

FMM 01.5 Public Accounts Committee

5.1 Mandated Policy

1. **Government entities and Accountable Officers must cooperate fully with Public Account Committee (PAC) hearings or inquiries.**
2. **Agencies are required to implement recommendations from either the Auditor-General or the PAC. The PAC can follow up in subsequent sessions to ensure action has been taken to correct identified weaknesses.**

5.2 Non-Mandatory Guidance

The Public Accounts Committee (PAC) is constitutionally mandated to examine and report on government financial accounts, including those of statutory bodies, sub-national governments, and the consolidated Public Accounts. This can include specific hearings on elements of the government financial accounts such as value for money.

For annual public accounts, Auditor-General's reports serve as a primary input for the PAC's scrutiny, once tabled in Parliament.

The PFMA sets overarching rules for the PAC, managing public funds, including reporting obligations. The PAC can inquire into compliance with PFMA provisions and examine the accounts and statements that result from PFMA-based reporting.

The *PNG Constitution* (Section 214) mandates the Auditor-General to audit and report on the public accounts of Papua New Guinea. These audit reports must be submitted to the Parliament, and the Public Accounts Committee (PAC) is empowered to examine these reports.

Under Section 113(8)(a) of the *Organic Law on Provincial Governments and LLGs*, the Auditor-General's reports relating to provincial and local level bodies must similarly be submitted to the Parliament.

5.2.1 Role and Functions of the Public Accounts Committee

The PAC's primary function is to examine and report on the accounts of receipts and expenditure of public funds. This includes:

- The annual Public Accounts (Consolidated Revenue Fund statements, Trust Fund statements, etc.).

- Any financial statements or audit reports produced by the Auditor-General relating to national, provincial, or local level governments.

5.2.2 Scrutiny of Auditor-General's Reports

The Auditor-General provides reports to Parliament on the financial statements of government departments, statutory bodies, and provincial/LLG administrations. Once tabled in Parliament, the PAC can summon officers, request documents, and hold hearings to question agencies about financial management issues highlighted by the Auditor-General's report.

Under Section 87 of the PFMA (and other relevant provisions), statutory bodies must submit annual financial reports that are audited. Once those are tabled, the PAC may conduct inquiries into any irregularities or compliance matters. This includes performance aspects (expenditure efficiency, governance) and financial aspects (accuracy, control environment).

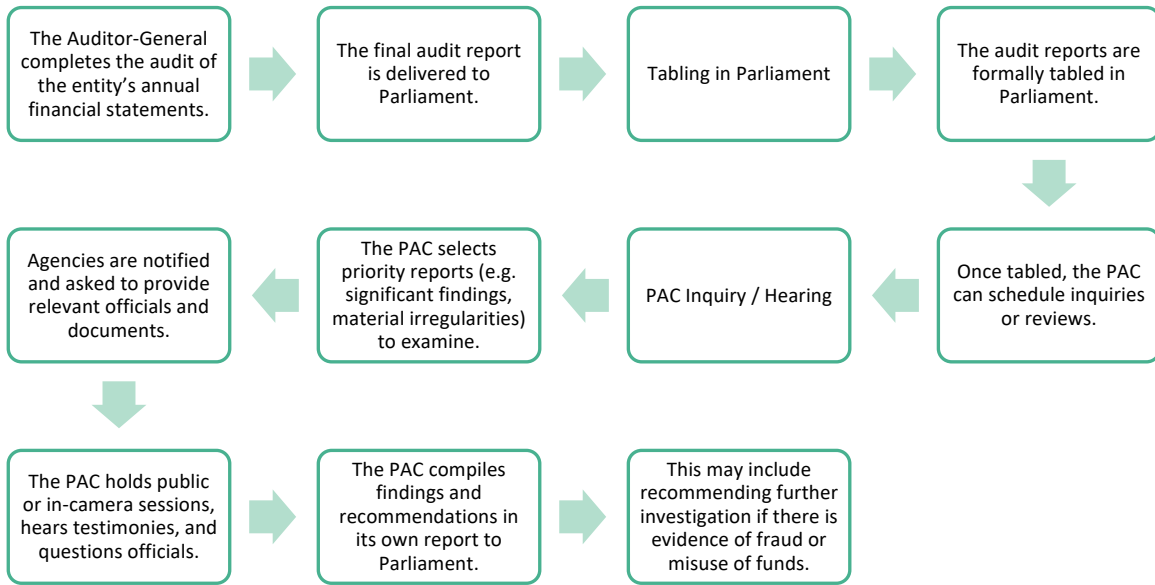
5.2.3 Reporting Findings to Parliament

After examining accounts or investigating issues, the PAC issues its own report to Parliament, outlining findings, recommendations, and any directions for further action (e.g. improvements, sanctions, or referrals). The scope of the examination is:

- The PAC looks at all aspects of public finance—revenues collected (taxes, grants, fees) and how they are spent (programs, capital investments, etc.).
- They check PFMA compliance, ensuring that appropriation limits are respected, funds are used for intended purposes, and that internal controls (bank reconciliations, procurement rules) are enforced.
- Although focusing on accounts, the PAC may also consider whether public funds are spent efficiently. If the Auditor-General flags issues of waste, the PAC can delve deeper.

When the PAC schedules a hearing or investigation, the entity's leadership (Secretary, CEO, CFO) must attend hearings if summoned and cooperate including provide documents, clarifications, or additional data requested.

5.2.4 Rectification of Audit and PAC Issues



In subsequent years, the PAC may revisit entities that had repeated issues, ensuring previous recommendations were addressed. If compliance remains poor, more severe actions (like surcharge, withheld appropriations, or leadership referrals) can be recommended.

Further Information	frcd@finance.gov.pg
Version	Version 1.0
Date Issued	30 June 2025