

FMM 01.4 Public Financial Management Oversight

Governance encompasses the management behaviour and accountability for the way it directs an agency's operations.

PNG has specific functions to provide an external accountability to proper PFM and whose oversight and directions must be followed including:

- Auditor-General
- Independent Commission Against Corruption
- Parliamentary Committees (notably the Public Accounts Committee)

4.1 Auditor-General

The role and responsibility of the Auditor-General and the Office of the Auditor-General are outlined in the Audit Act 1989.

The primary responsibility of the Auditor-General is to provide Parliament with an objective and independent assessment of the public accounts of Papua New Guinea, and on the control of, and on transactions with, or concerning the public moneys and property of Papua New Guinea.

4.2 Appointment of an Auditor

Under Section 214(2) of the Constitution of the Independent State of Papua New Guinea, the Auditor-General is empowered and required to inspect and audit all bodies set up by Acts of the Parliament, or by Executive or Administrative Act of the National Executive for governmental or official purposes unless other provisions are made by law in respect of their inspection and audit.

The Auditor-General is also empowered under Section 214(3) if he/she considers it proper to do so, to inspect and audit and report to the Parliament on any accounts, finances or property of a body, in so far as they relate to, or consist of, or are derived from public moneys or property of Papua New Guinea.

Under Section 8 of the Audit Act 1989, the Auditor-General is required to inspect and audit the accounts and records of financial transactions and the records relating to the assets and liabilities of public bodies and their

subsidiaries including government companies, and to report to the Minister vested with the responsibility for the public body and the Finance Minister.

The PFMA requires the same audit oversight for statutory bodies and subsidiary bodies under Section 63(1) and (3) of the PFMA and these bodies are required to prepare and furnish to its Minister before end of fourth calendar month from close of a fiscal year, a report on its operations for the year ended 31 December preceding, together with financial statements in respect of that year duly audited by the Auditor-General.

The Minister is then required to table the report on the operations and the financial statements, together with my report on the financial statements, at the first meeting of the Parliament after receiving them.

The Auditor-General is required to audit National Government owned Companies and their subsidiaries. Though these companies are registered under the Companies Act 1997, the responsibility to audit them is by virtue of Section 63 and 64 of the Public Finances (Management) Act (PFMA) and Section 3 and 8 of the Audit Act.

Type of entity	Audit Act
<ul style="list-style-type: none"> • Departments of the National Public Service and arms, agencies and instrumentalities of the National Government; and 	✓
<ul style="list-style-type: none"> • Provincial Governments and arms, agencies and instrumentalities of Provincial Governments; and 	✓
<ul style="list-style-type: none"> • Bodies established by– 	
<ul style="list-style-type: none"> ○ a Constitutional law; or 	✓
<ul style="list-style-type: none"> ○ an Act of the Parliament; or 	✓
<ul style="list-style-type: none"> ○ executive or administrative act of the National Executive; or 	✓
<ul style="list-style-type: none"> ○ a provincial law; or 	✓
<ul style="list-style-type: none"> ○ executive or administrative act of a provincial executive, 	✓
<ul style="list-style-type: none"> ○ for governmental or official purposes and subsidiary corporations of such bodies except the company referred to as “the company” in the Mineral Resources Development Company Pty 	✓

Type of entity	Audit Act
Limited (Privatisation) Act 1996 and the subsidiaries of that company; and	
• Government associations; and	✓
• Government-owned companies; and	✓
• Provincial Government associations; and	✓
• Provincial Government public projects; and	✓
• Public projects	✓

4.2.1 Appointment and use of Authorised Auditors

Section 8(5) of the Audit Act empowers the Auditor-General (and not the public or statutory body or its Minister) to employ registered auditors to assist in undertaking audit constitutional duties, where such assistance is required.

4.2.2 Types of Audits

The Auditor-General has the power to conduct audits on financial management in accordance with the PFMA which means that they have the powers to conduct:

- Finance and assurance audits – where an audit assesses the agency financial accounts and statements as being true and fair and kept in accordance with the PFMA; and
- Performance audits – focussing on the performance of the agency, entity or public project and how effectively, efficiently and economically their objectives are being met.

For further information and to see published audits visit <https://ago.gov.pg/>

4.3 Independent Commission Against Corruption

The ICAC is an independent statutory body established with functions and powers under the Constitution and the *Organic Law on the Independent Commission Against Corruption* (OLICAC).

The ICAC may investigate suspected corrupt conduct that may amount to an offence under:

- the OLICAC

- the *Criminal Code Act 1974* that fall within the definition of corrupt conduct.
- any other laws that fall within the definition of corrupt conduct

The ICAC may also prosecute indictable offences with the consent of the Public Prosecutor.

It also has a prevention role and special powers to conduct a public enquiry where an issue or complaint has been brought to their attention which have the potential to reduce public confidence in fundamental systems of public administration and government.

For further information on their activities, visit <https://www.icac.gov.pg/>

4.4 Parliamentary Committees

A number of parliamentary committees are established to assist Parliament to operate effectively, and the Public Accounts Committee has specific powers and functions under the PFMA, and a permanent committee of Parliament.

Some committees such as the Public Sector Reform & Service Delivery Committee have roles to monitor and review agencies. The Plans and Estimates Committee has a function within the National Budget process.

Further information on the role of Parliamentary Committees and their current work can be found by visiting <https://parliament.gov.pg/work-of-parliamentary-committees>

4.5 Ombudsman Commission

The Ombudsman Commission is established under the Constitution and its primary function is to ensure that public officials and entities adhere to the principles of good governance.

Further Information	frcd@finance.gov.pg
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