audit Committees will require a strategic rethink and a complete overhaul of the existing system.
- (b) Audit Committee Program
 - (i) Lack of commitment from host agency departmental heads or CEOs to attend quarterly AC meetings.
 - (ii) Lack of adequate funding support and ownership of the program by agency management.
 - (iii) Lack of commitments, proper skill-sets/training of chief internal auditor/auditors.
 - (iv) Inadequate resource (HR & funding) support for PSAP program and IACD operations to complement PSAP operations.
 - (v) Lack of manpower in the Internal Audit Units across the public sector agencies.
 - (vi) Not proper grading or level of audit positions are inadequate.
- (c) Payroll Investigation & Monitoring
 - (i) Further training required by the team members at IACD (Alesco HRMS & Discoverer)
 - (ii) Forth-nightly Threshold Monitoring is dysfunctional due to Payroll not providing the payroll reports.
 - (iii) Urgently required team leader to lead the unit, although the function has been withdrawn to DPM, except for payroll monitoring.
- (d) Central Agencies failure to establish Audit Committees

The following key departments continue to be uncooperative and have resisted all efforts to establish audit committees, and remain non-compliant with the PFMA:

- (i) Department of National Planning and Monitoring,
- (ii) Department of Treasury, and
- (iii) Department of Personnel Management.

The ongoing lack of cooperation to establish audit committees reflects very poorly on these departments, and their credibility to fulfil their legislated functions to oversight the budget, expenditure, establishment, payroll, etc. of other agencies is seriously compromised.

4.7. PROVINCIAL AND DISTRICT FINANCIAL MANAGEMENT DIVISION (PDFMD)

Supported by Provincial Capacity Building Program (PCaB), which is an element of FMIP

Outcome 7: Effective accounting and financial management support to Sub-National Governments.

4.7.1. Objectives

- (a) Improved oversight and management of Provincial and District Finance Offices' performance.
- (b) Provincial and District Finance offices have the infrastructure needed to operate effectively.

Note: Prior to the passing of the amendment to the PFMA late in 2016, PFOs and DFOs were known as Provincial Treasuries (PT) and District Treasuries (DT). Similarly Provincial Treasurers have been renamed Provincial Finance Managers and District Treasurers renamed District Finance Managers. The new terminology has been used throughout this report.

4.7.2. Achievements

- (a) District Treasury Rollout Program (DTROP) – Nil funding was received in 2016 for DTROP; however, existing contracts for construction of accommodation were progressed.
 - (i) Since inception in 2004 the Department has established 69 district treasury offices and staff houses.
 - (ii) The following construction works were progressed:
 - A Provincial Finance Office and ten staff houses for Hela was completed (commissioned on 24 March 2017);
 - Eight (8) houses for District Finance Office staff in North Fly ,Western Province, to be commissioned in 2017;
 - Eight (8) houses for District Finance Office staff in Talesia, WNBP was completed, to be commissioned in 2017;
 - Staff houses for Provincial Finance Office staff in Jiwaka are in the completion stage.
 - (iii) One Provincial treasury and 12 District Finance Offices have work-in-progress. These are PFO Hela and Ambunti, Maprik, Wewak, Telefomin, Naweab, Menyamy, Finschafen, Aitape, Kikori, South Bougainville, North Bougainville and Central Bougainville District.
- (b) Progressed the recruitment to fill vacancies for all Provincial and District Finance Offices.
- (c) Substantially improved the timeliness of submissions of statutory financial reports for the sub-national governments. Compliance with statutory reporting dates has improved from eight (8) percent to 41 percent.
- (d) Supported the disbursement of Provincial and District Service Improvement Program (SIP) funds, and carried out the accounting processes for the receipting and expenditure of the funds through the government accounting system (PGAS).

- (e) Supported NTRD to improve the efficiency of collection and receipting of non-tax revenue through the use of CRS and EFTPOS in Provincial and District Finance offices.
- (f) Finalised planning for a Provincial and District Finance Officer Conference, to be attended by all Provincial and District Finance Managers, Provincial Administration staff, District Development Authority staff and officers from key national agencies. Due to funding constraints the conference was deferred until 2017 (since successfully hosted in Tari).
- (g) Provincial Capacity Building (PCaB) Program. PCaB, a UNDP, DFAT and GoPNG-funded program continued support for capacity building of Provincial and District Finance officers during 2016, significant initiatives included:
 - (i) Provincial District Support Advisors located in 12 Provinces.
 - (ii) Voluntary Service Overseas (VSO) ICT Advisers accelerating ICT related training in computer labs established in each province.
 - (iii) A reporting tool implemented to monitor the timely submission of mandatory reports, primarily bank reconciliations and annual financial statements.
 - The tool collects data from four (4) regions, 22 provinces and 89 districts.
 - Assist PDFMD quality check submitted reports.

4.7.3. Challenges and Constraints

- (a) The lack of funding for DTROP adversely impacted the progress of construction of Provincial and District offices and staff accommodation. The failure to provide funding for existing contractual obligations for work-in-progress payments is also causing friction with contractors continually putting pressure on Provincial and District finance officers. The establishment of DDAs and the growing distribution of funds to the sub-national level increases the critical need to fully fund and resource Provincial and District Finance Offices. Funding for the maintenance of these properties also need to be included in recurrent budgets.
- (b) In addition to office and staff accommodation, ICT infrastructure and access to critical financial systems is a wide spread problem at the sub-national level. Funding is required for hardware and cabling to support reliable internet connectivity for the successful roll-out and use of IFMS.
- (c) The lack of technical skills in financial management, accounting and ICT continues to impede efforts to improve the management of public finances at the sub-national level. Commitment and funding for initiatives such as IFMS rollout and training and PCaB support (Finance and ICT Advisers) is critical. GoPNG contribution to PCaB funding reduced from K4 million in 2016 to K1million in 2017, meaning VSO's can no longer be deployed to the Provinces and Districts, and the operational support for Finance Advisers severely restricted.

4.8. CORPORATE SERVICES DIVISION (CSD)

Outcome 8: Support to Finance management and staff, and strong management and oversight of the Department's budget

4.8.1. Objectives

- (a) Maintain the infrastructure of the headquarters property, settlement of constitutional and contractual obligations and delivery of support services.
- (b) Coordinate the Department's planning and budgeting processes, and internal reporting on budget execution.
- (c) Manage the human resources of the Department including establishment, recruitment and retention, training and development, awards and performance management.
- (d) Coordinate the Department's reporting responsibilities to the Minister, PM&NEC and external stakeholders.

- (e) Coordinate the home ownership project of the Department.

4.8.2. Achievements

- (a) Partnership with UPNG to run a Public Finance and Accounting Degree program. In 2016:
 - (i) Thirteen public servants became pioneer graduands of the degree course.
 - (ii) Twenty officers were completing their final year and will graduate in 2017
- (b) Administrative and incorporation processes completed to establish the Association of Government Accountants and Public Finance Managers. Working in partnership with other professional institutions the association will:
 - (i) Promote professional development,
 - (ii) Define and set professional qualification schemes,
 - (iii) Provide training programs, set ethical rules of conduct, and
 - (iv) Enhance compliance with International Public Sector Accounting StandardsThe official launch of the association will occur in 2017.
- (c) Twinning program continued with the Australian Department of Finance. Two (2) officers from PNG Department of Finance, selected on merit, complete 12-month placement, aimed at exposing young officers to different work environments and build confidence, knowledge and competence that can be deployed back in the local environment at the conclusion of the placement.
- (d) Department of Finance Home Ownership Scheme delivered in partnership with Bank South Pacific offering an affordable fixed interest (four percent) loan up to K400,000 is delivering affordable housing to departmental officers:
 - (i) Keys were handed over to a family in July,
 - (ii) A further 24 officers will soon be owners of their own home, and
 - (iii) An additional 50 officers from the Department of Finance have been selected with counterparts from the Department of National Planning and Monitoring to participate in the scheme to build houses at Geheru Stage 3.
- (e) City Mobile Medical Service was engaged to conduct health checks for officers of the Department.
 - (i) Tests covered full blood examination, lipids (triglycerides and cholesterol), kidney and liver function tests, chest x-ray and radiologist report, blood pressure test, urinalysis, fasting blood sugar and Pap smear for female staff.
 - (ii) More than 80 percent of staff participated in the program.
 - (iii) Medical reports identifying possible health risks based on the examinations, together with recommendations for further medical attention were distributed to individual officers.
- (f) The Department's establishment and payroll was improved through the implementation of 1PPP - One (1) Person, One (1) Position, One (1) Payroll.
- (g) Recruitment and selection processes commenced to fill approximately 300 vacancies across the organisation, with 13 new officers commencing with others to progress in 2017.
- (h) 28 officers' retrenchments were processed and a further 29 officers retired from the public service.
- (i) Refurbishment of the department's headquarters building at Vulupindi Haus commenced.
- (j) The framework and content structure for the Department's Intranet and Web Site completed; to be launched in 2017.

4.8.3. Challenges and Constraints

- (a) Staffing Issues
 - (i) Vacancies

The department has 286 vacancies at 2016 year-end. The public service freeze on recruitment made things difficult; however, recruitment processes commenced late in 2016 and will continue in 2017. A request for restructure is with DPM, and with approval anticipated in early 2017, ongoing recruitment should assist in attracting qualified financial professionals to the department.
 - (ii) Unattached Officers

The Department has 142 unattached officers at year-end, primarily in the Provincial and District Finance Officers. Strong efforts were made to progress retirements (29) and 28 officers accepted voluntary retrenchment; however, determined effort is required in 2017 to identify solutions to this problem, either through skills development and transfer to vacant positions or through retrenchment processes. The large number of unattached officers in the rural areas (118) makes redeployment especially difficult.
- (b) Inadequate office accommodation.

The relocation of Treasury to their new office building provided floor space to enable all Headquarters staff to be located in the Department's Vulupindi Haus Headquarters building. However, the relocation of officers to the Vulupindi Haus has been delayed due to insufficient funding and the need to reserve office space to allow branches to temporarily relocate so that refurbishments can be progressively completed. This has resulted in additional expenditure to retain commercial rental accommodation, and has adversely impacted the operational efficiency of the Department, due to service disruption during temporary moves and Branches being isolated from their counterparts. Whilst the refurbishment has improved the office accommodation, it still lacks sufficient space to house all officers of the Department; therefore, construction of a purpose-built facility should be progressed as a matter of priority.
- (c) Delays to Departmental restructure.

A departmental restructure has been proposed, which will impact the staffing levels in some branches. The restructure is subject to consideration and approval by DPM in 2017.
- (d) Funding for personnel emoluments (leave fares)

Lack of funding for leave fares, which are an employment entitlement has severely affected the ability of the Department's officers to access their leave and enjoy family reunions during recreation leave breaks. This has been most destabilising for Provincial and District Finance Office staff.
- (e) Inefficient manual system for personnel administration (leave requests)

The Department has staff located throughout all Provinces and Districts, and the manual processing of staff requests, particularly leave, means that the paperwork can take many months to reach Corporate Service Human Resources Branch for processing. As a result forms go missing, there are long delays in processing appropriate leave payments, and personnel records are grossly inaccurate. An electronic system for leave administration needs to be pursued as a matter of priority in 2017.
- (f) Lack of funding for degree partnership

The partnership to run the Public Finance and Accounting Degree program between the Department of Finance and the UPNG is a key initiative aimed at lifting the professional standards of officers employed in public finance and accounting roles. The Department pays for all officers attending the degree course. This initiative lacks funding, which needs to be corrected as a matter of urgency.

- (g) Delays in obtaining land titles
Legal challenges to obtain the rightful title to land for use in the Department's Home Ownership Scheme has caused unnecessary delays to officers being able to access loans and progress housing construction.
- (h) Inadequate funding for Government multi-agency commitments
 - (i) Government office accommodation is paid centrally by the Department of Finance. The funding received is grossly inadequate resulting in severe service disruption when departments and agencies are regularly locked out of the office accommodation due to the late payment of rentals.
 - (ii) PNG is a member of many bi-lateral and multi-lateral forums, e.g. United Nations (UN), Asia-Pacific Economic Cooperation (APEC), etc.; however, PNG has suffered international embarrassment because inadequate funding has resulted in the late payment of membership fees.

5. BUDGET AND EXPENDITURE REPORT

Illustrated in the Table below is the summary of the funding the department of Finance received from the National Budget and spent for personnel emoluments and goods and services in 2016.

Summary of Department of Finance 2016 Budget Performance (K'000)

Item	Description	Original Budget	Revised Budget	Warrants Issued	Total Expenditure
206 - Department of Finance - RECURRENT					
211-219	Personnel Emoluments	18,445	18,685	18,685	21,215
221-273	Goods & Services	10,931	17,952	17,949	17,396
Total		29,376	36,636	36,633	38,611
206 - Department of Finance - DEVELOPMENT					
211-217	Personnel Emoluments	2,152	2,152	2,152	1,679
221-273	Goods & Services	34,428	31,428	14,848	12,545
Total		36,580	33,580	17,000	14,224
212 - Information Technology Division					
211-217	Personnel Emoluments	5,889	5,854	5,854	2,852
221-273	Goods & Services	12,451	10,903	10,903	12,975
Total		18,340	16,756	16,756	15,827
227 - Provincial Treasuries					
211-217	Personnel Emoluments	35,690	35,690	35,630	41,374
221-273	Goods & Services	9,464	6,351	6,351	6,138
Total		45,154	42,041	41,981	47,512
207 – Treasury & Finance Miscellaneous					
10052 - Multi-Departmental Office Accommodation					
232	Rentals of Property	200,000	197,900	197,900	197,897
10056 - Constitutional Office Holders Pensions					
215	Retirement Benefits	8,201	8,201	8,201	4,419
10058 - Workers Compensation Payments					
255	Grants/Transfers	6,000	3,588	3,588	2,312
10063 - Multi-Departmental Utilities					
231	Utilities	8,100	8,100	8,100	7,951
10064 - Court Cases					
227	Operational Expenses	60,000	41,950	41,950	33,195

6. APPENDICES

6.1. List of Acronyms

AGA&PFM	Association of Government Accountants and Public Finance Mangers
AGO	Auditor-General's Office
APC	Authority to Pre-Commit
CACC	Central Agencies Co-ordinating Committee
CRS	Computerized Receipting System
CSD	Corporate Services Division
DDA	District Development Authority
DFAT	Australian Department of Foreign Affairs and Trade
DFO	District Finance Office (previously DT - District Treasury)
DNPM	Department of National Planning and Monitoring
DOF	Department of Finance
DOT	Department of Treasury
DPLGA	Department of Provincial Local Government Affairs
DTROP	District Treasury Rollout Program
EFT	Electronic Funds Transfer
EFTPOS	Electronic Funds Transfer at Point of Sale
ENB	East New Britain Province
EU	European Union
FCD	Financial Controls Division
FFR	Financial Framework Review
FMIP	Financial Management Improvement Program
FRCD	Financial Reporting and Compliance Division
IACD	Internal Audit and Compliance Division
ICTD	Information & Communications Technology Division
IFMS	Integrated Financial Management System
IRC	Internal Revenue Commission
MAN	Metropolitan Area Network
NDOE	National Department of Education
NDOH	National Department of Health
NEC	National Executive Council
NEFC	National Economic and Fiscal Commission
NSO	National Statistical Office
NTRD	Non-Tax Revenue Division
PBN	Private Branch Network
PDFMD	Provincial & District Financial Management Division
PEFA	Public Expenditure and Financial Accountability
PFM	Public Financial Management
PFMA	Public Finance (Management) Act
PFO	Provincial Finance Office (previously PT - Provincial Treasury)
PGAS	Papua New Guinea Accounting System
PM&NEC	Department of Prime Minister & National Executive Council
PMU	Payroll Monitoring Unit
PSAP	Public Sector Audit Program
SHARP	Service, Honesty, Accountability, Respect and Professionalism
TFF	Tuition Fee Funding
TOR	Terms of Reference
UNCDF	United Nations Capital Development Fund
UNDP	United Nations Development Programme
UPNG	University of Papua New Guinea
VSO	Voluntary Service Overseas

6.2. Department of Finance Headquarter Directory

Position	Telephone	Facsimile
MINISTER		
MINISTER FOR FINANCE	3128870	3232239
FIRST SECRETARY	3128872	
ENQUIRIES	3128712	
PARLIAMENT	3277345	
HEADQUARTERS		
SECRETARY	3288455	3288431
SENIOR EXECUTIVE SECRETARY	3288455	
EXECUTIVE OFFICER	3288418	
DEPUTY SECRETARY (STRATEGY)	3232743	
DEPUTY SECRETARY (OPERATIONS)	3288060	
EXECUTIVE SECRETARY	3288060	
FAS – CORPORATE SERVICES	3288183	3288141
FAS – FINANCIAL CONTROLS	3288201	3288225
FAS – FINANCIAL REPORTING AND COMPLIANCE	3288605	3288225
FAS – INFORMATION & COMMUNICATIONS TECHNOLOGY	3288277	3253047
FAS – INTERNAL AUDITS & COMPLIANCE	3288580	3288026
FAS – NON-TAX REVENUE	3288570	3288242
FAS – PROVINCIAL & DISTRICT FINANCIAL MANAGEMENT	3288595	3288111
PROGRAMME MANAGER – FMIP	3288206	

6.3. Provincial & District finance Offices Directory

Province	Telephone	Facsimile
AUTONOMOUS REGION OF BOUGAINVILLE P O BOX 121, BUKA	9739272 / 8872	
CENTRAL P O BOX 525, KONE DOBU	3211194	3212786
CHIMBU PRIVATE MAIL BAG, KUNDIAWA	7351558/1251	7351475
EAST NEW BRITAIN P O BOX 499, RABAU	9828520/8220	9828525
EAST SEPIK P O BOX 1231, WEWAK	8561037/1075	8563683
EASTERN HIGHLANDS P O BOX 1077, GOROKA	7323201/3377	7321403
ENGA P O BOX 281, WABAG	5471252/1267	5471276
GULF P O BOX 93, KEREMA	76481176/1291	76481176
HELA		
JIWAKA		
MADANG P O BOX 2030, MADANG	8523229/1430	8521182
MANUS P O BOX 513, LORENGAU	4709231/9232	4709245
MILNE BAY		
MOROBE P O BOX 2342, LAE	4731621/1617	4724745
NEW IRELAND P O BOX 424, KAVIENG	9842516/2390	9842113
ORO FREE MAIL BAG, POPONDETTA	3297069/7055	3297530
SANDAUN P O BOX 60, VANIMO	8571599/1293	8571599
SOUTHERN HIGHLANDS P O BOX 22, MENDI	5491717/1775	
WEST NEW BRITAIN P O BOX 198, KIMBE	9835848/5846	9734531
WESTERN P O BOX 150, DARU	5481456/1455	5481456
WESTERN HIGHLANDS P O BOX 103, MT HAGEN	542 1377/1882	5421831