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SAMUEL PENIAS
SECRETARY

Dear Reader

Welcome to the first edition of our Newsletter for 2026.

A new year always brings a renewed sense of purpose. It's a time to reflect on what we accomplished together and to focus on the priorities ahead. The work we do in public finance carries real responsibility. It shapes policy, supports national development, and ensures that resources are managed with integrity and care.

As we begin 2026, our commitment remains clear: strengthen fiscal discipline, improve service delivery, and continue building systems that are transparent, efficient, and accountable. The challenges may evolve, but our shared dedication to excellence stays constant.

In this edition, you'll find updates on key initiatives, upcoming programs, and highlights from across the department. We also recognize the teams whose hard work has set a strong foundation for the year ahead.

I look forward to the progress we will make together in 2026.

Kicks off new financial year



As we commence 2026, I acknowledge the efforts of staff during 2025. Despite difficult conditions, officers at all levels continued to carry out their duties with dedication and professionalism.

Our 2025 reforms and improvements included strengthening cash management arrangements, expanding electronic payments, progressing digital non-tax revenue collection, and stabilising IFMS in the cloud. The Department also advanced internal governance, assurance, and financial reporting work, including submission of outstanding Public Accounts and

preparation of the 2024 accounts. The Department also made progress in internal modernisation. New digital systems were introduced to support document management, lease management, and staff learning.

Our organisational redesign was approved during the year to better position the Department to support modern public financial management, digital systems, and new ways of working.

These outcomes were achieved through the effort and professionalism of staff

at all levels. Your contribution to maintaining stability while reforms were underway is recognised and appreciated.

2026 will be a year of change. Across Government, there is growing use of technology to support better work practices. In 2026, the Department will begin structured and careful use of AI to support data analysis and financial oversight.

Early use of AI will focus on how we use it for analysing data sets, identifying trends, and detecting unusual or incorrect transactions. This work will be undertaken with proper controls, clear rules, and strong oversight.

A major focus in 2026 will be improving the quality and credibility of the Public Accounts. This includes addressing long-standing and systemic problems in bank reconciliations across government. Clearing reconciliation backlogs and restoring routine reconciliation discipline is essential to improving cash balances, financial reporting, and confidence in financial information. This work will be treated as a priority across the Department.

As part of this effort, the Department will continue to progress the IFMS upgrade. The focus will shift from system features to business processes. IFMS will be aligned more closely with how work is actually done, including reconciliation, reporting, cash management, and consolidation.

EFT will continue to expand across government supporting better reconciliation, faster payments, and stronger cash control. Digital non-tax revenue collection will also continue to grow where agencies and systems are ready. These digital tools will be used to improve data quality and support public accounts work, not as stand-alone initiatives.

During 2026, the Department will continue to support the transfer



of payroll functions in line with approved Government arrangements. The Department will also continue to strengthen audit, inspection, and compliance functions across government. This includes increasing the number of agencies with functioning Internal Audit Committees and supporting more regular and effective committee meetings. Greater emphasis will be placed on compliance with financial rules, follow-up of audit findings, and identification of fraud and irregularities. Staff are expected to cooperate with audit and inspection activities and to address issues raised in a timely and professional manner.

None of this will be successful if we don't consider 2026 as a year of learning and cross team collaboration.

The approved organisational redesign will be implemented to better align the Department with modern public financial management needs. This includes stronger focus on analytical work, digital operations, and financial

control. Capability will be supported through targeted recruitment, use of external expertise where required, and increased use of the Finance learning management system.

The Finance Management Manual will be publicly launched this year and provides clear and practical guidance on how financial management work should be done. Staff are expected to engage with the Manual, apply it in daily work, and use it as the reference point for further documentation of financial processes and controls.

As these changes are implemented, individual responsibility remains essential. Attendance, punctuality, and productivity are basic expectations for all staff.

Officers are expected to attend work as required, use work time effectively, and contribute positively to their teams. Managers will continue to monitor attendance and performance in line with public service requirements.

Secretary addresses PFO and DFO officers

The meeting marked a pivotal moment in the government's ongoing transition from traditional cheques payments to Electronic Funds Transfer (EFT), reinforcing a nationwide commitment to modernize public financial management systems.

The presence of the Secretary signaled the urgency and importance of the reform agenda. Addressing provincial representatives, he reaffirmed that the shift to digital payments is not simply an administrative change, it is a structural reform aimed at strengthening transparency, efficiency, and public trust.

“This reform is about protecting public funds and improving service delivery to our people,” he stressed.

Management reassured and gave technical briefings, outlining progress made and the work that remains ahead of the 2027 full implementation deadline. For decades, government cheques payments have been linked to delays, security risks, and reconciliation challenges. Under the Medium Term Development Plan IV, digital transformation is now a strategic national priority.

Many national agencies have already adopted EFT for their operational payments, setting the foundation for full subnational rollout.

Provincial and district finance teams were urged to begin immediate preparations to ensure a smooth transition. Some changes included would be the close of the cash offices in the provinces with finance signing an MOU with BSP to cater for this function in 2025. Collaborative efforts are underway with the Bank of Papua New Guinea, commercial banks, ICT authorities, and regulatory agencies to strengthen system integration and safeguard digital transactions.

The meeting also highlighted concerns regarding the reconciliation of Receiver of Public Monies (ROPM) accounts. While progress has been made in integrating national accounts into IFMS, inconsistent reporting from some provincial cash offices remains a concern.



Above: Acting FAS PDFMD addressing the officers. Below: Officers from the province and districts during the meeting.

FASs from NTRD, FCD and IFMS wanted timely postings of daily revenue collections, updated bank reconciliations and proper documentation for transactions. Strengthening these processes, is essential to maintaining public accountability and ensuring accurate national reporting. As discussions concluded, one message stood clear: the transition to EFT is a national reform that requires collective responsibility. The Secretary urged provincial financial managers and their respective political

leaders. to view the digitalization as an opportunity to modernize systems, strengthen governance, and build public confidence in how government funds are managed.

With the 2027 deadline is fast approaching, provincial and district finance leaders left the meeting with renewed clarity and a shared commitment to drive digital transformation across Papua New Guinea's public sector.

The future of public finance is digital, and the journey is well underway.

Officers return back from ELP

Two officers from the PNG Department of Finance have returned from Australia after completing the 2025 Emerging Leaders Program (ELP), bringing with them new technical skills, leadership insights and practical reform ideas for the department.

The officers undertook a professional temporary work placement with the Australian Department of Finance, where they were placed in key financial management and reporting divisions. During the program, Melody Hetta worked with the Official Public Accounts (OPA) team under the Financial Analysis, Reporting and Management Division. Her responsibilities included conducting daily bank reconciliations, processing drawdowns, recording journals in the Central Budget Management System (CBMS), monitoring daily cash movements and consolidating monthly cash forecasts.

She later rotated into the CBMS Support Team, where she assisted with system user access and security management, transaction processing support, data reconciliation and generating financial reports for budget monitoring and audit purposes. The placement gave her a clearer understanding of how financial systems integrate with cash management operations.

Kimberly Koyati completed her first rotation in the Chief Financial Officer Branch, working with Finance Reporting and Finance Business Partners teams. There, she supported departmental financial reporting, budget preparation and expenditure analysis. She observed the use of accrual accounting, structured budget alignment to strategic priorities and close collaboration between finance teams and to senior management.

Her second rotation was with the Estimates and Reporting Branch, where she contributed to the preparation of whole of government financial



statements. She observed strong quality assurance processes, structured project management approaches and the engagement of external advisors such as KPMG to support consolidation and reporting.

Both officers noted the strength of Australia's IT infrastructure, strict reporting timelines, disciplined cash management practices and a strong culture of collaboration and continuous training.

Following the program, they have proposed several practical improvements for the PNG Department of Finance. These include introducing weekly bank reconciliations to improve accuracy and accountability, exploring system integration between IRC, Customs and

IFMS to reduce reliance on manual processes, reintroducing task rotation within branches to build multi skill teams, strengthening shared branch communication systems and promoting regular knowledge-sharing sessions.

They also expressed a commitment to mentoring younger officers and encouraging future participation in international capacity building programs.

The Emerging Leaders Program continues to strengthen institutional linkages between PNG and Australia, while equipping officers with the skills and confidence to support ongoing public financial management reform at home.





Strengthening ties with Aust

The Secretary from Finance of Papua New Guinea delivered a formal thank you address to the Australian Department of Finance in Canberra, expressing appreciation for the longstanding partnership between the two institutions.

The speech highlighted the signing of the Memorandum of Understanding (MOU) as a significant milestone, formalizing a collaborative relationship that has existed since 2015.

The partnership has focused on practical, outcomes-driven support in capacity building, leadership development, governance strengthening, and public financial management reform.

Key achievements acknowledged included training programs in effective writing, leadership and management, technical skills such as Excel and policy analysis, as well as initiatives promoting gender equality and inclusive leadership. Programs such as the Emerging Leaders Program and Board of Directors Training were recognized for preparing future leaders within PNG's public finance sector.

The MOU sets the stage for continued cooperation in areas such as executive coaching, twinning programs, digital transformation, sustainable finance,



Australia Department of Finance Secretary Matt Yannopoulos and PNG Department of Finance Secretary Samuel Penias signing the MoU

and public sector innovation. The Secretary concluded by reaffirming PNG's appreciation and commitment to strengthening collaboration for improved governance and service delivery for the people of Papua New

Guinea. Secretary closed by saying: Again, tenk yu tumas and we look forward to working with you in 2026 and beyond.

The Department of Finance has concluded a successful official visit to Canberra, marking another important chapter in the longstanding partnership between Papua New Guinea and Australia. The visit not only reaffirmed formal agreements between the two nations but also highlighted the enduring spirit of cooperation, respect, and shared responsibility in public financial management.

At the heart of the visit was a commitment to strengthening institutional ties between the PNG Department of Finance and the Australian Department of Finance. Engagement under the Emerging Leaders Program provided an important platform for dialogue, knowledge exchange, and capacity building. Both sides reaffirmed their shared dedication to sound fiscal governance and institutional development.

During discussions, Deputy Secretary Tom Tiki reflected on the structural and operational differences between the Australian and PNG finance systems. He emphasized that these differences present valuable opportunities for learning and reform. The exchange of ideas, he noted, creates space for institutional improvement while respecting each country's unique governance context.

A significant and symbolic moment of the visit was the presentation of a commemorative gift by the Secretary of Finance. The gift, a copper-plated frame depicting the historic "Fuzzy Wuzzy Angel" assisting an Australian soldier, served as a powerful reminder of the deep historical bonds between Papua New Guinea and Australia. The gesture honored shared history and underscored the enduring friendship between the two nations. The Secretary also paid a courtesy visit to the PNG High Commissioner, presenting gifts as a mark of respect and goodwill.

Beyond formal meetings and agreements, the visit carried a strong message of solidarity. The Secretary conveyed sincere condolences following



Australia Department of Finance Secretary Matt Yannopoulos and PNG Department of Finance Secretary Samuel Penias laying of wreaths.

Visit to Aust Dept of Finance

the recent Bondi tragedy in Sydney, expressing Papua New Guinea's support for the people of Australia during a difficult time. This gesture reinforced that the relationship between the two countries extends beyond policy, it is grounded in mutual care and understanding.

The delegation also held high-level talks with Australia's Department of Foreign Affairs and Trade (DFAT). Meeting with the Head of DFAT responsible for Pacific Affairs exceeded expectations and demonstrated the importance placed on PNG within Australia's Pacific engagement strategy. Discussions focused on Papua New Guinea's progress in managing debt repayment under IMF-supported guidelines. Australian counterparts acknowledged PNG's disciplined approach to fiscal management and reform implementation, recognizing the government's commitment to financial stability.

An interesting observation from the visit came from Deputy Secretary Tiki, who noted the strict confidentiality protocols observed during meetings. All mobile phones were collected and secured prior to discussions, a

practice designed to safeguard sensitive information and maintain trust during high-level negotiations. Such measures, he remarked, reflect the seriousness with which governance and integrity are upheld.

The delegation's success was also made possible through effective coordination. Deputy Secretary Tiki acknowledged the Office of the Secretary and OSD for its professionalism in organizing and managing the visit and its related engagements.

Overall, the visit to Canberra was more than a diplomatic exercise. It was a reaffirmation of partnership, a demonstration of mutual respect, and a clear signal that Papua New Guinea and Australia remain committed to working together to strengthen financial governance and regional stability.

Australia Department of Finance Secretary Matt Yannopoulos said during the signing of MoU under the partnership program that this is an excellent opportunity in strengthening cooperation between the two agencies with a key focus on capacity building, skills development and long term institutional support.