



# **Report of the Auditor-General - 2012**



**on the Public Accounts of Papua New Guinea**

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## **PART I**

### **Public Accounts of Papua New Guinea**

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**REPORT**  
**of the**  
**AUDITOR-GENERAL**  
**2012**  
**on the Public Accounts**  
**of**  
**Papua New Guinea**

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**PART I**  
**Public Accounts of Papua New Guinea**

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01 October, 2015

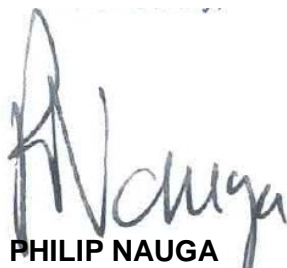
**The Hon. Theo Zurenuoc, MP**  
Speaker of the National Parliament  
Parliament Haus  
**WAIGANI**  
National Capital District

Dear Mr Speaker,

Under the authority of *Section 214* of the *Constitution* of the *Independent State of Papua New Guinea*, I have the honour to transmit to the National Parliament, *Part I* of my *Report* for the year 2012.

My report embodies the results of audit of the transactions for the year as reflected in the detailed statement of the receipts and expenditures of the Public Account of Papua New Guinea for the financial year ended 31 December, 2012, submitted to me for audit, on which I have expressed my opinion.

Yours sincerely,



**PHILIP NAUGA**  
**Auditor-General**



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# FOREWORD

There are a number of significant issues arising from this financial statement report that need to be addressed by individual agencies and the Departments of Finance and Treasury. Foremost amongst these is the need to improve the timeliness and quality of financial information, and ensuring that accounting processes operate as designed to reduce the risk of irregularities, errors or fraud occurring. Not unexpectedly, the experience across entities varies widely. For many, it is a question of strengthening internal procedures to ensure that the rules set by the government are followed. For others, there continues to be a need to enhance understanding of the accounting systems, including having or developing the appropriate skills and experience to do so.

Unfortunately, there is no specified reporting deadline for provision of the financial statements of the Public Account of the Government of Papua New Guinea. The 2012 financial statements were presented for audit in May 2014, which indicates that the Department of Finance had not been able to complete the consolidated financial statements within 17 months of the end of the fiscal year. It is apparent that a number of entities regard the preparation of financial statements as a once a year process, and not a continuous process where issues that have been raised in previous years need to be addressed and improved over the course of the year.

This report draws attention to significant financial risk, control and related management issues within operating and accounting processes and financial systems of major Government entities for the year ended 31 December 2012. Agency heads need to exert greater influence and enforce higher levels of accountability for public funds, including ensuring that processes such as reconciliation and approval checks are in place over significant business and accounting processes covering appropriations, levies and taxes and other revenues, payment and trust funds, payroll and other personnel emoluments, and significant assets and liabilities.



# **SECTION “A”-**

## **INTRODUCTION TO THE ANNUAL AUDIT REPORT**

**AND**

## **AUDIT OPINION ON THE PUBLIC ACCOUNTS OF PAPUA NEW GUINEA FOR THE YEAR ENDED 31 DECEMBER, 2012**





### **1.0 INTRODUCTION**

*Section 214 of the Constitution of the Independent State of Papua New Guinea* requires the Auditor-General to inspect and audit, and to report at least once in every fiscal year to the Parliament on the Public Accounts of Papua New Guinea. The Auditor-General is also required to report on the control of and on transactions with or concerning the public moneys and property of Papua New Guinea, and such other functions as are prescribed by or under a Constitutional Law. These functions are supported through and extended by the *Audit Act, 1989*.

*Section 7, sub-section 2A, of the Audit Act, 1989* requires the Auditor-General's Report to specify among other things, whether the financial statements, are based on proper accounts and records and are a fair representation of the financial operations for the period they cover. The Act sets out other matters that are to be covered in the Auditor-General's report such as receipts and payments, investments of moneys and the acquisition and disposal of assets.

### **2.0 EXECUTIVE SUMMARY**

The Public Accounts of Papua New Guinea are an important element of open and accountable government. The presentation of the accounts to the Parliament fulfils a key stewardship obligation of the Government to report its financial performance during the reporting period. The purpose of this report specifically recognises the responsibility placed on entities to maintain effective control structures as part of good corporate governance. The AGO is committed to the timely reporting of significant matters to assist the Parliament in its oversight of government programs.

Generally, lack of timely reconciliations performed regularly throughout the year meant that significant effort was required at the end of the fiscal year to complete the financial statements satisfactorily for annual financial reporting purposes. As in previous years, there continues to be a need for greater discipline and management involvement in the financial statement preparation process. The results of the audit indicate that a number of entities are yet to reach a position where the fundamental processes relating to financial statement reporting are in place.

Some of the more serious findings uncovered throughout the audit included deficiencies in the application of the budgetary control framework. Specifically, there is a mandatory requirement that all reallocations of funds issued by the Secretary for Treasury under the Appropriation Acts must be made available through Reports in the National Gazette. This requirement forms the legal authority and basis for the transfer of funds from one allocation to another. However, no such Directions were published in the National Gazette for the year 2012. In the absence of the statutory approval from the Secretary for Treasury, transfers totalling K849.7 million were not validated in accordance with the requirement of the Appropriation Act of 2011.

The audit also uncovered examples where Trust Accounts were not operating through the Government Accounting System (PGAS) in breach of the trust instruments, and therefore the transactions are not visible and the balances of the trust accounts cannot be verified. Other significant issues that require attention include:

- Inadequate employee and wages records - transactions across 29 state agencies indicated that no payroll reconciliations have been conducted;
- 280 trust accounts were not reconciled;
- 17 trust accounts were overdrawn;
- Investments totalling K2.7 billion were not revalued as required; and

- There was a failure to maintain procurement registers, payment vouchers and other documentation to support payments, acquittals and advances.

The challenge for entities now, is to embed sound financial management practices into their operations. These initiatives need to be achieved in a way that is cost effective and targeted at priority areas such as those outlined above. Taking such steps will enable entities to achieve a more efficient deployment of resources and will also contribute positively to corporate governance through an increased understanding of financial and management issues.

The report makes 26 recommendations which are directed towards addressing the major concerns in financial systems, controls and processes. The AGO will focus future audit activity on these areas to ensure there is improvement in the quality of the underlying control structures that support the reporting of public sector financial performance and accountability. This is also necessary for the efficient and effective management of public revenues and expenditures as well as to provide appropriate assurance to the Government and to the Parliament.

### **3.0 PARTS OF THE ANNUAL REPORT**

In accordance with the above requirements, audits are carried out and the findings are reported to the National Parliament in four parts:-

**Part I** – Part I of my Annual Report for 2012 is presented in three sections – “A”, “B” and “C”:

- Section “A” presents the Public Account, which the Minister for Finance has prepared and provided to me for audit, in accordance with *Section 3* of the *PFMA*. . My opinion on these financial statements is also in Section “A”. The audited financial statements and my audit opinion were provided to the Minister for Finance on 22<sup>nd</sup> September, 2015. Section “B” of this Report contains significant matters arising as a result of my audit on each of the statements “A” to “J” and “L” of the Public Account of Papua New Guinea. My opinion in Section “A” and audit findings in Section “B” should be read in conjunction with the respective financial statements of the Public Account.
- Section “C” provides appendices for additional reference.

**Part II** - covers the audit findings, conclusions and recommendations on my audit of National Government Departments, Instrumentalities and Agencies.

**Part III**- reports on the results of the audits of Provincial and Local-level Governments, business arms of Provincial Governments and their subsidiary corporations.

**Part IV**- covers findings, conclusions and recommendations from audits of public bodies and their subsidiaries, State owned companies and State share-holdings in other companies.

#### **Coordinated effort for timely Reporting**

The AGO continues to work with the Department of Finance to improve the timeliness of Financial Reporting. However, the set of 2013 Public Account Financial Statements was not delivered to my office until 2 June, 2015, compared to May 2014 for the corresponding report last year. This indicates that, in the past year, there has been a decline in the timeliness of the Financial Statement preparation process and following on from this, the audit and tabling of this report in

the Parliament. It is apparent that a number of entities see the preparation of Financial Statements as a once a year process, and not a continuous process where issues that have been raised in previous years, need to be constantly addressed and improved over the course of the year. The AGO will continue to work with individual entities, however it is reasonable to expect that departments in receipt of public funds should be actioning financial reporting requirements in a more timely manner.



**AUDIT OPINION  
ON THE  
PUBLIC ACCOUNTS  
OF THE GOVERNMENT  
OF PAPUA NEW GUINEA  
FOR THE  
YEAR ENDED 31 DECEMBER, 2012**





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## **INDEPENDENT AUDIT REPORT ON THE *PUBLIC ACCOUNT* OF THE GOVERNMENT OF PAPUA NEW GUINEA FOR THE YEAR ENDED 31 DECEMBER, 2012**

### **To the Minister for Finance**

I have audited the accompanying financial statements of the Public Account of the Government of Papua New Guinea for the year ended 31 December, 2012. The financial statements comprise:

- Statement A - Statement of Public Account Balances;
- Statement B - Consolidated Revenue Fund and Expenditure;
- Statement C - Trust Fund –Receipts and Expenditure;
- Statement D - Statement of Sources and Application of Funds;
- Statement E - Trust Fund - Particulars of Investments;
- Statement F - Statement of Direct Investments, Capital Contributions and Equity Option Rights;
- Statement G - Statement of Public Debt;
- Statement H - Statement of On-Lending;
- Statement I - Statement of Loans Guaranteed by Government;
- Statement J - Receipts Classified under Heads of Revenue Estimates;
- Statement L - Expenditure Classified under Appropriation Divisions; and
- *Notes to and forming part of the Public Account.*

### **Responsibilities for Preparation of the Financial Statements**

*Section 3 (1) of the Public Finances (Management) Act, 1995 (PFMA)* places responsibility on the Minister for Finance for the supervision of the finances of the *Independent State of Papua New Guinea* so as to ensure that full accounting is made to the Parliament of all transactions involving public moneys. Under *Section 3 (3) of the Act (PFMA)*, the Minister is also required as soon as practicable after the end of each fiscal year, to cause the preparation of a detailed statement of the receipts and expenditure of the Public Account during the fiscal year, and have it sent to the Auditor-General to be audited.

The Secretary of the Department of Finance, as the Head of the Department responsible for financial management, has control and direction of all matters relating to the management of the financial affairs of the State. The *Financial Instructions*, issued by the Secretary of the Department of Finance in accordance with *Section 117 of the Act (PFMA)*, provides the basis for the preparation and presentation of the National Government Accounts. The Secretary of the Department of Finance, as the Chief Accountable Officer is, therefore, responsible, for the preparation and presentation of the Public Account of Papua New Guinea and the information contained therein.

The Heads of Departments of the Public Service are responsible for the efficient management of their Departments, maintaining proper accounting records, taking measures to safeguard the collection and custody of public moneys and assets, ensuring expenditure is properly authorised and applied for the purpose for which it is appropriated, and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Responsibility of the Auditor-General**

*Section 214 of the Constitution of the Independent State of Papua New Guinea* requires the Auditor-General to inspect and audit, and to report at least once in every fiscal year to the Parliament on the *Public Account of the Independent State of Papua New Guinea*, and on the control of and on transactions with or concerning the public moneys and property of the *Independent State of Papua New Guinea*.

*Section 7 (2A) of the Audit Act, 1989 (as amended)* requires that the Auditor-General reports on:

- (a) *Whether the financial statements, to which the report relates, are based on proper accounts and records;*
- (b) *Whether the financial statements, to which the report relates, are in agreement with the accounts and records and whether they show fairly the financial operations for the period which they cover and the state of affairs as at the end of that period;*
- (c) *Whether the receipt and payment and investment of moneys and the acquisition and disposal of assets during the year have been in accordance with the PFMA, 1995; and*
- (d) *Such other matters arising out of the financial statements, to which the report relates, as the Auditor-General considers should be reported.*

The audit of the Public Account for the year ended 31 December 2012 was planned and performed in accordance with *International Standards on Auditing (ISA)* as promulgated by the *International Federation of Accountants (IFAC)* to obtain reasonable assurance whether the financial statements are free of material misstatement. The audit involved performing test procedures to obtain audit evidence about the amounts and disclosures in the financial statements.

The nature of an audit is influenced by factors such as the use of professional judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. I have considered the risks, based on those assessments, on the internal controls relevant to the preparation and fair presentation of the financial statements in designing audit procedures considered appropriate in the circumstances.

It is my responsibility to form an independent opinion, based on my audit, on these financial statements prepared on a cash basis and to report in accordance with the requirements of the *Audit Act, 1989 (as amended)*.

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph below, I was not able to obtain sufficient and appropriate audit evidence to provide a basis for an audit opinion.



## **BASIS FOR DISCLAIMER OF AUDIT OPINION**

### ***LIMITATION OF SCOPE***

#### **1.0 PUBLIC ACCOUNT BALANCES – *Statement “A”***

The Public Account of Papua New Guinea consists of the Consolidated Revenue Fund (CRF) and the Trust Fund. The Statement of Public Account balances (*Statement “A”*) disclosed the balance of the Public Account as K1.86 billion for the year ended 31 December 2012. This comprised the CRF deficit balance of K464.65 million and the Trust Fund balance of K2.33 billion.

However, I was unable to verify and confirm the validity and the correctness of the stated closing balance of the Public Account for reasons contained in the following paragraphs:

#### **1.1 Consolidated Revenue Fund (CRF) – *Statement “A”***

The deficit balance of the CRF stated as K464.65 million is made up of a deficit of K492.83 million realised in 2012 including the accumulated balance of K28.18 million brought forward from 2011. I could not confirm the accuracy of the CRF deficit balance of K464.65 million as correct due to the errors, uncertainties and material limitation of scope inherent in the audit and the balance brought forward, as expressed in my previous audit report for the year ended 31 December, 2011.

I was also unable to verify the accuracy of the deficit of K492.83 million due to the following reasons:

- **Reserved Account (A Non-Bank Adjustment Account)**

The Reserved Account formerly known as the *Cash Adjustment Account* has been maintained solely for the adjustment of accruals (receivables and payables) at year-end. Contrary to this purpose, audit of prior years’ confirmed that significant values of receipts and expenditure have been processed through this account. In 2012, expenditure totalling K264 million were processed through this account and facilitated through the Integrated Financial Management System (IFMS). However, these transactions were not adjustments of accruals. The expenditures were not appropriated in the 2012 Budget nor were they provided for by way of either a *Section 3 or Section 4 Transfer*.

This Adjustment Account was not a requirement in the method of accounting adopted for the Public Account and the existence of this account posed a great risk of significant amounts of receipts and expenditures improperly processed through it and the relevant ledgers were not properly updated to reflect the correct balances.

Consequently, I was unable to verify the validity of the payments processed through this account during the year, their impacts on the accuracy of the balance in *Statement “A”* and ultimately the Public Account balance for the year ended 31 December 2012.

- **Inability to Confirm Validity of Expenditures**

*Statement “B”* of the Public Account disclosed K11.78 billion as the total expenditure in 2012. Out of this, K6.8 billion representing 58% of the total expenditure was the expenditure incurred by the National Departments. However, my review of the individual agencies and Departments confirmed that a significant amount of their expenditures were charged to wrong Votes as incorrect expenditure codes and transfers were processed via Journal Entries to Vote Items for which funds were not appropriated.

I was therefore, unable to confirm the accuracy and the validity of the expenditure amount that was disclosed in the Public Account as to whether it included a fair and accurate representation of the expenditure incurred by the National Departments in 2012.

- **Inadequate Employee Salary and Wages Records**

The cost of salaries and wages within Government Departments represents one of the single largest expenditure items of the Government of PNG. Included in the total expenditure of K11.78 billion is an amount of K2.48 billion of Personal Emoluments comprising direct salaries and allowances, wages, overtime and leave fares were paid during 2012. These represented 21.05% of the Public Account's total expenditure of K11.78 billion as reported in *Statement "B"*.

Transactions across 29 State Agencies indicated that, there were no payroll reconciliations performed by the respective Human Resource Divisions. Further, employee records indicated that, they were not reconciled and updated on a regular basis with information on recreation leave, Higher Duty Allowances, sick leave or tax declaration forms. Contract Review Committees were non-existent or were not effective as evidenced in the audited agencies, resulting in contracts not being reviewed and renewed in a timely manner.

In the absence of appropriate and correctly maintained employee records and the lack of reconciliation of payroll records and staff numbers, I was unable to verify the accuracy and validity of the Personal Emoluments expenditure in its entirety for the year ended 31 December 2012.

## **1.2 Reconciliation of Bank Balances**

In *Statement "A"*, the Bank balance was stated as K1.86 billion for the year ended 31 December 2012. Included in this account balance were Bank Account balance of K2.33 billion for trust accounts, Investments Trust Funds of K7.5 million and the CRF deficit balance of K464.65 million respectively. I was not able to verify the validity and the correctness of the account balances as I was not provided a complete register of the bank reconciliations for the Bank Accounts maintained for the Government of Papua New Guinea.

Further, I noted that 41 new Trust Accounts and 48 Trust Accounts having a cumulative account balance of K342 million were not disclosed in the financial statements. As per the Bank Audit Confirmations, 30 Trust Accounts valued at K21 million were closed, 18 amounting to K10 million and 12 valuing K14 million were revoked in 2010 and 2011 respectively but continued to be disclosed in the notes to the financial statements. In addition, 83 Trust Accounts were overstated by K1.1 billion and 55 were understated by K454 million. However, I was not provided documentary evidence or explanation regarding the validity and the correctness of the disclosures made for the year ended 31 December, 2012. Consequently, I am unable to confirm the valuation and measurement of these account balances at year end.

## **1.3 Trust Fund – Statement "C"**

- *Trust Account Monthly Reconciliations*

The Trust Fund balance of K2.33 billion at the end of 2012 had decreased by K221 million from 2011. Sections 14 and 19 of the *PFMA, 1995* requires Trustees/Departments to submit monthly returns of receipts and payments of Trust Accounts, together with the bank reconciliations, and annual Trust Account financial statements at year end to the Department of Finance. However, I noted that 280 Trusts Accounts with banking details did not have the required Status reports of their operations

or the relevant supporting documentation maintained by the Department of Finance (DoF) on the submission of their respective bank reconciliations and their associated records.

In the absence of complete and proper returns and reconciliations of Trust Accounts and their management, I was unable to verify the validity and the correctness of the closing balance of the Trust Fund for the year ended 31 December 2012.

- *Trust Account Overdrawn Balances*

In *Note 13*, the Trust Fund Balance was stated as K2.33 billion for the year ended 31 December 2012. However, included in *Statements "C"* was a total of 22 overdrawn Trust Account balances totalling K167 million. I was not provided bank reconciliations or documentary evidence nor the reasons for the 17 of the overdrawn account balances. Consequently, I was unable to verify and confirm the correctness and the validity of the disclosure made for the year end.

- *Trust Account Expenditure in Breach of Trust Instruments*

*Statement "C"* disclosed K960 million as total expenditure incurred from 285 Trust Accounts in 2012. With the opening balance of K2.5 billion and the total receipts of K739 million during the year, the closing balance at year end was K2.33 billion.

My audit of the respective accounts and records of the National Departments and Agencies indicated that Trust Accounts were not operating through the Government Accounting Systems (PGAS) and therefore, were not disclosed in *Statement "C"*. Consequently, I am unable to confirm the correctness of the account balance stated for the year ended 31 December, 2012.

#### **1.4 Trust Fund Investments - *Statement "E"***

*Statement "E"* discloses Investment Funds in Bank accounts totalling K7.38 million. However, *Note 16* to the financial statements and *Statement "C"* stated the bank balances as K7.5 million which resulted in a difference of K0.12 million. I was not provided with all the required ledger records, bank reconciliations and the relevant documentation or details for these investments and the movements occurring during the year. As a result, I was not able to satisfy myself as to the completeness or the accuracy of these disclosures made for the year ended 31 December 2012.

#### **1.5 Direct Investments – *Statement "F"***

*Statement "F"* disclosed the State's direct investments, capital contributions and equity option rights in various companies and public bodies including those managed by Independent Public Business Corporation (IPBC) totalling K6.39 billion. While the values of the investments disclosed in *Statement "F"* were generally based on the financial statements prepared by the investment companies, the true value of these investments may have been considerably understated or overstated, as the assets of 29 investee entities valuing K2.7 billion were not revalued as required. Further, the correctness and the reliability of amounts reported as investments for eight companies including PNG Fibre optics Cable Project totalling K2.1 billion were based on informal drafts and unaudited financial statements.

I was not provided a formal Investment Register, documentation or explanations to enable a continuous audit trail of all those relevant State's Investments. Consequently, I was not able to confirm the valuation, measurement, validity and the correctness of the amounts and the returns of those direct investments as disclosed in the Public Accounts for the year ended 31 December 2012.

**1.6 Borrowings made by the State – Statement “G”**

*Statement “G”* sets out the *Borrowings made by the State* together with the repayments of principle and interest paid to the lending donor Agencies. The Statement also captures net gains and losses caused by fluctuations in currency exchange rates. However, this Account was not properly kept and maintained as there were variances in the opening balances totalling K2.6 million and the closing balances totalling K858,000 for the years ended 31 December 2011 and 2012 respectively. Further, three loans disbursed during the year totalling K18.5 million and 14 advances totalling K161 million were not disclosed and stated as Nil in *Statement “J”* respectively. The disclosures in *Statement “G”* were overstated when compared to *Statement “J”*. There were errors and anomalies noted in the recording and keeping of accounts and records for the Treasury Bills and Inscribed Stock which strongly suggests a lack of management oversight. I was not able to verify and confirm the measurement, validity and the correctness of the disclosures made for the year ended 31 December 2012 as I was not provided the relevant supporting documentation or the explanations regarding these anomalies and discrepancies noted. I am unable to verify and confirm the measurement, validity and the correctness of the respective statements for the year ended 31 December 2012.

**1.7 Statement of On-Lending – Statement “H”**

*Statement “H”* stated the Negotiated Loans that were on lent to Statutory Bodies and other organisations during the year as K88,233. However, I was not provided the Loan Register to ascertain the validity and the correctness of the loans advanced. Consequently, I was unable to verify and confirm the validity and the correctness of the disclosures made at year end.

**1.8 Register of Guarantees – Statement “I”**

*Statement “I”* disclosed the Government Guarantees as K3.5 million for the year ended 31 December 2012. However, I have reported over the years that, a Register of Guarantees had not been maintained by the Department of Treasury. The situation had not improved up to 2012. In the absence of this Register, I was not able to determine the full extent of Guarantees conferred by the State and further, I was not able to carry out appropriate audit procedures to determine whether significant commitments had become due and payable during the year ended 31 December 2012.

**1.9 Unfunded Superannuation**

*Note 8.3* to the financial statements disclosed an Unfunded Superannuation liability of K2.038 million. Over time the government had not provided the full required employee’s contribution of 8.4% each fortnight and hence the liability as at 31 December 2012. According to the audited financial statements of the Superannuation Company, Nambawan Super Limited the relevant liability was disclosed as K42.2 million and consequently, the financial statements were understated for the year. However, I was not provided the required documentations or the reconciliations and the appropriate explanation for the variance of K40.162 million. As a result, I am unable to verify and confirm the correctness and the validity of the disclosure made at year end.

**REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

In addition to the scope limitation and deficiencies in the accounts and records noted above, I also wish to report on the breaches of the *Constitution of the Independent State of Papua New Guinea*, the *Appropriation Act, 2011* the *Public Finances (Management) Act, 1995* and the *Public Service (Management) Act, 1995* and other enabling legislations.

## **2.0 ACCOUNTS AND RECORDS**

### **2.1 Statement of Significant Accounting Policy**

As disclosed in the *Notes to the Accounts*, I observed that the accounting policies and practices followed in the preparation of the 2012 Public Accounts were based on requirements stipulated in the *PFMA* and associated *Finance Instructions*. The accounting policies and practices were the principles, basis, conventions, rules and practices adopted in preparing and presenting the statements. However, the Department of Finance did not state the compliance framework such as the *International Federation of Accountants* issued, *Internal Public Sector Accounting Standards (IPSAS)* or any other relevant or specific International or National framework. Further, I noted that *Note 1.1* stated a general application of the *Cash Basis of Accounting*.

### **2.2 Preparation of the Public Account**

The Minister for Finance through the Secretary, Department of Finance is required to prepare the Public Account “*as soon as practicable*” after the end of the fiscal year. At present, the *PFMA, 1995* does not provide a specific time frame for preparation of the Public Account and submission to the Auditor-General.

I have reported this same issue in my previous audit reports, however, there is no evidence of any positive action being taken.

I am concerned about the amount of time taken to prepare and finalise the Public Account, and for the audit to be done in a reasonable time frame. The extended delays in the years up to and including 2012 have adversely affected my ability to report to the National Parliament in a timely manner. As the audits of Public Account is not finalised within six months after the end of the financial year, the relevance and the usefulness of information in the Public Account and the audit report diminishes overtime.

I recommend again that the *PFMA, 1995* be amended to require the Public Account to be submitted for audit by 31 March of the year following the end of each fiscal year, so that I can be in a position to complete the audit by 30 June.

### **2.3 Losses and Deficiencies**

*Section 62 (1)* of the *PFMA, 1995* and *Part 28-32* of the *Financial Instructions* set out the legal requirements for the reporting of losses of public money and property. However, the Public Account did not report the losses and deficiencies for the year ended December 2012.

The results of my audit of the accounts and records of 29 National Departments for 2012 revealed that a number of Departments did not maintain proper and updated records of assets, or registers of losses and deficiencies. I also noted that periodic stock-takes were not conducted in all Departments. A significant number of Departments did not maintain proper and updated records of assets and as a result they were unable to accurately report the assets lost or stolen.

In view of the unacceptable state of affairs pertaining to maintaining of the accounts and records on assets across the whole government system by the Departments and Agencies, it was not possible for me to determine the full extent of the misstatement.

### **2.4 Separate Bank Accounts for Non-Bank Trust Accounts**

The status of the General Trust without bank accounts was not provided for audit in relation to the 2012 Financial Statements. These Trust Accounts were operated through the Waigani Public Account (WPA). The use of such non-bank Trust Accounts created the risk of improper access of funds from the WPA without being properly authorised and having a fully documented audit trail. Unless due care is exercised, there are potential risk of

posting the corresponding entries in the Consolidated Revenue Fund (CRF) Account into incorrect non-bank Trust Accounts. My finding on the Reserved Account provides an example of the risk in the existence of the non-bank accounts.

The matter still remains unresolved although assurance was provided by DoF in my previous audit reports that the non-bank trust accounts situation would be improved.

## **2.5 Departmental Records**

The Public Account's Financial Statements constitute also from the transactions generated by the National Government Departments, therefore, the results of the audits of the Departments have an impact on the final balances reflected in the Public Account. There were significant control weaknesses and non-compliance identified during my audit of major Departments which affect the overall accuracy of the Public Account balances. There was a high rate of non-compliance with procurement and payment procedures.

Further, in some departments, there were no procurement plans or Quotation Registers maintained. Payment vouchers were not examined for completeness and accuracy prior to processing the payments, and a very high proportion of all payments were made from pro-forma invoices rather than the original company tax invoices which is the legally acceptable source document and evidence from suppliers.

Significant weaknesses in payments and acquittals of advances were noted from 29 Departments audited, and the findings have been reported in my *"2012 Part II Report on National Government Departments and Agencies"*.

Un-acquitted advances as at 31 December, 2012 were in excess of K34.1 million for 29 Departments. I noted that most of these agencies issued further advances to officers whilst their previous advances remained outstanding;

Assets Registers were either non-existent or were not properly maintained in the 29 Departments that were audited. Assets worth more than K42.6 million were identified as unrecorded.

## **3.0 REGULATORY REQUIREMENTS**

### **3.1 The Application of the Budgetary Control Framework**

*Statement "B"* disclosed, in part, the actual expenditure against appropriated funds and Separate Appropriations were required for the National Parliament, the Judiciary, Recurrent Expenditure and Development Expenditure. It is the role of the Parliament, through the *Appropriation and Supplementary Appropriation Acts*, and other laws, to appropriate expenditure as required by *Section 211 (2)* of the *Constitution* of the *Independent State of Papua New Guinea* which states:

*"No moneys of or under the control of the National Government for public expenditure or the Parliament and the Judiciary for their respective services, shall be expended except as provided by this Constitution or by or under an Act of the Parliament"*.

However, there were deficiencies in the application of the budgetary control framework as highlighted in the following paragraphs.

All Directions issued by the Secretary for Treasury under the *Appropriation Acts* for the reallocation of funds under the respective budgets for expenditure must be made available through Reports in the National Gazette. This requirement under the *Appropriation Acts* is mandatory as it forms the legal authority and basis for the transfer of funds from one allocation to another.

Despite the existence of this authority, no such Directions were published in the National Gazette for the year 2012. In the absence of the statutory approval/Directions from the Secretary for Treasury, the legitimacy of the transfers totalling K849.7 million were not ascertained and validated in accordance with the requirement of the *Appropriation Act* of 2011.

### **3.2 Expenditure Exceeding Appropriation – Statement “B”**

*Statement “B”* disclosed total expenditure as K11.78 billion. However, Expenditure controls at the individual Departments and Agency levels were not satisfactory. During the year, 27 Departments and State Agencies spent an aggregated total of K3.66 billion compared to K3.23 billion of appropriation resulting in an over expenditure of K434.53 million. This excess-expenditure was absorbed by the savings of K897.30 million in the Development Budget Appropriation from 26 State Agencies.

Consequently, the expenditure of K434.53 million by 27 Agencies in excess of their respective appropriation had breached the *PFMA, 1995* and the *Appropriation Act, 2011*.

### **3.3 Over-expenditure – Statement “L”**

Total expenditure for the year ended 31 December, 2012 was stated as K11.78 billion. This appropriation was under expended by K1.34 billion. I noted that this was not a fair and true representation of expenditures as there were under expenditures in agencies that off-set the over expenditures of the others. However, upon further review at the Agency levels, there were a number of instances of over expenditures. Though agencies reported totals of under expenditure, individual agencies breached *Section 2* of the *Appropriation Act* of 2011 by over expending.

I have noted a similar observation in relation to *Statement “B”* in paragraph 3.2 above.

### **3.4 Trust Accounts**

*Section 17* of the *PFMA, 1995* requires that: “Moneys may be paid out of a Trust Account only; for the purposes of the Account or as authorised by law; and if a sufficient credit is available in the Account”.

*Statement “C”* discloses the closing balances for Trust Accounts forming the Trust Fund. During the year ended 31 December, 2012, the following breaches of the *PFMA, 1995* occurred:

- 30 Trust Accounts that were revoked by the Minister for Finance in prior years, continued to be operated in 2012 contrary to the requirements of the *PFMA, 1995*, and ended with a closing balance of K24.2 million in total; and
- Moneys were expended contrary to the purposes or the *Instruments* of the respective Trust Accounts.

### **3.5 Trust Account Monthly Reconciliations**

*Sections 14* and *19* of the *PFMA, 1995* requires Trustees/Departments to submit monthly returns of receipts and payments of Trust Accounts, together with the bank reconciliations, and annual Trust Account financial statements at year end to the Department of Finance.

There were 280 Trusts with bank accounts; however, no status reports were maintained by the DoF on the submission of the respective bank reconciliations. Further, none of the Departments or Trustees submitted the bank reconciliations for their Trust Accounts within 14 days of the close of each month to DoF during the year ended 31 December, 2012. Payments made were contrary to *Trust Instruments* and surplus funds available in the Trust Accounts were not invested as required by the *PFMA, 1995*. These weaknesses indicated poor compliance by the Trustees/Departments with the *PFMA, 1995*.

In the absence of complete and proper returns and reconciliations of the Trust Accounts, I was unable to verify and ascertain the correctness of the closing balance of the Trust Fund.

**DISCLAIMER OF AUDIT OPINION**

Because of the significance of the matters described in the preceding paragraphs, I was not able to obtain sufficient and appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I am unable to and do not express an opinion on the Public Accounts of Papua New Guinea for the year ended 31 December, 2012.

**OTHER MATTERS**

In accordance with the *Audit Act 1989*, I also have a duty to report on other significant matters arising out of the financial statements, to which the report relates. The following are other matters of significance:

**1. Significant non-compliance with Legislation and Accounting Principles**

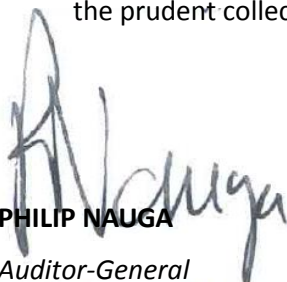
I report the following significant matters of non-compliance:

- The Public Account of the Government of Papua New Guinea, the records and their transactions were not kept in the manner as provided for in the *Finance Instructions*;
- The receipts, payments, investment of moneys, the acquisition and disposal of assets during the period covered by the financial statements have not been in accordance with the *PFMA*;
- Moneys were spent in excess of the appropriation limit and also without valid appropriation resulting in *breaches* of the *PFMA, 1995* and the *Appropriation Act, 2011*; and
- The Directions from the Secretary for Treasury for budget transfers under the *Appropriation Act, 2011* were not published in the National Gazette and therefore, the legitimacy of the transfers could not be validated in accordance with the requirements of the *Appropriation Acts*.

**2. Receiver of Public Monies (RPM)**

The National Government's monies collected at the Provincial level including those collected through Finance Cashier Branch (FCB) – Waigani were deposited into the Receiver of Public Monies (RPM) bank accounts maintained with Bank of South Pacific (BSP) and transferred periodically by direct bank transfer into the Waigani Public Account (WPA) maintained with the Bank of PNG. I noted that there were negative balances reported for ten (10) provinces and Bank reconciliation did not reconcile to the Collectors Statements as not all monies collected were banked. I was not provided the necessary explanations for the negative balances and the documentations regarding the Receiver of Public Monies Accounts.

Consequently, I was not able to ascertain the adequacy of the internal controls surrounding the prudent collection and receipting of Public Monies in the Provinces.



**PHILIP NAUGA**  
*Auditor-General*

01 October, 2015



# **ANNEXURE -**

## **FINANCIAL STATEMENTS for the PUBLIC ACCOUNTS OF THE GOVERNMENT OF PAPUA NEW GUINEA, FOR THE YEAR 2012**

### **STATEMENTS “A” TO “J” & “L” *(a few pages only)***



# Statement A

**GOVERNMENT OF PAPUA NEW  
GUINEA PUBLIC ACCOUNTS  
STATEMENT OF PUBLIC ACCOUNT BALANCES  
AS AT 31 DECEMBER 2012**

	Notes	2012 K'000	2011 K'000
Consolidated Revenue Fund	4	(464,652)	28,177
Trust Fund (Statement C)	13	<u>2,327,880</u>	<u>2,548,965</u>
<b>Public Accounts Total Funds</b>		<u><b>1,863,228</b></u>	<u><b>2,577,141</b></u>
<b>Bank Balances</b>			
Bank of Papua New Guinea	16.1	(539,029)	(63,433)
Bank of South Pacific	16.2	2,188,331	2,477,473
ANZ Bank	16.3	201,983	151,027
Westpac Bank	16.4	4,625	4,625
May Bank	16.5	36	36
Investment Trusts	16.6	<u>7,502</u>	<u>7,376</u>
		<u><b>1,863,447</b></u>	<u><b>2,577,104</b></u>
<b>Finance Operating Accounts</b>			
Cash in Transit	6	(294)	(153)
Advances	7	74	191
		<u><b>(219)</b></u>	<u><b>38</b></u>
		<b>1,863,228</b>	<b>2,577,141</b>

This statement should be read in conjunction with the accompanying notes.



**Dr Ken Ngangan**  
Secretary  
Department of Finance



**SAMSON METOFA**  
First Assistant Secretary  
Accounting Frameworks and  
Standards Division  
Department of Finance



**NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICY**

**1.1 General**

The accounting policies and practices followed in the preparation of the 2012 Public Accounts are based on requirements stipulated in the *Public Finances (Management) Act 1995* and associated Finance Instructions.

The accounting policies and practices are the principles, bases, conventions, rules and practices adopted in preparing and presenting the statements.

**1.2 Cash Basis of Accounting**

The 2012 Public Accounts are prepared on a Cash Basis. Receipts and payments are only recognised when cash is received or disbursed.

Accounts that use Consolidate Revenue Fund bank accounts are reported in the Consolidated Revenue Fund. Accounts that use Trust Fund bank accounts are reported in the Trust Fund.

Transactions are accounted for and presented in accordance with their substantive and economic reality.

**1.3 Recognition of Receipts and Payments**

Receipts are recognised at the time the money is recorded in the accounting system. Payments made by cheque are recognised when the cheque is raised in the accounting system. Amounts paid by the National Government of Papua New Guinea (the Government) to third parties from the Consolidated Revenue Fund that are reimbursable and remain uncollected at year end are disbursements and reported as Advances.

Assets, including investments, acquired during the year are recognised as expenditure in the year payment is made. No assets, other than cash, are shown in the Public Accounts. The Government's investments, capital contributions and option rights in certain entities are disclosed in Statement F.

Liabilities owed by the Government are not recognised in the Public Accounts. Contributions-in-kind provided to the Government by foreign governments and aid organisations are recognised as grant revenue in the Public Accounts at the point the contribution-in-kind is received. Costs associated with contributions-in-kind, which are incurred by foreign governments and aid organisations, are recognised as expenditure when the contribution is received. Data on non-cash contributions made by commercial entities under concessional tax arrangements or agreements with the Government is not available and these contributions are not recognised in the Public Accounts.

**1.4 Valuation of items reported in the Statements**

**1.4.1 Cash at Bank (Statements A, D and E)**

Reported in the cash at bank values is the balance of the cashbook unless otherwise noted. In some instances, cash at bank figures reported in these statements is the bank balances as per the relevant bank statement.

**1.4.2 Non Cash Grants (Statements J, L and B)**

Non cash grants are valued on the basis of written confirmations provided by the aid provider. Grants are brought to account at the Kina equivalent of the costs incurred by the donor in providing the non-cash grant.



### **1.4.3 Investments (Statement F)**

Investment valuations are determined using the following methods, in priority order:

- Method A: (1st priority) Listed public companies are valued on the basis of share prices as at 31 December 2012
- Method B: (2nd priority) Independent valuations (no more than 3 years old) performed by qualified valuers.
- Method C: (3rd priority) Net asset value published in audited financial statements.
- Method D: (4th priority) Net asset value published in unaudited financial statements.
- Method E: (5th priority) Where no current year valuation is available previous year valuations are used.

The valuation method used for each investment is indicated in Statement F.

- ForeignCurrencyLoans(StatementsB,GandI)

Loan balances and loan drawdowns and repayments that are denominated in a foreign currency are converted to a Kina equivalent based on the mid-rate exchange rate applicable at the time for the currency in question. Exchange rates are supplied by the Bank of Papua New Guinea.

### **1.5 Rounding of amounts presented in the Statements**

The amounts reported in these statements and disclosed in the Notes are expressed to the nearest thousand Kina unless stated otherwise. Any discrepancies between totals and the sums of components are due to rounding.

### **1.6 Correction of Errors**

When an error arises in relation to a cash balance reported the amount of the error that relates to prior periods is reported by adjusting the cash at the beginning of the period. Comparative information is restated, unless it is impractical to do so.

### **NOTE 2 BUDGET ESTIMATES OF REVENUE AND EXPENDITURE (Statements B, J & L)**

Original revenue and expenditure budget balances for Statements B, J and L are taken from the 2012 Budget Appropriation Acts.

Additional budget balances in Statements B, J and L are taken from Supplementary Budget Acts.

Section 3 or Section 4 transfers in Statements B, J and L reflect the reallocation of appropriations authorised by the Secretary of Treasury.

Revised revenue and expenditure budget reported in Statements B, J and L reflect the overall movements in the 2012 Budget Appropriation Acts plus the Supplementary Appropriation Acts plus or minus the effects of any transfers authorised by the Secretary of Treasury.



**NOTE 3      2012 APPROPRIATIONS** *(Statement B)*

**3.1 Reconciliation of Appropriations**

The reconciliation of the Appropriation Acts to the Revised Appropriation figures shown in Statement B is as follows.

Reconciliation of Appropriations	Original K'000	Supplementary K'000	Section 4 K'000	Revised K'000
Parliament	149,542	0	21,355	170,897
Judiciary	73,831	0	0	73,831
Recurrent	8,496,533	0	(27,622)	8,468,911
Development	4,402,155	0	6,267	4,408,422
<b>TOTAL</b>	<b>13,122,061</b>	<b>0</b>	<b>0</b>	<b>13,122,061</b>

**3.2 Transfers between services**

In previous audits of the Public Accounts the Auditor General expressed within the Audit Opinion a view that the transfer of Recurrent Budget Appropriations to the Parliament, Judiciary and Development projects was in breach of the provisions of Sections 24 and 25 of the *Public Finances (Management) Act 1995*.

The Department of Treasury notes that, for the avoidance of doubt, Sections 3 and Section 4 of the *Appropriation (Recurrent Expenditure 2012) Act* specifically authorise the transfer of Recurrent Budget Appropriations to activities of the Parliament, Judiciary and Development projects.

**NOTE 4      CONSOLIDATED REVENUE FUND BALANCE** *(Statement A)*

CONSOLIDATED REVENUE FUND BALANCE	31 December 2012 (K, 000)	31 December 2011 (K,000)
Accumulated Opening Balance	28,177	(29,368)
Change in Accounting Policy (Note 4.2 – 2011 Public Account)		52,601
Add: Surplus/(Deficit) for the year	(492,829)	4,943
<b>Closing balance</b>	<b>(464,652)</b>	<b>28,177</b>

**4.1 Contribution of goods and services in-kind:**

Within Statement B the following goods and services were provided in-kind. The recording of goods and services provided in-kind reflects advice by contributors. Most contributors have not provided these financial details. The financial information provided by contributors is incomplete.

DONOR FUNDED DEVELOPMENT EXPENDITURE	BUDGET		ACTUAL
	2012 ORIGINAL K'000	2012 REVISED K'000	2012 ACTUAL K'000
<b>NATIONAL DEPARTMENTS</b>			
Department of Prime Minister & NEC	52,874	52,874	27,379
National Statistical Office	-	-	-
Department of Finance	9,642	9,642	-
Department of Treasury	7,283	7,283	-
Department of Foreign Affairs and Trade	3,345	3,345	-
Department of Personnel Management	74,020	74,020	-
Department of Attorney-General	74,876	74,876	-
Department of Police	-	-	7,028
Department of National Planning and Monitoring	195,520	195,520	-
Electoral Commission	16,484	16,484	13,202
Department of Provincial and Local Department of Education	234,048	234,048	101,591
Office of Higher Education	65,674	65,674	-
Department of Health	212,867	212,867	47,064
Department of Community Development	58,917	58,917	44,057
Department of Environment & Conservation	17,857	17,857	-
Department of Agriculture & Livestock	23,337	23,337	5,146
Department of Lands & Physical Planning	-	-	-
Department of Information and Communication	63,814	63,814	24,467
Department of Transport	15,757	15,757	63,123
Department of Commerce & Industry	102,058	102,058	28,311
Department of Works & Implementation	309,785	309,785	1
Office of Rural Development	672	672	-
<b>TOTAL NATIONAL DEPARTMENTS</b>	<b>1,575,804</b>	<b>1,575,804</b>	<b>376,862</b>
<b>TRANSFERS, ON-LENDING &amp; MISCELLANEOUS</b>			
Transfers to Statutory Authorities	365,897	365,897	25,877
Transfers to Provincial Governments	58,254	58,254	-
<b>TOTAL TRANSFERS, ON-LENDING &amp; MISCELLANEOUS EXPENDITURE</b>	<b>424,151</b>	<b>424,151</b>	<b>25,877</b>
<b>TOTAL DEVELOPMENT EXPENDITURE</b>	<b>1,999,955</b>	<b>1,999,955</b>	<b>402,739</b>

**NOTE 5 PAYMENTS EXCEEDING APPROPRIATIONS (Statements B and L)**

In 2012, payments exceeded legal appropriations for some items of expenditure. The reasons for this overspend are:

**Development Grants by Donors**

Appropriations for development grants may be exceeded where:

- Donors spend more than originally estimated for a specified project. Grant expenditures are at the discretion of the donor agency. Where donors spend more than budgeted on a project, actual expenditures recorded in Statement B and Statement L, which includes these donor expenditures, may exceed budgeted expenditures, but this is offset by movements in revenue which are similarly over budget.
- Grant expenditures are made in a foreign currency. Where expenditures are made in a foreign currency they are converted to a Kina equivalent for the purposes of

bringing them to account in these statements. Exchange rate movements may affect the Kina equivalent of the amount spent.

### **Departmental Payments**

Departmental payments may exceed appropriations because payroll costs exceed budget appropriations. The Government's fortnightly payroll will be processed even where insufficient appropriation is available to cover the cost of the payroll.

### **Statutory Institution Grants**

Over payments of grants resulted from payroll cost processing. The National Government provides a payroll service to a number of statutory institutions by processing and disbursing the payroll for the institutions. Payroll costs paid on behalf of the institution are subsequently recovered by charging the costs to the appropriation for the government grant to the institution. Where the cost of the payroll exceeds the value of the grants available, the National Government is unable to fully offset the cost of the institutions payroll resulting in an over-spend.

### **Use of the Reserved Account**

In 2012 financial transactions were recorded in the Consolidated Revenue Fund via Drawing Accounts against the Reserved Account. This resulted in expenditure out of the Consolidated Revenue Fund of K 264 million which was not appropriated in the Budget for 2012 nor provided for by way of either a Section 3 or a Section 4 transfer.

### **NOTE 6 FINANCE OPERATING ACCOUNTS CASH IN TRANSIT**

A balance of K(293,708) for Finance Operating Accounts - Cash in Transit reported in Statement A is made up of the following:

<b>FINANCE OPERATING ACCOUNTS CASH IN TRANSIT</b>	<b>31 December 2012</b>	<b>31 December 2011</b>
<b>Cash in Transit</b>	<b>Kina</b>	<b>Kina</b>
Cash In Transit - AFO Konedobu	(16,888)	(16,508)
Cash In Transit - AFO Lae	(6,268)	(6,268)
Cash In Transit - AFO Goroka	93,684	358,210
Cash In Transit - AFO Rabaul	(364,235)	(488,693)
<b>Total Cash in Transit</b>	<b>(293,708)</b>	<b>(153,259)</b>



**NOTE 7 FINANCE OPERATING ACCOUNTS - ADVANCES**

A balance of K74,000 for Finance Operating Accounts Cash – Advances reported in Statement A is made up of the following:

<b>FINANCE OPERATING ACCOUNTS - ADVANCES</b>	<b>31 December 2012</b>	<b>31 December 2011</b>
<b>Permanent Advances</b>	<b>K'000</b>	<b>K'000</b>
Permanent Advances - AFO Konedobu	(5)	(5)
Permanent Advances - AFO Lae	24	15
Permanent Advances - AFO Rabaul	91	217
<b>Total Permanent Advances</b>	<b>110</b>	<b>227</b>
<b>Special Pay Accounts</b>		
Special Pays Account - AFO Konedobu	(36)	(36)
<b>Total Special Pay Accounts</b>	<b>(36)</b>	<b>(36)</b>
<b>Total Advances</b>	<b>74</b>	<b>191</b>

**NOTE 8 PAYABLES AND RECEIVABLES**

Under the Cash Basis of accounting, receivables and payables are not recognised. This information is disclosed in the following payable and receivable notes.

**8.1 Salary Related Items**

Amounts due to the Government for unpaid public servant salary and wages advances, and due from the Government for unpaid disbursements of salary deductions at the beginning and end of the year were as follows:

<b>(PAYABLES) AND RECEIVABLES</b>	<b>31 December 2012</b>	<b>31 December 2011</b>
	<b>Kina</b>	<b>Kina</b>
<b>Salary Related Items</b>		
Stat Authority - Loans Receivable - Salary	1,157,194	1,157,194
Salary Overpayment - Receivable	27,667,433	17,100,097
Salary Clearance	36,061,889	36,061,889
Repaid Salaries	(14,066,244)	(14,677,777)
Payroll Deduction - Other	(715,913)	(638,825)
Advances Other (SAL. Section Waigani)	1,107,734	1,107,734
Payroll Deduction – Other - Finance	(60,484,976)	(230,620)
Payroll Deduction – Other - Education	(41,197,366)	0
<b>Total Salary Related Items</b>	<b>(50,470,247)</b>	<b>39,879,693</b>

## 8.2 Statutory Bodies

Amounts due to and from the Government for Statutory Bodies at the beginning and end of the year were as follows:

(PAYABLES) AND RECEIVABLES	31 December 2012	31 December 2011
	Kina	Kina
National Cultural Commission	108,651	196,135
National Museum & Art Gallery (Sal Clearance	12,423,909	14,138,498
Judicial Services	16,443,286	31,203,375
National Institute Standards & Industrial	1,880,130	2,155,908
National Training Council (Sal Clr a/c)	(17,237)	(20,390)
PNG Sports Commission	4,612,307	6,814,815
National Narcotics Bureau	10,965,774	8,581,150
Nat. Agriculture & Inspection Authority	5,820,913	7,050,700
Magisterial Services	(7,095,989)	4,420,475
National Youth Commission	976,686	1,523,539
Workers Compensation Board	2,684,564	1,641,291
Constitutional and Law Reform Commission	15,085	467,224
National Road Authority	3,070,111	1,394,948
Tourism Promotion Authority	583,167	195,579
Office of Coastal Fisheries Development Agency	(560,663)	(202,122)
National Economic & Fiscal Commission	(641,025)	0
Papua New Guinea Climate Change Authority	243,476	0
Tourist Corporation Trust Account	4,909,551	4,909,551
Civil Aviation Authority	14,770,078	14,728,798
<b>Total</b>	<b>71,192,774</b>	<b>99,199,476</b>

### NOTE 8.3 UNFUNDED SUPERANNUATION

Since 1991, the State has been required to contribute 8.4 percent of an employee's salary to a superannuation fund managed by Nambawan Super Limited (NSL). In the past, the government has not provided the full contribution to NSL on an ongoing basis as the liability has accrued. This has led to an accumulation of unfunded superannuation liabilities which the government must meet when employees exit the fund. The liability is indexed to the annual growth rate of NSL's investment returns. This liability totalled K2,038 million at 31 December 2012.

**NOTE 9 CONSOLIDATED REVENUE FUND – INVESTMENTS (STATEMENT F)**

**9.1 Value of Investments**

The investments presented in Statement F reflect those assets held by the State in commercial entities or independent public bodies. This does not include equity or other assets held by the State in other public bodies, such as statutory authorities. During the year, the following movements in the value of the portfolio occurred:

Value of Investments	2012	2011
	Kina	Kina
Opening investment as at 1 January	5,900,335,181	8,483,318,605
Investment values variations	491,387,122	(1,442,153,494)
Closing investment as at 31 December	6,391,722,303	7,041,165,111
Prior year adjustment		(1,140,829,930)
<b>Adjusted investment as at 31 December</b>	<b>6,391,722,303</b>	<b>5,900,335,181</b>

The net increase in the value of investments held during 2012 was K491,387,122. This increase was attributed to improvements in the Bank of Papua New Guinea's (BPNG) net assets and a general improvement across entities managed under the General Business Trust.

Prior year comparative investment values reported in the year 2011 are based on the latest available information. Where values reported in the 2011 accounts have been updated, this change in value has been identified as a prior year adjustment. In this instance, there is a very significant drop in the prior year adjustments by K1,140,829,930 due to the following investments and/or factors.

- OK Tedi Mining Limited – K959,895 decrease due to audit adjustment;
- NICTA – K48,106,880 increase due to its net value being incorporated into Statement F report;
- RIM Plantation – decrease of K105,989,889 due to re-adjustment after change of name to Kula Oil Palm Limited;
- Oil Search Limited Escrow Account – decrease by K1,079,457,676 due to audit adjustment; and
- Bank South Pacific Limited – decrease by K2,529,348 due to audit adjustment

Of the **K6, 391,722,303** of investments detailed in Statement F:

- K3,727,365,309 (30%) is valued using Method A (share price at 31 December 2012);
- K1,753,736,666 (14%) is valued using Method B (independent valuations no more than 3 years old performed by qualified valuers);
- K282,769,838 (2%) is valued using Method C (net asset value published in audited financial statements);
- K6,064,919,109 (49%) is valued using Method D (Net Value published in unaudited financial statements); and
- K579,166,797 (9%) is valued using Method E (none of the above valuation applicable, most recent value available used).

**Note that: 1.3.3 – “Investments” provides guidance on the valuation methods used to value investment.**

## **9.2 Revaluations of majority State Owned Enterprises**

As no updates of major State Owned Entities were received for 2012, the available valuation from 2009 was used. This valuation is valid for up to three years. IPBC in 2009 engaged Deloitte Touche Tohmatsu, KPMG and Price Waterhouse Coopers to undertake independent valuations of the majority State Owned Enterprises. These valuations were undertaken to assist the IPBC in its annual impairment testing of investment in these State Owned Enterprises as required by International Accounting Standard 36 ("Impairment of Assets").

The valuations for the preceding three years from 2012 are being carried out currently. Hence, figures will be adjusted to reflect changes when the reports are furnished.

### **Water PNG Limited**

The fair value for Water PNG has been assessed as (K233, 030,000). The negative valuations results from significant capital expenditure through to 2015. Value in use takes into consideration the grants received from government whereas this is not included in the fair value calculation.

## **9.3 Dividends received by the General Business Trust**

Dividends totalling K89,250,050 were received by the General Business Trust in 2012 (2011: K58,154,769) as follows:

Dividends received by the General Business Trust	2012	2011
	Kina	Kina
<b>Listed Investments</b>		
Bank of South Pacific Limited	46,371,378	39,373,516
Oil Search Limited	16,060,028	18,329,379
New Britain Palm Oil Limited	1,873,122	451,874
Air Niugini	6,445,522	
<b>Unlisted Investments</b>		
PNG Ports	15,000,000	
Eda Ranu	3,000,000	
Water PNG	500,000	
<b>Total Dividends</b>	<b>89,250,050</b>	<b>58,154,769</b>

Source: 2012 IPBC General Business Trust Report

## **9.4 OK Tedi**

The figures in this statement do not reflect the recent changes in OTML ownership given that this report is for the financial year ending December 31, 2012. Hence, the PNG government in 2012 owned 36.6% of OTML. However, the government only has direct control over the 24.4% due to OTML landowner's commitment of 12.2%.

## **9.5 Bank of Papua New Guinea**

The bank recorded a total comprehensive profit of K39.7million and experienced a positive cash flow of K37.3 million for the year. In addition, total liabilities of the Bank exceed its total assets by K1.210million. The Bank envisages that this net deficiency position to continue as a result of ongoing appreciation of the PNG Kina over the foreseeable future.

## **9.6 NICTA**

NICTA's financials for the first time were incorporated into the Statement F report for 2012.

### 9.7 Pacific Forum Line Limited

The Government's share in Pacific Forum Line Limited was divested. Thus, it will no longer be reflected on this Statement for from now on.

### 9.8 Government's Falcon Jet

The Government's purchase price for the Falcon Jet was USD 38,963,500. However after depreciation calculation (i.e.;  $\text{Purchase Price} / \text{Estimated life of plane} \times \text{No. of Years in use}$ ) it is estimated that the current book value is USD 34,287,880.

### NOTE 10 PUBLIC DEBT (STATEMENT G)

Section 35 of the *Public Finances (Management) Act* provides authority for the Government to borrow funds. Borrowing of funds or raising debt is guided by the medium term debt strategy which is aligned to the medium term fiscal strategy.

#### 10.1 Medium term debt strategy and risk management

The objective of the Government's medium term debt strategy 2009-2012 is to minimise the cost of debt consistent with the Government's tolerance for financial risk. This objective supports the medium term fiscal strategy and medium term development strategy.

There are three major strategies to support the objective: reducing debt to sustainable levels; reducing financial risks to prudent levels; and developing the Government inscribed stock, bill and loan markets.

##### Maintaining debt at sustainable levels

PNG debt sustainability will need to be improved through: growth in the economy, improvements in the public sector management and governance, prudent management of public debt and other liabilities and assets, and through reducing reliance on high-risk simple debt securities.

The State has a foreign currency debt rating of B plus. This means the rating agencies believe that whilst it currently has the capacity to meet financial commitments, PNG is vulnerable to adverse business, financial and economic conditions. One of the factors that prevented an improvement in the rating was an increased use of off-budget borrowing and expenditure.

Analyses indicate that due to the high level of State liabilities, further significant increases in debt would be imprudent. Therefore, the Government aims to keep Central Government debt at or below 30.0 per cent of GDP. In the event that debt increases above this level, the Government will use budget surpluses and windfall revenue to reduce its liabilities.

##### Reducing financial risks

###### Foreign Currency Risk

The Government aims to maintain foreign currency debt at around 40.0 per cent of the total Central Government debt portfolio by restricting the amount of new foreign currency loans it enters into. In addition, where it is appropriate on a risk return basis, the Government may borrow domestic funds to retire foreign-currency debt.

###### Interest Rate Risk

The debt strategy aims to increase the net amount of fixed-rate Inscribe Stock by K0.2 billion over the next five years, and decreases Treasury Bills from about K1.5 billion as at the end of 2010 to about K0.5 billion in 2015.

### **Developing Government inscribed stock bill and loan market**

Treasury is continuing with incremental improvements in processes underpinning the Kina denominated inscribed stock, bill and loan market to a standard that meets investors and other stakeholders expectation.

### **10.2 Balance of public debt**

Borrowing and Public Debt are detailed on Statement G. The balance of Government Debt outstanding at 31 December 2012 was K8,498,860 thousand.

### **NOTE 11 PUBLIC LENDING**

Section 38 of the *Public Finances (Management) Act, 1995* provides authority for the Government to loan funds to third parties and to impose interest and fees for loans made.

Lending by the Government to other parties is detailed in Statement H.

### **NOTE 12 LOANS GUARANTEED BY GOVERNMENT**

Section 37 of the *Public Finances (Management) Act, 1995* allows the Government to make guarantees for the principal and interest repayments on loans made by third parties to Statutory Bodies and other borrowers.

Loans guaranteed by the Government for which there existed a contingent liability at 31 December 2012 are listed in Statement I.

### **NOTE 13 TRUST FUND BALANCE**

TRUST FUND BALANCE	31 December 2012 K'000	31 December 2011 K'000
Accumulated Opening Balance	2,548,965	2,261,970
Change in Accounting Policy ( Note 4.2, 2011 Public Accounts)		(52,601)
Add: Receipts	739,325	1,984,905
Less: Payments	(960,409)	(1,645,308)
<b>Closing Balance at year end</b>	<b>2,327,880</b>	<b>2,548,965</b>

### 13.1 Invested Trusts (STATEMENT A)

The balance of invested trusts reported in Statements A is K7,501,721.

#### NOTE 14 LOSSES AND DEFICIENCIES

Section 62(1) of the *Public Finances (Management) Act, 1995* and Parts 28-32 of the Financial Instructions set out the legal requirements for the reporting of losses of public money and property.

The accounts and records of Government Departments do not record this information, for this reason the information is not disclosed in this Note.

#### NOTE 15 TEMPORARY FINANCING OF THE PUBLIC ACCOUNT

Under Section 55(2) of the *Central Banking Act 2000*, the Bank of Papua New Guinea may grant temporary advances to the government in respect of temporary deficiencies of revenue due to cash flow mismatches including when there is insufficient cash held in the Waigani Public Accounts to fund the operations of government. As at 31 December 2012, there was no temporary advance outstanding.

#### Note 16 BANK BALANCES

The following tables record cash at bank for all official National Government bank accounts except where the yearend cashbook balance for a bank account could not be proven by a bank reconciliation.

### 16.1 Bank of Papua New Guinea

Bank of Papua New Guinea	2012 Balance (K)	2011 Balance (K)
Central Malalaua Highway T/A	10,000,000	10,000,000
Kokopau to Arawa Road Upgrading and Bitumen Sealing T/A	19,962,405	19,962,405
Sogeri National High School (Renovation and Upgrading) T/A	10,000,000	10,000,000
Trans East - West New Britain Highway T/A	10,000,000	10,000,000
BSP EFTPOS Receipt A/C	52,161	52,161
Central Province Operating A/C	4,696,113	6,557,394
Central Province RPM A/C	1,103,943	1,109,614
Coastal Vessels Account	5,640,000	5,640,000
Comm. Water Transport Proj. GoPNG C/Fund	548,079	548,079
Community Water Transport Project Trust A/C	357	0
Consumer Affairs Council Drawing A/C	306,515	306,515
Defence Barracks Maintenance & Improvement T/A	5,000,000	5,000,000
Dept of Agriculture & Livestock Drawing	(2,191,354)	(1,066,597)
Dept of Agriculture & Livestock PIP A/C	130,373	(60,463)
Dept of Attorney General Drawing A/C	(1,420,123)	(4,940,340)
Dept of Commerce & Industry Drawing A/C	846,258	146,048
Dept of Community Development Drawing A/C	(623,797)	(147,878)
Dept of Correctional Serv. Drawing A/C	(7,591,842)	(4,679,395)
Dept of Defence Drawing A/C	(21,339,953)	(6,055,690)
Dept of Education HQ Drawing A/C	(151,623,487)	(37,677,248)
Dept of Education Salaries Drawing A/C	(19,598,707)	(103,077,782)
Dept of Electoral Commission Drawing A/C	(2,244,932)	(613,865)
Dept of Env & Conservation Drawing A/C	(1,634,211)	(1,648,191)

**Notes to and forming part of the Public Accounts**

Dept of Finance Drawing A/C	(85,291,767)	(123,206,409)
Dept of Foreign Affairs Drawing A/C	(496,695)	(1,414,244)
Dept of Health Drawing A/C	(16,615,651)	18,816,109
Dept of Immigration & Citizenship Drawing A/C	(17,518)	(17,518)
Dept of Industrial Relations Drawing A/C	1,058,852	212,255
Dept of Lands & Physical Planning	(3,406,345)	(3,152,915)
Dept of Mineral Resources Drawing A/C	0	4,585,098
Dept of Mining Drawing A/C	488,474	(4,055,877)
Dept of National Planning & Monitoring	(126,561,851)	(91,583,305)
Dept of Personnel Management Drawing A/C	(7,063,801)	(18,767,252)
Dept of Petroleum and Energy Drawing A/C	2,355,679	(5,364,552)
Dept of Police Drawing A/C	(10,672,586)	(8,526,391)
Dept of Prime Minister Drawing A/C	(6,194,887)	(2,992,722)
Dept of Provincial Affairs Drawing A/C	(762,351)	(3,325,158)
Dept of Public Enterprises Drawing A/C	(78,358)	(129,121)
Dept of Transport Drawing A/C	(2,300,752)	(4,417,097)
Dept of Works Drawing A/C (DOWSAL-reimbursement)	(167,989,396)	(38,512,430)
Dpt of Works RPM Account	6,650,671	6,650,671
Establishment of Road Maint & Rehab Project 2 (RMRP2) CPart	213	213
European Economic Community	(2,124,221)	(2,124,221)
Governor Generals Office Drawing A/C	(1,542,336)	4,419,966
Govt's Fund. Commit. & Dev. of the Agri. Sec	600,000	600,000
Govt's fundg of Hosp & Health Care Centre Rehab	(6,111,051)	(6,111,051)
Int Revenue Com Refund Drawing A/C	(20)	5,149,599
Internal Revenue Commission Drawing A/C	(8,414,456)	14,633,014
Land Acquisition Trust Account	39,302	39,302
Lorengau town Water supply GoPNG	4,989,537	4,989,537
Mining Legal Cost TA	(93,980)	0
Mining Office Rehab. TA	(93,071)	0
National Agencies Bank Accounts	(6,179,920)	(885,939)
National Education Trust Account	(25)	(25)
National Infrastructure Dev Program TA	4,646,377	0
National Intelligence Drawing A/C	498,945	456,085
National Statistical Office Drawing A/C	2,233,587	2,138,931
National Value Added Tax Trust	318,707	318,707
NEW DCA DRAWING ACCOUNT.	17,799	17,799
North Solomons Prov Govt - SETA	311,674	311,674
Office of Higher Education	(3,935,344)	(70,569)
Office of Public Prosecutor Drawing A/C	42,980	(78,510)
Office of Rural Development	(11,934,259)	(19,143,018)
Outstanding Special Support Grants(Pre 2005)	5,550,000	5,550,000
PNG Customs Service Drawing Account	(9,824,548)	0
PNG Gas Project Dev & Commitments T A	(600,000)	(600,000)
PNG High Impact Infrastructure Projects	100,000,000	100,000,000





## Notes to and forming part of the Public Accounts

PNG Institute of Public Admin A/C	(503,846)	(535,663)
PNG National Commission for UNESCO Drawing A/C	(126,016)	0
Port Moresby General Hospital Equipment & Infrastructure T/A	6 500 000	6 500 000
Public Curator's Trust Account	1,646,955	1,443,472
Receiver of Public Monies - Waigani	0	(13 704 124)
Salaries Drawing Account - DoF	(73 099,302)	(99 852 828)
Temp. Advance Facility for Overdraft	0	(24 562 675)
Waigani Public Accounts	15,038,053	323,513,785
Works Transferrable Costs Trust	(213)	(213)
<b>Total Bank of Papua New Guinea</b>	<b>(539,028,964)</b>	<b>(63,432,844)</b>

### 16.2 Bank of South Pacific

Bank of South Pacific	2012 Balance (K)	2011 Balance (K)
Aiyura Nat. High School (Renovation & Upgrading) T/A Subsidiary	(26)	(26)
Flexible, Open and Distance Education Rehabilitation T/A (G)	1,500,901	1,500,901
Kerevat Nat High School (Renovation & Upgrading) T/A Subsidiary	(26)	(26)
Passam Nat. High School (Renovation & Upgrading) T/A Subsidiary	(26)	(26)
Reading Education (READ) PNG Project T/A (FTI Funds)	70	70
Road Maintenance and Rehabilitation Project 2 (RMRP 2) T/A	2,345	0
2010 National Census	10,000,000	10,000,000
2KR Aid Trust Account	1,028,832	1,028,832
Accountants Registration Board	53,607	53,607
Administrative College Trust Account	40,207	40,207
Angau Memorial Hospital Fee Trust A/C	1,843,859	1,453,944
Attorney General's Legal Fees & Brief TA	1,244,075	951,160
Attorney General's Library Trust	850,895	838,789
AusAID Transport Sector Prog. Aid Imp Acc	(357)	0
Auto.B/ville Prov. Elec.Comm. Operating A/C	486,943	(1,339,853)
Autonomous Bougainville Government Mining Department T/A	483,976	0
Bail & Court Order Compensation	316,615	316,615
Bail and Court Orders	573,867	573,217
Basic Educ. Dev. Project Imprest T/A	2,355,529	2,355,529
Basic Education Dev. Project - AusAid	(2,205,134)	(2,205,134)
Basic Education Development - GoPNG	2,655,723	2,655,723
Bihute Jail House Water Supply Project T/A	35,207	35,207
Biodiversity Studies T/A	58	58
Bougainville Gov & Implementation Fund	864,301	864,301
Bougainville Governance & Implement. Fund Imprest	(1,125,819)	0
Bougainville Kina for Kina Scheme Account	38,025	13,540
Bougainville Resource Capacity	2,489	2,489
Bougainville Weapons Disposal Trust Account	17,675	17,675
Business Kumul-Australia Disaster Relief Trust T/A	315,319	315,319
Central City Trust Account	50,474,088	50,474,088

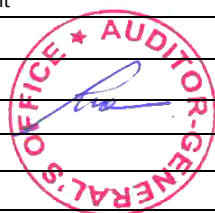
**Notes to and forming part of the Public Accounts**

Central Moran Petroleum Development	33,021,099	33,021,099
Central Prov. Electro.Comm. Operating A/C	220,131	198,203
Central Province - Sub National Strategy	935,032	1,139,019
Central Provincial Government: Dept. of Works	1,105,465	27,332
Child Maintenance Trust Account	43,430	43,080
CIS - SAP House Project	11,013,660	11,013,660
Civil Aviation Development Investment Pr	5,200,872	5,200,872
College of External Studies	46,811	46,811
Comm. Water Transport Fund - ADB Ln Imprest	1,246	1,246
Comm. Water Transportation Fund - GoPNG	23,204,072	23,204,072
Comm. Water Transportation Fund - US Dollar	684	684
Cooperative Societies Establishment T/A Subsidiary	(3,060)	(3,060)
Correctional Institution Trus	28,167,260	28,167,260
Correctional Services Barracks Maint & Improvement T/A Subsi	(616,700)	0
Correctional Services SAP House Project	5,585	5,585
Defence Force Commercial Support Trust Account	16,152	161,903
Defence Force Commercialisation Program	2,316,004	2,316,004
Defence Force Rebuilding Programme	161,903	161,903
Dept of Treasury Drawing A/C	(294,994)	528,797
Development of PNG Domestic Debt Mar	115	330,132
District Offices Rehabilitation T/A Subsidiary	2,578,138	912,800
District Roads, River,Transport Improvement Program	521,229	521,229
District Service Improvement Program	1,000,000	1,000,000
DPI Colleges Trust Account	51,342	51,342
E.H. Province Operating A/C	5,782,347	14,693,514
E.H.P Electro. Comm. Operating A/C	(1,000,000)	(1,000,000)
E.S.P Electoral Comm. Operating A/C	(957,334)	(970,196)
East New Britain Prov RPM Operating A/C	464,045	466,390
East Sepik Province Operating A/C	20,129,384	20,804,404
East Sepik Province RPM Operating A/C	330,621	296,049
Eastern Highlands Prov RPM Operating A/C	(690,301)	(741,629)
Education Capacity Prog. Imprest Trust	16,071,848	28,975,547
Electoral Commissioners Trust Account	5,284,385	1,838,645
ENB Prov. Electro Comm. Operating A/C	(551,825)	(551,825)
ENB Prov. Govt. Dept. of Works	2,124,221	2,124,221
ENB Prov. Sub-National Strategy T/A	16,401	517,975
ENB Province Operating A/C	7,815,953	13,968,631
ENB Province School Subsidy T/A	69,350	69,350
ENB PROVINCIAL GOVERNMENT : Dept. of Works	(25)	(25)
Enga Prov. Electro. Comm. Operating A/C	959,685	(481,099)
Enga Province Operating A/C	1,117,639	1,027,483
Enga Province RPM Operating A/C	43,919	36,673
Establish of Seized Goods Proceeds Trust Account	159,270	159,270
European Union Support Prog. GoPNG C/P	179,185	179,185



**Notes to and forming part of the Public Accounts**

Financial Management Improvement Programm - GoPNG	0	2,898,280
Financial Management Improvement Programm - PCAB	286,466	286,466
Financial Management Training Programme	0	93,510
Financial Mgt Training Programme	148,984	(9,908)
Fisheries and Maritime Resources	93	211
Fly River Province Operating A/C	2,853,366	2,185,436
FMIP - GoPNG Counterpart	4,514,294	2,958,046
Government Gas Facilitation Office T/A	(839)	(839)
Government Printing Office	492,737	492,737
Govt's fundg of Rehab of Higher Ed Sector	8,400,386	4,163,955
Govt's funding of Rehab of Housing for Police	19,469,695	19,469,695
Govt's funding of Rehab of NBC Infrastructure	9,346	9,346
Govt's funding of Rehab of Transport Infrast	(3,392,256)	19,240
Govt's Funding of Rehab. of Educ. Sect. Subsidiary Account	69,300,000	70,000,000
Gulf Prov. Electo. Comm. Operating A/C	(179,769)	(182,478)
Gulf Province Operating A/C	121,061,781	121,977,952
Gulf Provincial RPM Operating A/C	222,522	212,925
Health Department Project Trust Account	1,305,127	1,305,127
Health Sector Development Program (GOPNG)	3,059,936	3,059,936
Hela Electoral Comm. Operating A/C	110,708	0
Hides Petroleum Royalty Trust	(3,613,065)	(3,613,065)
HIES Project Trust Account	16,904	16,904
Highlands Highway Rehabilitation T/A Subsidiary	31,840,528	31,840,528
Highlands Region Roads Improv Invest Prog 2497 Imprest	(5)	(5)
Highlands Region Roads Improv Invest Prog GoPNG CPart	(28,792,709)	(14,999,929)
Highlands Region Roads Improvement Investment Programme		
Hosp.& Health Care Centre Rehab.Trust	617,935	129,089
Housing Development Pilot T/A	(636,711)	(2)
HRRIP Project (1) Loan ADB 2496 Imprest	(65)	0
HRRIP Project (1) Loan ADB 2497 Imprest	(26)	0
HRRIP Project (1) Loan ADB 2497 Imprest	5	5
IFAD_North Simbu Rural Dev Project PN-326	6	6
Illegal Immigrants	2,655	2,655
Infrastructure Development (UBSA) Account Subsidiary	198,000,000	198,000,000
Institute of Certified Management Accountants T/A	56,106	56,106
Institutional Housing Pilot T/A	(11,689,270)	(4,985,000)
Insurance Commissioner's Trust	2,529,405	2,529,405
Jacksons Airport RPM A/C	4,109,590	3,914,520
Jiwaka Electoral Comm. Operating A/C	2,692,500	0
Kenabot Subdivision & Drainage Network of Kokopo T/Ship	160,927	151,754
Key Roads for Growth & Maintenance Ausaid TA	4,536	0
Konebada Petroleum Royalty Trust A/C	19,369,446	19,369,446
Kutubu Petroleum Royalties Trust Account	48,179,531	48,179,531
L&J Sector Program Correctional Services Imprest account	32,013	32,013



**Notes to and forming part of the Public Accounts**

L&J Sector Program Dept. of Justice & A/General Imprest Ac	641,291	641,291
L&J Sector Program Eastern Highlands Pro. Admin. Imprst A/C	43,003	43,003
L&J Sector Program Imprest Account	331,256	331,256
L&J Sector Program Judiciary Services Imprest A/C	2,697	2,697
L&J Sector Program Ombudsman Commission Imprest A/C	63,837	63,837
L&J Sector Program-Magisterial Services Imprest A/C	408,605	408,605
L&J Sector Royal PNG Constabulary Imprest Account	839,377	839,377
L&JS Program - Pub.Solicitor Trust Imprest	517	517
Lae Port Dev.Proj.ADB 2399 PNG Imprest	(19,240)	0
Lae Sieng Trust	21,175	21,175
Law & Justice Serv. Bougainville Administration	192,138	192,138
Law & Justice Serv. Waigani - AusAID	25,958,538	25,958,538
Life Skills Teacher Training TA	71,803	70,647
Lihir Integrated Benefits Package	10,040,851	10,040,851
Log Export Development Levy	88,772,001	88,772,001
Log Export Dev Withholding TA	8,629,942	8,629,942
Madang Marine Park Development T/A Subsidiary	2,827	2,827
Madang Prov. Electo.Comm. Operating A/C	(668,581)	(668,581)
Madang Province Operating A/C	5,198,064	9,455,316
Madang Province RPM A/C	177,037	139,107
Manam Disaster Resettlement Trust	1,117,910	1,117,910
Manus Processing Centre	286,601	286,601
Manus Prov. Electo. Comm Operating A/C	(243,545)	(244,145)
Manus Province Operating A/C	4,847,266	10,276,708
Manus Province Operating RPM A/C	56,358	50,447
Mendi-Kesenopoi Road GoPNG Trust Account	6	6
Milne Bay HSIP	264,111	0
Milne Bay Prov. Electo.Comm. Operating A/C	(934,118)	(710,382)
Milne Bay Prov. Sub-National Strategy T/A	773,959	773,959
Milne bay Province Operating A/C	5,920,469	530,804
Milne Bay Province RPM Operating A/C	340,430	250,356
Mining Memorandum of Agreements Trust	164,733	164,733
MOA Outstanding Liabilities Trust A/C Subsidiary	626,097	626,097
MOA Outstanding Liabilities Trust Account	111,000,000	111,000,000
Morobe Prov. Electo.Comm. Operating A/C	6,495,134	(622,830)
Morobe Province Operating A/C	(25,764,191)	9,795,879
Morobe Province RPM Operating A/C	(4,373,214)	(4,531,041)
N.C.D Electoral Comm. Operating A/C	369,135	251,802
N/Ireland Prov. Electo Comm. Operating A/C	(16,269)	(168,230)
Nat Disaster & Emergency General T/A	2,642,036	2,642,036
Nat. Apprenticeship & Trade Testing Board	270	270
Nat. Projects Implementation Comm.Trust	(1,295)	(1,295)
Nat.Plann.Committee Task Force T/A (NPC	(104,039)	224,458
National Aids Council	1,982,638	1,982,638
National Aids Council Secretariat	0	(328,497)

**Notes to and forming part of the Public Accounts**

National Disaster Centre Operational Trust	420,222	420,222
National Events Council	45,611	45,611
National Road Maintenance - Policy	47,754	47,754
National Roads Authority Fund	2,487,207	2,487,207
National Women's Credit Scheme T/A	78	721
NCDC Operating Account	151,352	151,352
NCD-S/H Support Serv.Pilot Proj.C/Part	85,644	85,644
New Ireland Province Operating A/C	5,762,068	22,465,782
New Ireland Province RPM Operating A/C	(2,947,519)	(1,783,746)
New Zealand Aid Trust Account	85,155,969	85,155,969
Non-Vocabulary Stores Trust Account	721	721
North Solomons Prov RPM Operating A/C	26,649,667	(2,093,303)
North Solomons Province Operating A/C	5,066,643	2,717,595
Northern Australian Quarantine Insp.Str	652,804	652,804
Oro Prov. Electo. Comm. Operating A/C	(43,156)	(45,190)
Oro Province Operating A/C	17,752,174	14,533,117
Oro Province RPM Operating A/C	598,285	586,376
Other National Government Accounts - BSP	34,734	34,734
PDL1 Hides LBBSA - BDG Account	19,259,985	19,259,985
PDL7 - Hides 4 lbbsa BDG Accounts	14,999,985	14,999,985
PDL8 - Angore LBBSA BDG Accounts	11,999,831	11,999,831
Personnel Income Tax of ABG	1,900,349	1,900,349
Petroleum O/Standing Commit Trust 2008	38,694	38,694
Plant and Transport Board (PTB) TA	6,770,236	5,519,703
PNG Education Payroll Project Trust	33,152	33,152
PNG Education Reg. for Delivery (Pride)	46,749	46,749
PNG Highlands Highway Rehabilitation Pro	13,581	13,581
PNG Highlands Highway Rehabilitation Program	3,010	3,090
PNG Highlands Highway Rehabilitation T/A	2,347,304	0
PNG Immigration & Citizenship Service T/A	4,335,513	4,335,513
PNG Ozone Depleting Sub.Phase Out Programme	870	870
PNG Pub.Sec. W/Force Development Initiative Trust	5,887,137	1,184,410
PNG Urban Youth Employment Project (UYEP)	27,363	27,363
Police Air Wing Trust	3,910	3,910
Police Operation Trust Account	2,883,934	5,767,868
Population Policy & Development Planning Project	56,897	56,897
Port Moresby General Hospital Fees	166,120	166,120
Post-Conflict Bougainville Project Special Account (World Ba	133,839	134,426
Prepared Communities Grant Trust	60	300,988
Productive Partnerships in Agri.Project	26,670	26,670
Project Trust Account	150	0
Prov. Towns Water Supply & Sanitation	18,913,673	18,913,673
Provincial Capacity Building	(68,254)	249,920
Public Sector Reform Program	495	495



**Notes to and forming part of the Public Accounts**

Public Service Audit Programme	1,963,736	3,930,539
Public Service Commission Drawing A/C	(97,495)	(36,232)
Public Service Program T/A	3,930,539	3,930,539
Public Solicitors Office Drawing A/C	(1,109,322)	959,219
Public Solicitors Trust (Justice)	555,328	555,328
Receiver of Public Monies Account - BSP	(7,897,361)	(7,897,361)
REDD Program T/A Subsidiary	7,569	7,569
Regional, Provincial Treasury and District Admin. Offices	388,329	388,329
Registrar of National Court (Justice)	22,434,677	22,434,677
Rehabilitation of Maritime Navigation Aids System - ADB	62	62
Restoration and Development Grant Trust	100,000,000	0
Rev. Other than Personnel Income Tax & Coy Tax of ABG	9,351	9,351
RMRP Headquarters - Drawing Account	102,879	102,879
Road Maint & Rehab.Proj.(GoPNG-Counterpart	16,996,794	16,911,298
Road Maint. & Rehab Project (Oro PG Counterpart fund)	118,232	118,232
Road Maint.Upgrading Project - GoPNG T/A	(12,490,136)	(11,013,660)
Road Maintenance & Rehab. Project S/Acc IBRD 7119	9,091	0
Road Maintenance & Upgrading ADB 1709 Imp.	(30)	0
Road Maintenance & Upgrading GoPNG	11,852,511	0
Road Maintenance & Upgrading Project - GoPNG	(17,737,160)	4,340,636
Road Maintenance Upgrading - ADB 1709	79,537	79,537
RPNGC Communication Infrastructure T/A	1,254,205	1,254,205
Rural District Roads Support T/A Subsidiary	(12,675,001)	(4,369,511)
S.H Province Operating A/C	838,117	2,187,472
S.H.P Electro Comm. Operating A/C	8,774,069	253,482
Sandaun Prov Electrol Comm. Operating A/C	(479,333)	(480,210)
Sandaun Prov.Sub-National Strategy T/A	749,743	749,743
Sandaun Province Operating A/C	8,796,782	9,038,679
Sandaun Province RPM Operating A/C	(6,155,227)	(5,434,953)
Sepik Highway Trust - Confirm with 30104	749,453	749,453
Sheriffs Trust (Justice)	569,207	569,207
SHP Government Emergency -Main T A	1,339	1,339
Simbu Prov. Electro. Comm. Operating A/C	(3,158,202)	(3,242,807)
Simbu Province Operating A/C	22,588,323	6,135,159
Simbu Province RPM Operating A/C	(124,206)	(132,748)
Simbu Rural Electrification Project Provincial Government	54	606,787
Small Medium Enterprise Risk Sharing Facility (GoPNG) T/A	11,846	11,846
Small Medium Enterprise Risk Sharing Facility (World Bank) S	1,800,231	1,800,231
Smallholder Agri.Dev.Proj.(SADP)-GoPNG fund	3,767,028	3,767,028
Smallholder Ari Dev. Pro. Credit ta	1,032,700	1,032,700
Southern Highlands Prov.RPM A/C	330,104	296,806
Strengthening of Provincial and LL Gov't	1,076	1,076
Sub National Strategy Trust	11,621,608	10,147,031
Support to Auditor General's Office (SAG	763,511	763,511
TargetedComm.Develop.Prog.Secretariat	1,691	1,691
Targeted Community Development Program	180	180
Task Force Sweep (National Planning) T/A	3,747,855	3,747,855
Tech. Assist. Facility for Inst. Stren. & Pub.Sect.Ref Trust	(175)	0
Tolukuma Development Trust Account	23,206	23,206
Transport Sector Support Program A/C	104,618,815	144,278,235



**Notes to and forming part of the Public Accounts**

Tuition Fee Education Trust A/C	300,000,000	300,000,000
Urban Youth Employment Project (GoPNG) Trust Account	27,363	27,363
Urban Youth Employment Project (World Bank) Special Account	85	85
Vararata National Park Rehabilitation T Subsidiary	46,401	46,401
W.H.P Electo. Comm. Operating A/C	3,655,753	(402,521)
Wabag-Wapenamanda Road GoPNG Trust Account	10	10
West New Britain Prov.RPM Operating A/C	275,498	129,073
Western Highlands Prov.RPM Operating A/C	(16,666)	(38,432)
Western Highlands Province Operating A/C	4,606,313	6,482,526
Western Prov. CMCA Region Div-Non CMCA	252,709,133	295,430,451
Western Prov. CMCA Region People Divid TA	226,767,966	366,607,966
Western Province Operating A/C	(3,697,351)	(4,886,636)
Western Province RPM Operating A/C	3,295,144	3,323,306
Westrn Prov. Electo.Comm. Operating A/C	(239,512)	(274,718)
Wewak Aquaculture Prawn Project Account	530	530
WNB Prov. Electo. Comm. Operating A/C	(349,311)	(303,402)
WNB Prov.Emergency Fund Trust Account	146,724	146,724
WNB Prov.Gov't.Dept.of Works - Drawing	176,567	176,567
WNB Province Operating A/C	11,411,275	21,388,340
Work Permit Trust Account	(62,288,747)	(13,771,955)
Works Suspense Outside Operations	(23,061,718)	36,649,351
Yumi Yet Bridges for Rural Development	56	431,662
<b>Total Bank of South Pacific</b>	<b>2,188,331,08</b>	<b>2,477,473,141</b>

### 16.3 ANZ Bank

ANZ Bank	2012 Balance (K)	2011 Balance (K)
Central Fund Board of Management	366,989	366,989
Central Supply and Tender Board	3,697,545	3,697,545
Eastern Highlands - Sub National Strategy	852,870	852,870
Gobe Landowners Benefit	1,200,000	300,000
Gobe Landowners Benefit Trust	(5,719,007)	0
Govt's fundg of Rehab of Nat Parliament Infrast	3,409,537	3,409,537
Govt's Funding of Resettlement of Volcan	4,031,604	4,031,604
Hides Petroleum Royalty	1,820,869	554,599
Kutubu Petroleum Royalty	151,945,395	119,950,635
Mining Sector Inst.Strength Technical Assistance - GoPNG	1,490,853	1,490,853
Mining Sector Inst.Strength.Technical Assistance IBRD	2,320,329	2,320,329
Mining Sector Institutional Strengthening	1,295	1,295
Moran Petroleum Royalty	33,586,393	15,410,460
Nat.Projects Implementation Committee	37,973	37,973
National Programme	498	0
PNG Customs Services T/A	270,814	270,814
PNG LNG Development Cost Trust Account Subsidiary	3,911,110	3,911,110
Police Messing Trust Account	139,267	139,267
Resettlement of Volcano Victims Trust	(1,381,485)	0
Third Party Trust Bank Accounts	0	(5,719,007)
<b>Total ANZ Bank</b>	<b>201,982,850</b>	<b>151,026,874</b>

**Westpac Bank**

Westpac Bank	2012 Balance (K)	2011 Balance (K)
Agriculture Protection Qtine Proj-GoPNG	3,127,647	3,127,647
Col - Department of Finance	(25)	(25)
ENB Cocoa Pod Borer T/A	1 416 953	1 416 953
Govt's Funding of Edu. sector	1,980	1,980
PNG NWS - TWP/ ARM Trust	81,309	81,309
PNG Royal Constabulary Band	6,393	6,393
Project Accounts - Westpac	(9,387)	(9,387)
<b>Total Westpac Bank</b>	<b>4,624,869</b>	<b>4,624,869</b>

**16.4 May Bank**

May Bank	2012 Balance (K)	2011 Balance (K)
Cape Rodney Agriculture Development	35,750	35,750
<b>Total May Bank</b>	<b>35,750</b>	<b>35,750</b>

**16.5 Investment Trusts**

Investment Trusts	2012 Balance (K)	2011 Balance (K)
Bookmakers Security Deposit	351,655	351,655
District Court Trust Account	2,895,870	2,892,863
Motor Vehicle Compensation Payment	475,060	287,560
Motor Vehicles Deposit	226,315	226,315
Registrar of Supreme Court Trust Account	3,552,820	3,617,488
<b>Total Investment Trusts</b>	<b>7,501,721</b>	<b>7,375,881</b>
<b>Total All Banks</b>	<b>1,863,447,31</b>	<b>2,577,103,67</b>

Notes to and forming part of the Public Accounts







## STATEMENT B

### The Government of Papua New Guinea

#### SUMMARY OF RECEIPTS AND EXPENDITURE FOR THE PERIOD ENDED 31st DECEMBER 2012 (K,000s)

	BUDGET				ACTUAL	
	2012 ORIGINAL K'000	2012 ADDITIONAL K'000	2012 SECTION 3/4 K'000	2012 REVISED K'000	2012 ACTUAL K'000	2011 ACTUAL K'000
<b>TOTAL RECEIPTS</b>	12,924,565	-	-	12,924,565	11,289,693	11,172,267
TOTAL RECURRENT EXPENDITURE	8,684,906	-	(6,267)	8,678,639	8,576,999	7,885,694
TOTAL DEVELOPMENT EXPENDITURE	4,437,155	-	6,267	4,443,422	3,205,522	3,281,630
<b>TOTAL EXPENDITURE</b>	13,122,061	-	(0)	13,122,061	11,782,522	11,167,324
<b>EXCESS OF RECEIPTS (EXPENDITURE)</b>	(197,496)	-	0	(197,496)	(492,829)	4,943



## STATEMENT B

GOVERNMENT OF PAPUA NEW GUINEA  
PUBLIC ACCOUNTS  
STATEMENT OF RECEIPTS AND EXPENDITURE OF THE CONSOLIDATED REVENUE FUND  
FOR THE PERIOD ENDED 31<sup>ST</sup> DECEMBER 2012

RECEIPTS	BUDGET				ACTUAL	
	2012 ORIGINAL K'000	2012 ADDITIONAL K'000	2012 SECTION 3/4 K'000	2012 REVISED K'000	2012 ACTUAL K'000	2011 ACTUAL K'000
<b>DEPARTMENTAL RECEIPTS</b>						
Department of Finance	32,858		-	32,858	41,517	76,215
Department of Treasury					176	
PNG Customs Service	-		-	-	84	4,294
Internal Revenue Commission	-		-	-	8	-
Department of Foreign Affairs and	29,271		-	29,271	15,672	21,082
PNG Institute of Public	-		-	-	4	-
Department of Personnel	-		-	-	0	-
Public Service Commission	-		-	-	23	-
Judiciary Services	200		-	200	156	(712)
Magisterial Services	997		-	997	1,465	1,230
Department of Attorney-General	75		-	75	39	20
Department of Corrective	281		-	281	283	129
Provincial Treasuries	-		-	-	16	10,326
Department of Police	4,675		-	4,675	4,061	2,899
Electoral Commission	3,205		-	3,205	31	8
Department of Provincial and Local	-		-	-	6	-
Department of Defence	381		-	381	387	171
Department of Education	1,215		-	1,215	523	617
Department of Health	252		-	252	296	217
Hospital Management Services	-		-	-	267	-
Department of Community	505		-	505	575	453
Department of Environment &	2,855		-	2,855	853	73
Department of Agriculture &	50		-	50	26	17
Department of Lands & Physical	21,210		-	21,210	30,865	16,261
Department of Mineral Policy and	-		-	-	-	6
Department of Petroleum & Energy	5,395		-	5,395	6,917	1,670
Department of Transport	6,400		-	6,400	8,073	7,103
Department of Commerce & Industry	60		-	60	3,353	51
Department of Industrial Relations	20,016		-	20,016	31,380	22,430
Department of Works &	200		-	200	225	333
Treasury and Finance - Public Debt	-		-	-	-	(0)
PNG Sports Commission	-		-	-	3	-
National Cultural Commission	-		-	-	6	-
PNG National Fisheries Authority	-		-	-	0	-



STATEMENT B

GOVERNMENT OF PAPUA NEW GUINEA  
PUBLIC ACCOUNTS  
STATEMENT OF RECEIPTS AND EXPENDITURE OF THE CONSOLIDATED REVENUE FUND  
FOR THE PERIOD ENDED 31<sup>ST</sup> DECEMBER 2012

	2012 ORIGINAL K'000	2012 ADDITIONAL K'000	2012 SECTION 3/4 K'000	2012 REVISED K'000	2012 ACTUAL K'000	2011 ACTUAL K'000
Fly River Provincial Government	-	-	-	-	250	(247)
National Capital District	-	-	-	-	2	-
Milne Bay Provincial Government	-	-	-	-	24	-
Oro Provincial Government	-	-	-	-	0	-
Southern Highlands Provincial	-	-	-	-	1	-
Enga Provincial Government	-	-	-	-	24	-
Western Highlands Provincial	-	-	-	-	1	-
Simbu Provincial Government	-	-	-	-	1	-
Eastern Highlands Provincial	-	-	-	-	14	-
Morobe Provincial Government	-	-	-	-	26	-
Madang Provincial Government	-	-	-	-	8	-
East Sepik Provincial Government	-	-	-	-	3	-
Sandaun Provincial Government	-	-	-	-	6	-
Manus Provincial Government	-	-	-	-	-	0
New Ireland Provincial	-	-	-	-	17	-
East New Britain Provincial	-	-	-	-	14	6
West New Britain Provincial	-	-	-	-	7	-
<b>TOTAL DEPARTMENTAL</b>	<b>130,100</b>		-	<b>130,100</b>	<b>147,688</b>	<b>164,654</b>



## STATEMENT B

GOVERNMENT OF PAPUA NEW GUINEA  
PUBLIC ACCOUNTS  
STATEMENT OF RECEIPTS AND EXPENDITURE OF THE CONSOLIDATED REVENUE FUND  
FOR THE PERIOD ENDED 31<sup>ST</sup> DECEMBER 2012

RECEIPTS	BUDGET				ACTUAL	
	2012 ORIGINAL K'000	2012 ADDITIONAL K'000	2012 SECTION 3/4 K'000	2012 REVISED K'000	2012 ACTUAL K'000	2011 ACTUAL K'000
<b>GENERAL RECEIPTS</b>						
Taxation	6,263,700		-	6,263,700	5,901,481	5,487,498
Customs	2,256,000		-	2,256,000	2,453,391	2,007,274
Dividends	258,000		-	258,000	185,165	108,355
Other	128,000		-	128,000	392	-
<b>TOTAL GENERAL RECEIPTS</b>	<b>8,905,700</b>	-	-	<b>8,905,700</b>	<b>8,540,429</b>	<b>7,603,126</b>
<b>LOAN SERVICE RECEIPTS</b>						
Interest on Loans to Ind & Non Profit	4,000		-	4,000	53	12,856
Interest Received on Treasury Bills	-		-	-	-	827
Principal from On-lending to Gov't Agencies	4,000		-	4,000	2,815	7,631
Foreign Concessional Loans - Receipts	416,638		-	416,638	130,594	132,029
International Borrowing Receipts	-		-	-	-	16,643
<b>TOTAL LOAN SERVICE RECEIPTS</b>	<b>424,638</b>	-	-	<b>424,638</b>	<b>133,463</b>	<b>169,986</b>



GOVERNMENT OF PAPUA NEW GUINEA  
PUBLIC ACCOUNTS  
STATEMENT OF RECEIPTS AND EXPENDITURE OF THE CONSOLIDATED REVENUE FUND  
FOR THE PERIOD ENDED 31<sup>ST</sup> DECEMBER 2012

RECEIPTS	BUDGET				ACTUAL	
	2012 ORIGINAL K'000	2012 ADDITIONAL K'000	2012 SECTION 3/4 K'000	2012 REVISED K'000	2012 ACTUAL K'000	2011 ACTUAL K'000
<b>GRANTS</b>	<b>1,583,317</b>		-	<b>1,583,317</b>	<b>558,731</b>	<b>972,402</b>
<b>FINANCING RECEIPTS</b>						
Domestic	1,880,810		-	1,880,810	1,909,383	2,262,099
<b>TOTAL FINANCING RECEIPTS</b>	<b>1,880,810</b>		-	<b>1,880,810</b>	<b>1,909,383</b>	<b>2,262,099</b>
<b>TOTAL RECEIPTS</b>	<b>12,924,565</b>	-	-	<b>12,924,565</b>	<b>11,289,693</b>	<b>11,172,267</b>



## STATEMENT B

GOVERNMENT OF PAPUA NEW GUINEA  
PUBLIC ACCOUNTS  
STATEMENT OF RECEIPTS AND EXPENDITURE OF THE CONSOLIDATED REVENUE FUND  
FOR THE PERIOD ENDED 31<sup>ST</sup> DECEMBER 2012

RECURRENT EXPENDITURE	BUDGET				ACTUAL	
	2012 ORIGINAL K'000	2012 ADDITIONAL K'000	2012 SECTION 3/4 K'000	2012 REVISED K'000	2012 ACTUAL K'000	2011 ACTUAL K'000
<b>NATIONAL DEPARTMENTS</b>						
National Parliament	114,542		21,355	135,897	135,897	124,550
Office of Governor-General	4,729		721	5,449	6,003	8,177
Department of Prime Minister & NEC	70,051		57,618	127,670	144,397	88,322
National Statistical Office	5,808		454	6,262	4,343	4,244
Office of Bougainville Affairs	2,448		850	3,298	2,569	1,319
Department of Finance	24,166		1,500	25,666	304,735	51,009
Department of Treasury	16,210		808	17,018	16,800	12,800
Office of the Registrar for Political Parties	6,773		-	6,773	4,019	3,422
PNG Customs Service	32,557		-	32,557	25,109	20,478
Information Technology Division	19,094		(727)	18,368	17,614	13,588
Fire Services	19,894		-	19,894	20,035	19,205
PNG Immigration and Citizenship Services	8,666		-	8,666	9,667	11,634
Internal Revenue Commission	44,275		-	44,275	37,642	39,005
Department of Foreign Affairs and Trade	59,981		3,098	63,079	67,721	74,260
Office of the Public Prosecutor	6,151		260	6,411	6,629	5,701
PNG Institute of Public Administration	6,580		-	6,580	6,160	6,112
Department of Personnel Management	16,268		13,001	29,269	28,926	23,965
Public Service Commission	4,766		-	4,766	5,178	4,756
Office of the Public Solicitor	9,883		-	9,883	9,464	9,171
Judiciary Services	73,831		-	73,831	95,166	69,776
Magisterial Services	34,840		-	34,840	48,565	32,177
Department of Attorney-General	40,271		8,000	48,271	51,298	49,739
Department of Corrective Institutional Services	97,340		9,618	106,958	104,564	101,067
Provincial Treasuries	36,495		300	36,795	42,413	35,522
Department of Police	248,433		132,621	381,054	386,780	301,904
Department of National Planning and Electoral Commission	16,162		1,000	17,162	18,759	17,134
National Intelligence Organisation	26,200		190,000	216,200	188,059	32,433
Department of Provincial and Local	3,925		489	4,414	5,148	4,504
Department of Defence	14,634		6,881	21,515	24,086	25,405
Department of Education	161,827		40,101	201,928	212,225	175,159
Office of Higher Education	482,238		-	482,238	489,683	359,805
PNG National Commission for UNESCO	41,183		7,946	49,129	49,371	40,560
Department of Health	2,013		-	2,013	1,913	1,148
Hospital Management Services	272,148		(22,659)	249,489	240,668	268,401
	360,811		13,725	374,536	406,873	329,398



## STATEMENT B

GOVERNMENT OF PAPUA NEW GUINEA  
PUBLIC ACCOUNTS  
STATEMENT OF RECEIPTS AND EXPENDITURE OF THE CONSOLIDATED REVENUE FUND  
FOR THE PERIOD ENDED 31<sup>ST</sup> DECEMBER 2012

RECURRENT EXPENDITURE	BUDGET				ACTUAL	
	2012 ORIGINAL K'000	2012 ADDITIONAL K'000	2012 SECTION 3/4 K'000	2012 REVISED K'000	2012 ACTUAL K'000	2011 ACTUAL K'000
Department of Community Development	14,555		(8)	14,548	14,252	10,992
National Volunteer Services	1,307		-	1,307	1,307	1,229
Department of Environment & Conservation	10,807		-	10,807	11,605	12,599
Department of Agriculture & Livestock	14,587		-	14,587	64,072	41,509
Department of Lands & Physical Planning	36,207		13,000	49,207	58,430	37,661
Department of Mineral Policy and Geohazards	7,960		-	7,960	8,210	7,760
Department of Petroleum & Energy	24,552		2,000	26,552	25,563	13,134
Department of Public Enterprises	3,644		-	3,644	292	2,752
Department of Information and Communication	3,949		-	3,949	3,816	78
Department of Transport	21,856		282	22,138	20,002	19,505
Department of Commerce & Industry	12,674		32	12,706	16,946	12,508
Department of Industrial Relations	11,934		(2)	11,932	17,354	6,712
National Tripartite Consultative Council	897		-	897	551	558
Department of Works & Implementation	165,069		(256)	164,813	192,429	157,871
Office of Rural Development	6,535		540	7,075	6,368	6,625
Central Supply & Tenders Board	2,994		-	2,994	2,116	3,842
Office of Tourism Arts and Culture	1,940		-	1,940	1,940	2,104
<b>TOTAL NATIONAL DEPARTMENTS</b>	<b>2,726,657</b>		<b>502,549</b>	<b>3,229,206</b>	<b>3,663,734</b>	<b>2,703,288</b>
<b>TRANSFERS, ON-LENDING &amp; MISCELLANEOUS EXPENDITURE</b>						
Transfers to Statutory Authorities	360,715		30,874	391,590	395,257	333,948
Transfers to Provincial Governments	1,304,374		-	1,304,374	1,480,876	1,322,586
Public Debt Charges	3,021,612		-	-	-	-
Miscellaneous Payments	1,271,548		(35,000)	2,986,612	2,401,037	1,790,342
<b>TOTAL TRANSFERS, ON-LENDING &amp; MISCELLANEOUS</b>	<b>5,958,249</b>		<b>(504,691)</b>	<b>766,857</b>	<b>636,095</b>	<b>1,735,530</b>
<b>TOTAL RECURRENT EXPENDITURE</b>	<b>8,684,906</b>		<b>(6,267)</b>	<b>8,678,639</b>	<b>8,576,999</b>	<b>7,885,694</b>



GOVERNMENT OF PAPUA NEW GUINEA  
PUBLIC ACCOUNTS  
STATEMENT OF RECEIPTS AND EXPENDITURE OF THE CONSOLIDATED REVENUE FUND  
FOR THE PERIOD ENDED 31<sup>ST</sup> DECEMBER 2012

DEVELOPMENT EXPENDITURE	BUDGET				ACTUAL	
	2012 ORIGINAL K'000	2012 ADDITIONAL K'000	2012 SECTION 3/4 K'000	2012 REVISED K'000	2012 ACTUAL K'000	2011 ACTUAL K'000
Department of Information and Communication	69,814		(1,500)	68,314	28,967	59,812
Department of Transport	25,757		2,800	28,557	138,516	18,003
Department of Commerce & Industry	116,058		3,000	119,058	45,961	15,997
Department of Industrial Relations	2,000		-	2,000	1,797	-
Department of Works & Implementation	740,885		(44,700)	696,185	427,241	328,434
Office of Rural Development	206,922		1,267	208,189	207,494	205,813
Central Supply & Tenders Board	2,000		-	2,000	969	-
<b>TOTAL NATIONAL DEPARTMENTS</b>	<b>3,010,874</b>		<b>42,321</b>	<b>3,053,195</b>	<b>2,155,895</b>	<b>2,373,263</b>
<b>TRANSFERS, ON-LENDING &amp; MISCELLANEOUS EXPENDITURE</b>						
Transfers to Statutory Authorities	1,057,277		(50,054)	1,007,224	710,740	445,525
Transfers to Provincial Governments	369,004		14,000	383,004	338,888	462,841
<b>TOTAL TRANSFERS, ON-LENDING &amp; MISCELLAN</b>	<b>1,426,281</b>					
<b>TOTAL DEVELOPMENT EXPENDITURE</b>	<b>4,437,155</b>	-	<b>6,267</b>	<b>4,443,422</b>	<b>3,205,522</b>	<b>3,281,630</b>





# STATEMENT C

## GOVERNMENT OF PAPUA NEW GUINEA PUBLIC ACCOUNTS STATEMENT OF RECEIPTS AND EXPENDITURE OF THE TRUST FUND FOR THE PERIOD ENDED 31st DECEMBER 2012

Trust Name	Balance as at 31 Dec 2011 K' 000	Receipts K' 000	Expenditure K' 000	Balance as at Auditor Adjustments 2012 K'000
<b>General Trusts With Bank Accounts</b>				
Agriculture Protection Qtine Proj-GoPNG	3,128	-	-	3,128
AusAID Transport Sector Program - GoPNG	0	0	(0)	0
Basic Education Dev. Project - AusAid	(2,205)	-	-	(2,205)
Basic Education Dev. Project Imprest T/A	2,356	-	-	2,356
Basic Education Development - GoPNG	2,656	-	-	2,656
Bougainville Gov & Implementation Fund	864	2,905	(4,031)	(262)
Bougainville Resource Capacity	2	-	-	2
Cape Rodney Agriculture Development	36	-	-	36
Comm. Water Transportation Fund ADB Loan Imprest	23,204	-	-	23,204
Comm. Water Transportation Fund-US Dollar	1	-	-	1
Comm. Water Transport Proj. GoPNG C/Fund	548	-	-	548
Comm. Water Transport Fund-ADB Ln Imprst.	1	-	-	1
Correctional Services SAP House Proj	6	-	-	6
Defence Force Commercialisation Programm	2,316	-	-	2,316
Defence Force Rebuilding Programme	162	-	-	162
Dist. Roads River, Transport Improv. Prog	521	-	-	521
East New Britain Education (Pomio)	-	-	-	-
Education Capacity Building Prog-GoPNG	-	54,724	(54,724)	-
European Union Support Prog. GoPNG C/P	179	-	-	179
Health Sector Improvement Program T/A	-	264	-	264
Highlands Highway Rehabilitation Project	31,841	6,069	(3,722)	34,188
Housing Development Project TA	(0)	-	(637)	(637)
IFAD-North Simbu Rural Dev Proj PN-326	0	-	-	0
Key Roads for Growth & Maintenance	-	5	-	5
Lae Sieng Trust	21	-	-	21
Manus Processing Centre	287	-	-	287
Mining Memorandum of Agreements Trust	165	-	-	165
Mining Sec. Inst. Strenth. Tech. Ass-GoPNG	1,491	-	-	1,491
Mining Sec. Inst. Strenth. Tech. Ass-IBRD	2,320	-	-	2,320
National Aids Council	1,983	-	-	1,983
Nat. Disaster Centre Operational Trust	420	-	-	420
National Programme	-	0	-	0
National Road Maintenance Policy	48	-	-	48
Outstanding Special Support Grants (Pre 2005)	5,550	-	-	5,550
Biodiversity Studies TA	0	-	-	0
PNG Education Payroll Project Trust	33	-	-	33
PNG Education Reg. for Delivery (Pride)	47	-	-	47
PNG Highlands Highway Rehabilitat'n Prog	14	-	-	14
PNG Incentive Fund - AusAid	-	-	-	-
PNG Ozone Depleting Sub. Phase Out prog.	1	-	-	1
PNG Pub. Sec. W/force Dev Initiative Trust	1,184	9,405	(4,703)	5,887
PNG-ADB Micro Finance Proj. Imprest	-	-	-	-
PNG-ADB Micro Finance Project GoPNG	-	-	-	-
Population Policy & Dev. Planning Project	57	-	-	57
Prov. Town Water Supply & Sanitation-ADB	-	-	-	-
Prov. Towns Water Supply & Sanitation	18,914	-	-	18,914
Public Sector Reform Program	0	-	-	0
Rehab. of Maritime Nav. Aids Sys -ADB	0	-	-	0



# STATEMENT C

## GOVERNMENT OF PAPUA NEW GUINEA PUBLIC ACCOUNTS STATEMENT OF RECEIPTS AND EXPENDITURE OF THE TRUST FUND FOR THE PERIOD ENDED 31st DECEMBER 2012

Trust Name	Balance as at 31 Dec 2011 K' 000	Receipts K' 000	Expenditure K' 000	Balance as at Auditor Adjustments 2012 K'000
Rehab.of Maritime Nav. Aids Sys.- GoPNG	-	-	-	-
Road Maint.Rehab.Proj-Central Prov.Govt	-	-	-	-
Road Maint.Upgrading Proj-Manus Prov.Gov	-	-	-	-
Road Maint & Rehab Proj - WNB Prov.Govt	-	-	-	-
Road Maint.Rehab.Proj-ENB PG Drawing Acc	-	-	-	-
Road Maint.Rehab.Proj (Oro PG Counterpart fund)	118	-	-	118
Road Maint.Upgrading Project - GoPNG	4,341	47,057	(57,282)	(5,885)
Road Maint.Upgrading Proj - GoPNG	0	-	(1,476)	(1,476)
Road Maint.Upgrading Proj-ENB Prov.Govt	-	-	-	-
WNB Prov. Govt. Dept. of Works - Drawing	177	-	-	177
Road Maintenance & Rehab. Project S/Acc	-	9	-	9
Road Maint.Upgrading - ADB	80	-	(0)	80
Simbu Rural Electrification Proj Prov.Govt	607	-	(607)	0
Targeted Community Development Program	0	-	-	0
Walium Oil Palm Trust	23	-	-	23
Yumi Yet Bridges for Rural Development	432	-	(432)	0
National Events Council	46	-	-	46
L&J Sector Program Dept.of Justice & A/General Imprest A/C	641	-	-	641
L&J Sector Program Judiciary Services Imprest A/C	3	-	-	3
L&J Sector Program Ombudsman Commission Imprest A/C	64	-	-	64
L&J Sector Program Royal PNG Constabulary Imprest A/C	839	-	-	839
L&J Sector Program Magisterial Services Imprest A/C	409	-	-	409
L&J Sector Program Correctional Service Imprest Account	32	-	-	32
L&J Sector Program Eastern Higlands Prov.Admin.Imprest Accou	43	-	-	43
L&J Sector Program Imprest Account	331	-	-	331
Law & Justice Serv. Waigani - Ausaid	25,959	-	-	25,959
Law & Justice Serv. Bougvil. Administration	192	-	-	192
Eastern Highlands - Sub National Strategy	853	-	-	853
Sub National Strategy Trust	10,147	9,298	(7,824)	11,622
Central Province - Sub National Strategy	1,139	204	(408)	935
Health Department Project T/A	1,305	-	-	1,305
Transport Sector Support Program A/C	144,278	71,561	(111,221)	104,619
RMRP Headquarters - Drawing A/C	103	-	-	103
NKokoda Development Package Trust Account	-	-	-	-
Tech. Assist. Facility for Inst. Stren. & Pub.Sect.Ref Trust	-	0	(0)	(0)
East New Britain - Sub National Strategy	518	13	(515)	16
Highlands Region Roads Improvement Investment Programme	0	-	-	0
Highlands Region Roads Improv Invest Prog 2497 Imprest	(0)	-	(0)	(0)
Highlands Region Roads Improv Invest Prog GoPNG CPart	(15,000)	39,469	(53,262)	(28,793)
Establishment of Road Maint & Rehab Project 2 (RMRP2) CPart	(0)	-	-	(0)
Public Service Audit Programme	-	2,345	(2,345)	-
Ausaid Grant Imprest account	-	-	-	-
Central Provincial government	27	1,696	(618)	1,105
Civil Aviation Development Investment Pr	5,201	-	-	5,201
Development of the PNG Domestic Debt mar	330	-	(330)	0
Eastern H/Land Prov.Government Project T/Acc.	-	-	-	-
EHP-S/H Support Serv.Pilot Project.C/Part	69	-	-	69
ENB Provincial Government: Dept of Works	-	-	-	-
Govt's Fund. Commit.& Dev. - PNG Gas Pipe	600	-	-	600



# STATEMENT C

## GOVERNMENT OF PAPUA NEW GUINEA PUBLIC ACCOUNTS STATEMENT OF RECEIPTS AND EXPENDITURE OF THE TRUST FUND FOR THE PERIOD ENDED 31st DECEMBER 2012

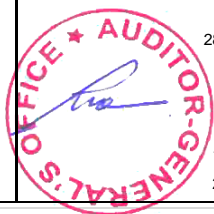
Trust Name	Balance as at 31 Dec 2011 K' 000	Receipts K' 000	Expenditure K' 000	Balance as at Auditor Adjustments 2012 K'000
Gov'ts Funding of Dev. of the Agriculture Sector	2	-	-	2
Gov'ts Funding of Rehab. of Educ. Sect.	70,000	700	(1,400)	69,300
Gov'ts Funding of Resettlement of Volcan	4,032	-	-	4,032
Health Sector Development Program GoPNG Fund T/A	3,060	-	-	3,060
Health Sector Development Program (GOPNG)	17	-	-	17
HIES Project Trust Account	129	-	(129)	-
Hosp. & Health Care Centre Rehab. Trust	-	720	(102)	618
HRRIP Project (1) Loan ADB 2496 Imprest	0	-	(0)	(0)
Infrastructure Development (UBSA) Accoun	198,000	-	-	198,000
L&JS Justice & Attorney General Imprest	-	-	-	-
L&JS Nat.Plann. & Rural Dev. Imprest A/C	1	-	-	1
Lae City Roads Rehabilitation Trust A/C	-	-	(19)	(19)
Lae Port Dev.Proj. ADB 2399 PNG Imprest	4,990	-	-	4,990
Lae Port Dev.Proj. GoPNG Counterpart Funding	-	-	-	-
Milne Bay Prov. Sub-National Strategy T/A	670	104	-	774
Mining Sector Institutional Strengthening	1	-	-	1
Mining Sector Institutional Stregthening	37	-	-	37
Nat.Plann. Committe Task Force T/A (NPC	-	328	(433)	(104)
National Aids Council Secretariat	85,156	-	-	85,156
National Women's Credit Scheme T/A	1	-	-	1
NCD-S/H Support Serv.Pilot Project Counterpart	397	-	-	397
Northern Australia Quarantine Insp. Str	653	-	-	653
Nungwaia-Bongos Integrated Lrg scl Agri	-	-	-	-
Oro Provincial Government: Dept.of Works	-	-	-	-
Petroleum O/Standing Commit Trust 2008	39	-	-	39
PNG High Impact Infrastructure Projects	100,000	0	-	100,000
PNG NWS - TWP/ ARM Trust	81	-	-	81
PNG Urban Youth Employment Project (UYEP	27	-	-	27
Productive Parterships in Agri.Project	27	-	-	27
Public Service Program T/A	3,931	-	-	3,931
Rehab.of Houses for Nurses Trust A/c - Confirm 39023	-	-	-	-
Road Maint.& Rehab.Proj.(GoPNG-Counterpart	16,911	85	-	16,997
Sandaun Prov. Sub-National Strategy t/A	750	-	-	750
Sepik Highway Trust - Confirm with 30104	749	-	-	749
Smallholder Agri.Dev.Proj.(SADP)-GoPNG f	3,767	-	-	3,767
Smallholder Agricul.Dev.Proj Credit T/A	1,033	-	-	1,033
Strengthening of Provincial and LL Gov't	1	-	-	1
Support to Auditor-General's Office (SAG	764	-	-	764
Targeted Comm.Develop.Prog.Secretariat	2	-	-	2
Wewak Aquaculture Prawn Project Account	1	-	-	1
Health Sector Development	-	-	-	-
PNG Highlands Highway Rehabilitation Program	3	-	(0)	3
Land Acquisition Trust Account	39	-	-	39
SHP Government Emergency -Main T A	1	-	-	1
SHP Government Emergency -Subsidiary T A	-	-	-	-
Manam Disaster Resettlement Trust	1,118	-	-	1,118
Manam Disaster Humanitarian Improv. Trust	-	-	-	-
Gov'ts funding of Rehab of Higher Ed Sector	4,164	12,067	(7,831)	8,400
Gov'ts funding of Dev of Strategic Dist Markets	-	-	-	-



# STATEMENT C

## GOVERNMENT OF PAPUA NEW GUINEA PUBLIC ACCOUNTS STATEMENT OF RECEIPTS AND EXPENDITURE OF THE TRUST FUND FOR THE PERIOD ENDED 31st DECEMBER 2012

Trust Name	Balance as at 31 Dec 2011 K' 000	Receipts K' 000	Expenditure K' 000	Balance as at Auditor Adjustments 2012 K'000
Govt's funding of Rehab of Nat Parliament Infrast	3,410	-	-	3,410
Govt's funding of Rehab of Transport Infrast	19	3,411	(6,823)	(3,392)
PNG Gas Project Dev & Commitments T A	(600)	-	-	(600)
Resettlement of Volcano Victims Trust	-	1,836	(3,218)	(1,381)
Govt's funding of Rehab of NBC Infrastructure	9	-	-	9
Govt's fundg of Hosp & Health Care Centre Rehab	(6,111)	-	-	(6,111)
Govt's funding of Houses for Nurses	-	-	-	-
Rehab of Housing for Police Trust Account	19,470	-	-	19,470
District Service Improvement Program T/A	1,000	-	-	1,000
Urbanization Pilots T/A	-	-	-	-
Institutional Housing Pilot T/A	(4,985)	-	(6,704)	(11,689)
Housing Development Pilot T/A	-	-	-	-
Governor General's HIV/AIDS T A	-	-	-	-
RPNGC Communication Infrastructure T/A	1,254	-	-	1,254
Cooperative Societies Establishment T A	(3)	-	-	(3)
Madang Marine Park Development T A	3	-	-	3
Rural Electrification Trust Account	-	-	-	-
National Infrastructure Dev Program TA	-	5,646	(1,000)	4,646
Land Reform Program T A	-	-	-	-
Col - Department of Finance	-	-	-	-
Electoral Commissioners Trust Account	1,839	7,108	(3,663)	5,284
Life Skills Teacher Training T/A	71	2	(1)	72
Mining Office Rehab. TA	-	-	(93)	(93)
Mining Legal Costs TA	-	-	(94)	(94)
Bougainville Kina for Kina Scheme Account	14	32	(7)	38
Bougainville Weapons disposal Trust Account	18	-	-	18
Business Development (UBSA) Trust Account	-	-	-	-
Central City Trust Account	50,474	-	-	50,474
Government Gas Facilitation Office T/A	(1)	-	-	(1)
National Apprenticeship Testing Board T/A	-	-	-	-
National Women's Credit Scheme T/A	1	-	(1)	0
PNG Independence Fellowship Scheme Trust	-	-	-	-
Prepared Communities Grant Trust	301	-	(301)	0
Manus Prov. Emergency Fund Trust Account	2,884	-	(2,884)	-
WNB Prov. Emergency Fund Trust Account	147	-	-	147
COLLEGE OF EXTERNAL STUDIES	47	-	-	47
DPI Colleges Trust Account	51	-	-	51
Public Curator's Trust Account	1,443	441	(238)	1,647
Registrar of National Court (Justice)	22,435	-	-	22,435
Sheriffs Trust (Justice)	569	-	-	569
PNG Royal Contabulary Band	6	-	-	6
Administrative College Trust Account	40	-	-	40
Public Solicitors Trust (Justice)	555	-	-	555
Correctional Services	28,167	332	(949)	27,551
Accountants Registration Board	54	-	-	54
Police Messing Trust Account	139	-	-	139
Port Moresby General Hospital Fees	166	-	-	166
Angau Memorial Hospital Fees Trust A/C	1,454	444	(54)	1,844
Nat Disaster & Emergency General T/A	2,642	-	-	2,642



## STATEMENT C

**GOVERNMENT OF PAPUA NEW GUINEA PUBLIC ACCOUNTS**  
**STATEMENT OF RECEIPTS AND EXPENDITURE OF THE TRUST FUND FOR THE PERIOD**  
**ENDED 31st DECEMBER 2012**

Trust Name	Balance as at 31 Dec 2011 K' 000	Receipts K' 000	Expenditure K' 000	Balance as at Auditor Adjustments 2012 K'000
2KR Aid Trust Account	1,029	-	-	1,029
Attorney General's Library Trust	839	737	(725)	851
Police Operations Trust	2,884	-	-	2,884
EHP Emergency Fund Trust Account	-	-	-	-
Madang Prov Disaster and Emergency T/Ac	-	-	-	-
Nat.Apprenticeship & Trade Testing Board	0	-	-	0
Attorney General's Legal Fees & Brief TA	951	646	(353)	1,244
Police Air Wing Trust	4	-	-	4
Targeted Comm. Develop. prog. Secretariate	-	-	-	-
Insurance Commissioner's Trust	2,529	-	-	2,529
Kenabot Subdivision & Drainage Network of Kokopo T/Ship	152	30	(21)	161
Government Printing Office	493	-	-	493
Central Supply and Tender Board	3,698	-	-	3,698
National Value Added Tax Trust	319	-	-	319
Central Fund Board of Management	367	-	-	367
Defence Force Commercial Support TA	162	1,048	(1,194)	16
Illegal Immigrants	3	-	-	3
Education Capacity Prog. Imprest Trust	28,976	-	(12,904)	16,072
Work Permit Trust Account	(13,772)	48,517	(97,034)	(62,289)
Establish. of Seized Goods Proceeds Trus	159	-	-	159
Konebada Petroleum Royalty Trust A/C	19,369	-	-	19,369
Lihir Integrated Benefits Package	10,041	-	-	10,041
National Roads Authority Fund	2,487	-	-	2,487
Fisheries and Marine Resources	0	0	(0)	0
Personnel Income Tax of ABG	1,900	-	-	1,900
Rev. Other than Personnel Income Tax & Coy Tax of ABG	9	-	-	9
Western Prov CMCA Region People Divid TA	366,608	139,840	(279,680)	226,768
Western Prov CMCA Region Div-Non CMCA	295,430	42,721	(85,443)	252,709
Log Export Development Levy	88,772	-	-	88,772
Log Export Dev Levy Withholding TA	8,630	-	-	8,630
ENB COCOA POD BORER T/A	1,417	-	-	1,417
Coastal Vessels Account	5,640	-	-	5,640
PDL1 Hides LBBSA - BDG Account	19,260	-	-	19,260
PDL2 - Kutubu LBBSA (Foe Landco) - BDG	-	-	-	-
PDL2 - Kutubu (Moran Landco) LBBSA - BDG	-	-	-	-
PDL2 - Kutubu (Unidentified Landco) LBBSA	-	-	-	-
PDL7 - Hides 4 lbbsa BDG Accounts	15,000	-	-	15,000
PDL8 - Angore LBBSA BDG Accounts	12,000	-	-	12,000
PDL9 - Juha LBBSA BDG Accounts	-	-	-	-
PNG Immigration & Citizenship Service T/A	4,336	-	-	4,336
PNG Customs Services T/A	271	-	-	271
District Offices Rehabilitation T/A	913	2,873	(1,207)	2,578
Rural District Roads Support T/A	(4,370)	7,340	(15,645)	(12,675)
Variarata National Park Rehabilitation T	46	-	-	46
REDD Program T/A	8	-	-	8
MOA Outstanding Liabilities Trust Account	111,626	-	-	111,626
Business Kumul-Australia Disaster Relief Trust T/A	315	-	-	315
Kokopau to Arawa Road Upgrading and Bitumen Sealing T/A	19,962	-	-	19,962
Aiyura National High School (Renovation and Upgrading) T/A	(0)	-	-	(0)



# STATEMENT C

## GOVERNMENT OF PAPUA NEW GUINEA PUBLIC ACCOUNTS STATEMENT OF RECEIPTS AND EXPENDITURE OF THE TRUST FUND FOR THE PERIOD ENDED 31st DECEMBER 2012

Trust Name	Balance as at 31 Dec 2011 K' 000	Receipts K' 000	Expenditure K' 000	Balance as at Auditor Adjustments 2012 K'000
Kerevat National High School (Renovation and Upgrading) T/A	(0)	-	-	(0)
Passam National High School (Renovation and Upgrading) T/A	(0)	-	-	(0)
Sogeri National High School (Renovation and Upgrading) T/A	10,000	-	-	10,000
Trans East - West New Britain Highway T/A	10,000	-	-	10,000
Central Malalaua Highway T/A	10,000	-	-	10,000
Road Maintenance and Rehabilitation Project 2 (RMRP 2) T/A	-	2	-	2
Flexible, Open and Distance Education Rehabilitation T/A (G	1,501	-	-	1,501
Reading Education (READ) PNG Project T/A (FTI Funds)	0	-	-	0
Bihute Jail House Water Supply Project T/A	35	-	-	35
Small Medium Enterprise Risk Sharing Facility (GoPNG) T/A	12	-	-	12
Small Medium Enterprise Risk Sharing Facility (World Bank) S	1,800	-	-	1,800
Institute of Certified Management Accountants T/A	56	-	-	56
Task Force Sweep (National Planning) T/A	3,748	-	-	3,748
Urban Youth Employment Project (World Bank) Special Account	0	-	-	0
Urban Youth Employment Project (GoPNG) Trust Account	27	-	-	27
Tuition Fee Education Trust Account	300,000	-	-	300,000
Port Moresby General Hospital Equipment & Infrastructure T/A	6,500	-	-	6,500
Defence Barracks Maintenance & Improvement T/A	5,000	-	-	5,000
Post-Conflict Bougainville Project Special Account (World Ba	134	235	(235)	134
PNG LNG Development Cost Trust Account	3,911	-	-	3,911
2010 National Census	10,000	-	-	10,000
Autonomous Bougainville Government Mining Department T/A	-	484	-	484
Konebada Petroleum Park Authority T/A	-	-	-	-
Public Service Audit Program	3,931	-	(1,967)	1,964
Regional, Provincial Treasury and District Admin. Offices	388	-	-	388
Restoration and Development Grant Trust	-	100,000	-	100,000
Hides Petroleum Royalty	(3,058)	1,266	-	(1,792)
Moran Petroleum Royalty	15,410	18,176	-	33,586
Gobe Landowners Benefit T/A	(5,419)	6,619	(5,719)	(4,519)
Central Moran Petroleum Development Trust	33,021	-	-	33,021
Kutubu Petroleum Royalty T/A	168,130	31,995	-	200,125
Works Suspense Outside Operations	36,649	30,148	(89,859)	(23,062)
Plant and Transport Board (PTB) TA	5,520	11,645	(10,394)	6,770
Financial Management Training Programme	94	240	(184)	149
Financial Management Improv.Prog - GoPNG	5,610	12,693	(13,788)	4,514
Financial Mgmt Improvement Prog - PCAB	536	3,223	(3,542)	218
<b>General Trusts With Bank Accounts Total</b>	<b>2,541,589</b>	<b>738,763</b>	<b>(959,974)</b>	<b>2,320,379</b>



## STATEMENT C

GOVERNMENT OF PAPUA NEW GUINEA PUBLIC ACCOUNTS  
STATEMENT OF RECEIPTS AND EXPENDITURE OF THE TRUST FUND FOR THE PERIOD  
ENDED 31st DECEMBER 2012

Trust Name	Balance as at 31 Dec 2011 K' 000	Receipts  K' 000	Expenditure  K' 000	Balance as at Auditor Adjustments 2012 K'000
<b>Investment Trusts</b>				
Bookmakers Security Deposit	352	-	-	352
Motor Vehicles Deposit	226	-	-	226
Motor Vehicle Compensation	288	188	-	475
Registrar of Supreme Court Trust Account	3,617	322	(387)	3,553
District Court Trust Account	2,893	52	(49)	2,896
<b>Investment Trusts Total</b>	<b>7,376</b>	<b>562</b>	<b>(436)</b>	<b>7,502</b>

### SUMMARY OF TRUST FUNDS

Trust Name	Balance as at 31 Dec 2011 K' 000	Receipts  K' 000	Payments  K' 000	Balance as at Auditor Adjustments 2012 K'000
General Trusts With Bank Accounts	2,541,589	738,763	(959,974)	2,320,379
Investment Trusts	7,376	562	(436)	7,502
<b>TOTAL FOR STATEMENT C</b>	<b>2,548,965</b>	<b>739,325</b>	<b>(960,409)</b>	<b>2,327,880</b>



# Statement D

**GOVERNMENT OF PAPUA NEW GUINEA  
PUBLIC ACCOUNTS  
STATEMENT OF SOURCES AND APPLICATION OF FUNDS  
AS AT 31 DECEMBER 2012**

<b>SOURCES OF FUNDS</b>	<b>2012 K'000</b>	<b>2011 K'000</b>
Total Receipts as per Statement B	<b>11,289,693</b>	11,172,267
Decrease in Advances	<b>116</b>	432
Decrease in Cash in Transit	<b>140</b>	13
Trust Receipts as per Statement C	<b><u>739,325</u></b>	<u>1,984,905</u>
	<b><u>12,029,275</u></b>	<u>13,157,618</u>

## **APPLICATION OF FUNDS**

Total Payments as per Statement B	<b>11,782,522</b>	11,167,324
Increase in Advances	<b>0</b>	0
Increase in Cash in Transit	<b>0</b>	0
Trust Payments as per Statement C	<b><u>960,409</u></b>	<u>1,732,308</u>
	<b><u>12,742,931</u></b>	<u>12,899,632</u>

<b>Increase / (Decrease) in Cash</b>	<b><u>(713,656)</u></b>	<b><u>257,986</u></b>
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## **Increase / (Decrease) in Cash at Bank Balance**

Bank of Papua New Guinea	<b>(475,596)</b>	2,030
Bank of South Pacific	<b>(289,142)</b>	144,329
ANZ Bank	<b>50,956</b>	113,602
Westpac Bank	<b>0</b>	(2,420)
May Bank	<b>0</b>	29
Investment Trusts	<b><u>126</u></b>	<u>416</u>
<b>Increase / (Decrease) in Bank Balance</b>	<b><u>(713,656)</u></b>	<b><u>257,986</u></b>

This statement should be read in conjunction with the accompanying notes.





## Schedule A

## STATEMENT E

**GOVERNMENT OF PAPUA NEW GUINEA PUBLIC ACCOUNTS**  
**STATEMENT OF TRUST FUND INVESTMENTS**  
**AS AT 31 DECEMBER 2012**

Investment Description	Closing Balance K	Interest Rate %	Term of Maturity
<b>MOTOR CAR LICENSED DEALERS TRUST</b>			
- BSP Term Deposit 1001310793	243,142	1.85%	365 days
<b>TOTAL</b>	<b>243,142</b>		
<b>BOOKMAKERS SECURITY DEPOSIT TRUST</b>			
- BSP Savings Account 1000565580	396,910	varies	on demand
- BSP Term Deposit 1001317414 (formerly 100098)	63,072	1.50	365 days
<b>TOTAL</b>	<b>459,982</b>		
<b>DISTRICT COURT TRUST</b>			
- BSP (PNGBC) - Various Saving Accounts	1,332,819		on demand 365 days
<b>TOTAL</b>	<b>1,332,819</b>		
<b>REGISTRAR OF SUPREME COURT TRUST ACCOUNT</b>			
- BSP Term Deposit 1000591441	9,452	0.10%	90 days early
- BSP Term Deposit 1000591445	10,312	0.10%	redemption early
- BSP Term Deposit 1000591447	10,312	0.10%	redemption early
- BSP Term Deposit 1000591449	13,201	0.10%	redemption
- BSP Term Deposit 1000949585	133,045	1.30%	365 days
- BSP Term Deposit 1001173473	593,893	1.35%	365 days
- BSP Term Deposit 1001173506	144,444	1.45%	365 days
- BSP Term Deposit 1001173849	100,529	1.45%	360 days
- BSP Savings Accounts (Various)	4,328,989	2.10%	365 days
<b>TOTAL</b>	<b>5,344,176</b>	varies	on demand
<b>GRAND TOTAL</b>	<b>7,380,119</b>		



## STATEMENT F

GOVERNMENT OF PAPUA NEW GUINEA PUBLIC ACCOUNTS  
STATEMENT OF INVESTMENTS, CAPITAL CONTRIBUTIONS AND OPTION RIGHTS AS AT 31 DECEMBER 2012

Table 1. Statement of direct investments, capital contributions and equity option rights as at 31 December 2012

Particulars	% owned by GoPNG	Value as at 31 Dec 2012	Basis of 2011 valuation	Value as at 31 Dec 2011	Adjusted Value as at 31 Dec 2011	Basis of Adjusted 2011 valuation
Bougainville Copper Limited	19.06	103,181,592	C	119,502,036	119,502,036	C
76,430,809 shares at K1.35 per share as at 31 December 2012						
Coffee Industry Corporation Limited	25.00	4,403,840	E	4,403,840	4,403,840	E
Government's Falcon Jet	100.00	81,347,284	E	84,427,952	84,427,952	E
Final Purchase Price US\$38,963,500 (see note 9.8)						
Fresh Produce Development Agency	100.00	15,976,393	C	15,976,393	15,976,393	C
Limited National Fisheries Authority	100.00	189,804,677	C	116,292,092	116,292,092	E
Nationwide Microbank	75.00	4,396,139	C	4,107,733	4,107,733	C
Mineral Resources Development Company Limited Ok	100.00	100,828,000	E	100,828,000	100,828,000	E
Tedi Mining Limited (See note 9.4)	24.40	635,280,596	C	582,963,092	582,003,196	C
Pacific Forum Line Limited (See note 9.7) Petromin PNG						
Holdings Limited	-	-	E	14,385,695	14,385,695	E
Nicta (See note 9.4)	100.00	359,764,000	E	359,764,000	359,764,000	E
PNG Air Services	100.00	48,683,693	D	-	48,106,880	C
	100.00	14,873,000	E	14,873,000	14,873,000	E
<b>Total</b>		<b>1,558,539,213</b>		<b>1,417,523,833</b>	<b>1,464,670,817</b>	

**Table 2 Statement of initial capital contributions and equity for statutory authorities as at 31 December 2012**

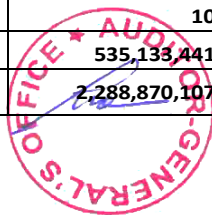
Particulars	% owned by GoPNG	Value as at 31 Dec 2012	Basis of 2010 valuation	Value as at 31 Dec 2011	Adjusted Value as at 31 Dec 2011	Basis of Adjusted 2011 valuation
Bank of Papua New Guinea (See Note 9.5)	100.00	(1,201,003,000)	C D	(1,240,745,000)	(1,240,745,000)	C
Total Investments in the General Business Trust (see Table 3 and Note 9)	100.00	6,016,235,416	E	6,849,516,273	5,661,539,359	C
Net Assets of Independent Public Business Corporation (IPBC)	100.00	14,870,005		14,870,005	14,870,005	
<b>Total</b>		<b>4,830,102,421</b>		<b>5,623,641,278</b>	<b>4,435,664,364</b>	
<b>Total Government Investments</b>		<b>6,388,641,634</b>		<b>7,041,165,111</b>	<b>5,900,335,181</b>	

**Table 3 Statement of investments vested in the General Business Trust managed by Independent Public Business Corporation as at 31 December 2012**

Particulars	% owned by GoPNG	Value as at 31 Dec 2012	Basis of 2010 valuation	Value as at 31 Dec 2011	Adjusted Value as at 31 Dec 2011	Basis of Adjusted 2009 valuation
<b>UNLISTED INVESTMENTS</b>						
Independently Audited State-Owned Enterprises	100.00	225,800,00	B	225,800,000	225,800,000	
Air Niugini Limited		225,800,000	B	225,800,000		B
Eda Ranu Limited	100.00	70,500,000	B	70,500,000	70,500,000	B
Motor Vehicle Insurance Limited (MVIL)	100.00	195,300,000	B	195,300,000	195,300,000	B
National Development Bank (formerly Rural Development Bank)	100.00	110,600,000	B	110,600,000	110,600,000	B
PNG Ports Corporation Limited (formerly PNG Harbours Board Ltd)	100.00	286,000,000	B	286,000,000	286,000,000	B
PNG Power Limited	100.00	542,800,000	B	542,800,000	542,800,000	B
Water PNG	100.00	(233,030,000)	B	(85,400,000)	(85,400,000)	B
Post PNG Limited	100.00	108,466,666	B	103,466,667	103,466,667	B
Telikom PNG Limited	100.00	447,300,000	B	447,300,000	447,300,000	B
<b>Total Independently Audited State-Owned Enterprises</b>		<b>1,753,736,666</b>		<b>1,896,366,667</b>	<b>1,896,366,667</b>	



Other Unlisted Investments						C
Aquarius No. 21	100.00	841,555	C	841,555	841,555	
BeMobilile		173,280,203	C	166,280,203	166,280,203	
BSP (Ex. MVIL)	100.00	98	C	98	98	C
Cape Rodney Estates Pty Ltd	100.00	174,000	C	174,000	174,000	C
200,000 shares						
Finance Pacific Ltd	100.00	1	C	1	1	C
Gogol Reforestation Co Pty Ltd	49.00	(54,357)	C	(54,357)	(54,357)	C
98,001 shares						
Government Printing Office	100.00	1	C	1	1	C
Government Stores	100.00	12,132,100	C	12,132,100	12,132,100	C
Investment Corporation of PNG	100.00	8,660,957	C	8,660,957	8,660,957	C
Kagamuga Natural Products Co Pty Ltd	100.00		C	1,145,000	1,145,000	C
Livestock Development Corporation Ltd	100.00	2,177,341	C	2,177,341	2,177,341	C
200,000 shares						
National Petroleum Company PNG (formerly Kroton No. 2 Limited)	100.00	56,083,744	C	(37,137,167)	(37,137,167)	C
KNP Company Pty Ltd (Land)	100.00	1,145,000	C	1,145,000	1,145,000	
Niugini Insurance Corporation Limited	100.00	(4,348,860)	C	(4,348,860)	(4,348,860)	C
Kula Palm Oil Limited (formerly Pacific Rim Plantation)	20.00	105,989,889	C	105,989,889	105,989,889	C
14,661,995 shares						
Port Moresby Private Hospital Ltd	100.00	38,538,047	C	38,538,047	38,538,047	C
PNG Dams Limited	100.00	88,148,200	C	88,148,200	88,148,200	C
PNG Fiber Optic Cable (FOC) Project		42,633,912	C	16,534,392	16,534,392	
PNG Forest Products Pty Ltd	20.00	9,731,600	C	9,731,600	9,731,600	C
788,000 shares						
Rim Plantation	-	-	C	105,989,889		
Telikom PNG (Prime Minister)	100.00	10	C	10	10	C
Total Other Unlisted Investments		535,133,441		515,947,899	409,958,010	
TOTAL UNLISTED INVESTMENTS		2,288,870,107		2,412,314,566	2,306,324,677	



<b>LISTED INVESTMENTS</b>						
Bank of South Pacific Limited 84,311,597 shares at K7.35 per share as at 31 December 2012	17.61	<b>679,551,471</b>	<b>A</b>	634,866,325	632,336,977	A
Highlands Pacific Limited 30,158,821 shares at K0.40 per share as at 31 December 2012	4.40	<b>11,761,940</b>	<b>A</b>	12,063,528	12,063,528	A
Oil Search Limited - Escrow Account 196,604,177 shares at K13.80 per share as at 31 December 2012	17.56	<b>3,013,107,304</b>	<b>A</b>	3,756,529,803	2,677,072,127	A
New Britain Palm Oil Limited 1,349,682 shares at K25.00 per share as at 31 December 2012	0.93	<b>22,944,594</b>	<b>A</b>	33,742,050	33,742,050	A
<b>TOTAL LISTED INVESTMENTS</b>		<b>3,727,365,309</b>		<b>4,437,201,707</b>	<b>3,355,214,682</b>	
<b>TOTAL ASSETS HELD IN GENERAL BUSINESS TRUST</b>		<b>6,016,235,416</b>		<b>6,849,516,273</b>	<b>5,661,539,359</b>	

This statement should be read in conjunction with the accompanying notes.



GOVERNMENT OF PAPUA NEW GUINEA  
PUBLIC ACCOUNTS

STATEMENT G

STATEMENT OF PUBLIC DEBT AS AT 31ST DECEMBER 2012 - (KINA THOUSANDS)

CREDITOR	LOAN REFERENCE	PURPOSE OF LOAN	CLOSING BALANCE AS AT 31.12.2011	ADJUSTMENTS FROM PREVIOUS YEARS	OPENING BALANCE 01.01.2012	BORROWINGS 2012	PRINCIPAL REPAYMENTS 2012	FX GAINS & LOSSES	BALANCE AT 31.12.2012	REMAINDER AVAILABLE FOR DRAWING	INTEREST PAYMENTS 2012	COMMITMENT AND OTHER CHARGES 2012	INTEREST RATE P.A %	TOTAL PAYMENTS
			(K'000)	(K'000)	(K'000)	(K'000)	(K'000)	(K'000)	(K'000)	(K'000)	(K'000)	(K'000)		(K'000)
OVERSEAS BORROWING														
MULTILATERAL														
ASIAN DEVELOPMENT	ADB 278 SF	WATER SUPPLY PROJECT	9,303	0	9,303	0	1,842	-130	7,331	0	89	0	1	1,930
	ADB 290 SF	E.SEPIK RURAL DEV. PROJ.	5,935	0	5,935	0	1,175	-82	4,677	0	69	0	1	1,244
	ADB 342 SF	2ND DEVELOPMENT BANK	5,621	0	5,621	0	873	-489	4,259	0	27	0	1	900
	ADB 346 SF	2ND WATER SUPPLY	4,784	0	4,784	0	722	-74	3,987	0	46	0	1	768
	ADB 415 SF	UPPER WARAGOI H.	7,764	0	7,764	0	959	-112	6,693	0	80	0	1	1,040
	ADB 469 SF	LAE PORT PROJ.	6,724	0	6,724	0	778	-101	5,844	0	52	0	1	830
	ADB 552 SF	TECHNICAL EDUCATION	8,493	0	8,493	0	837	-126	7,530	0	84	0	1	920
	ADB 611 SF	3RD DEVELOPMENT BANK	5,694	0	5,694	0	506	-89	5,099	0	46	0	1	551
	ADB 656 SF	CAPE RODNEY SMALL H.	19,916	0	19,916	0	1,633	-298	17,985	0	199	0	1	1,832
	ADB 691 SF	4TH ROAD IMPROV. SECTR	16,456	0	16,456	0	2,102	-169	14,185	0	159	0	1	2,261
	ADB 746 SF	2ND RURAL HEALTH	16,188	0	16,188	0	1,138	-242	14,809	0	161	0	1	1,299
	ADB 784 SF	WNBSP SMALLHOLDER	22,580	0	22,580	0	1,525	-345	20,711	0	194	0	1	1,719
	ADB 853 SF	ENBP SMALLHOLDER DEV.	6,478	0	6,478	0	576	-100	5,802	0	53	0	1	630
	ADB 968 SF	TECHNICAL ASSISTANCE	2,144	0	2,144	0	161	-33	1,950	0	18	0	1	179
	ADB 997 SF	AGRICULTURE SECTOR	114,60	1	114,607	0	8,634	-1,755	104,218	0	971	0	1	9,605
	ADB 1024 SF	INDUSTRIAL CENTRE	13,023	0	13,023	0	935	-209	11,879	0	123	0	1	1,059
	ADB 1054 SF	SPECIAL INTERVENTION	15,877	-0	15,877	0	1,137	-237	14,503	0	161	0	1	1,298
	ADB 1097 SF	3RD RURAL HEALTH	26,418	0	26,418	0	1,785	-403	24,230	0	227	0	1	2,012
	ADB 1110 SF	AGRICULTURE RESEARCH	38,444	0	38,444	0	2,510	-586	35,348	0	345	0	1	2,855
	ADB 1154 SF	TRANSPORT	25,604	0	25,604	0	1,671	-391	23,542	0	230	0	1	1,901
	ADB 1224 SF	HIGHER EDUCATION	27,356	0	27,357	0	866	-410	26,081	0	267	0	1	1,133
	ADB 1225 SF	TRANSPORT	9,918	0	9,918	0	308	-149	9,461	0	91	0	1	399
	ADB 1330 SF	RABAU EMERGENCY	950	0	950	0	29	-14	907	0	9	0	1	38
	ADB 1516 OCR	HEALTH SECTOR DEV.	70,058	1	70,059	0	4,251	-1,336	64,472	0	2,899	0	PBVL+0.5	7,150
	ADB 1517 SF	HEALTH SECTOR DEV.	10,101	0	10,101	0	283	-151	9,667	0	99	0	1	382
	ADB 1518 SF	HEALTH SECTOR DEV.	13,243	0	13,244	0	369	-200	12,674	0	129	0	1	499
	ADB 1652 LBL	S/HOLDER	6,033	0	6,034	0	272	-115	5,646	0	50	0	ADBLU+0.6	323
	ADB 1703 (LBL)	FINANCIAL MANAGEMENT	31,011	0	31,011	0	1,229	-578	29,204	0	244	0	PSCLU+0.5	1,473
	ADB 1703 (PSCL)	FINANCIAL MANAGEMENT	14,700	0	14,700	0	583	-274	13,844	0	618	0	LIBOR+0.5	1,201
	ADB 1706 SF	EMPLOYMENT SKILLS	33,944	0	33,944	0	1,703	-474	31,768	0	458	0	1.5	2,162
	ADB 1709 LBL	ROAD MAINTENANCE &	103,94	1	103,941	0	4,120	-1,938	97,884	0	817	0	ADBLU+0.6	4,937
	ADB 1709 PSCL	ROAD MAINTENANCE &	9,323	0	9,323	0	369	-174	8,780	0	505	0	PBVL+0.5	874
	ADB 1754 LBL	REHAB.OF MARITIME	32,776	0	32,777	0	1,138	-612	31,027	0	258	0	LIBOR+0.5	1,396
	ADB 1754 PSCL	REHAB.OF MARITIME	814	0	814	0	28	-15	771	0	34	0	LIBOR+0.5	62
	ADB 1768 SF	MICROFINANCE	15,671	0	15,671	0	750	-236	14,685	0	228	0	1.5	978
	ADB 1812 SF	PROV. TOWNS WATER	23,596	0	23,596	0	1,243	-189	22,164	0	364	0	1	1,607
	ADB 1889 SF	NUCLEUS AGRO-	3,399	0	3,399	0	153	-50	3,196	0	47	0	1	199
	ADB 1925 SF	COASTAL FISH. DEVEL.	8,334	0	8,334	0	346	-129	7,859	0	118	0	1	464
	ADB 2079 SF	COMM. WATER TR.	33,502	9	33,511	3,961	822	-451	36,199	3,356	330	0	1	1,152
	ADB 2242 OCR	ROAD MAINTENANCE &	51,247	1,752	52,999	19,442	1,101	-802	70,537	1,218	402	157	ADBLU+0.6	1,661
	ADB 2243 SF	ROAD MAINTENANCE &	27,199	0	27,200	9,731	0	-173	36,758	2,270	268	0	1	268
	ADB 2398 OCR	LAE PORT DEVELOPMENT	1,168	0	1,168	33,654	0	187	35,009	91,052	27	183	ADBLU+0.2	210
	ADB 2399 (SF)	LAE PORT DEVELOPMENT	0	0	0	36,147	0	554	36,701	44,883	29	0	1.5	29
	ADB 2496 SF	HIGHLANDS REGION ROAD	10,529	0	10,529	20,248	0	282	31,059	123,783	0	0	1	0
	ADB 2497 (SF)	HIGHLANDS REGION ROAD	0	0	0	11,425	0	288	11,713	50,918	0	0	3.15	0
	ADB 2588 OCR	CIVIL AVIATION DEV.	1,616	0	1,616	8,378	0	35	10,029	42,547	0	75	ADBLU+0.2	75
	ADB 2589 SF	CIVIL AVIATION DEV.	3,011	0	3,011	16,928	0	212	20,151	81,733	0	0	1	0
	ADB 2590 SF	CIVIL AVIATION DEV.	1,168	0	1,168	6,742	0	90	8,000	32,753	0	0	1.6	0
	ADB 2591 SF	PILOT BORDER TRADE &	0	0	0	15,869	0	244	16,113	34,579	21	0	1	21
	ADB 2686 SF	MICROFINANCE	597	0	597	1,496	0	11	2,103	25,085	0	0	1.5	0
	ADB 2713 OCR	TOWN ELECTRIFICATION	0	0	0	392	0	1	393	85,622	0	206 + REBAT + 0.3	206	0
	ADB 2714 SF	TOWN ELECTRIFICATION	0	0	0	76	0	-0	75	34,071	0	0	0	0
	ADB 2785 SF	RURAL PRIMARY HEAL	0	0	0	1,090	0	111	1,201	38,989	0	0	1	0
	ADB 2784	BRIDGE REPLACEMENT FOR	0	0	0	0	0	0	0	100,191	0	0	2	0
	ADB 2804	LAE PORT DEVELOPMENT	0	0	0	0	0	0	0	8,565	0	0	2	0

	ADB 2783	BRIDGE REPLACEMENT FOR	0	0	0	0	0	0	0	84,122	0	0	0 + REBAT + 0.3	0
	ADB 2803	LAE PORT DEVELOPMENT	0	0	0	0	0	0	0	178,759	0	0	0 + REBAT + 0.2	0
ASIAN DEVELOPMENT BANK Total			917,256	1,770	919,026	185,576	51,466	-12,426	1,040,711	1,064,497	11,645	621		63,732
EUROPEAN														
	EEC - BEEF/CATTLE	BEEF CATTLE	1,356	0	1,356	0	127	-1	1,227	0	13	0	1	140
	EEC - HIRITANO	HIRITANO	2,626	0	2,626	0	198	-7	2,421	0	25	0	1	223
	EEC - TELECOM	REGIONAL	5,262	0	5,262	0	423	-6	4,833	0	50	0	1	473
	EEC - HURIS	LIVESTOCK &	680	0	680	0	50	-1	629	0	10	0	1	60
	EEC - MAGI H/WAY	MAGI HIGHWAY	3,091	0	3,091	0	224	-8	2,859	0	29	0	1	253
	EEC - KIMBE/TALASEA	KIMBE TALASEA	5,620	0	5,620	0	340	-4	5,276	0	54	0	1	394
	EEC - VAILALA/RIGO	VAILALA TO RIGO	6,972	0	6,972	0	341	1	6,632	0	68	0	1	410
	EEC - BROWN/VEIMAURI	BROWN RIVER TO	11,925	0	11,925	0	584	2	11,343	0	116	0	1	701
	EEC - ROAD & BRIDGES	ROADS & BRIDGES	26,683	0	26,683	0	1,796	5	24,892	0	257	0	1	2,053
	EEC - RAMU HIGHWAY	RAMU HIGHWAY	35,907	0	35,907	0	1,927	11	33,991	0	347	0	1	2,274
EUROPEAN COMMUNITY (EC) Total			100,121	0	100,121	0	6,010	-8	94,103	0	969	0	0	6,979
EUROPEAN														
	EIB - POLIAMBA	POLIAMBA	3,883	0	3,883	0	1,798	-142	1,943	0	72	0	2	1,870
EUROPEAN INVESTMENT BANK Total			3,883	0	3,883	0	1,798	-142	1,943	0	72	0		1,870
I'NATIONAL BANK FOR IBRD 3934			38,338	0	38,338	0	8,563	-743	29,032	0	318	0	LIBOR+0.5	8,880
	IBRD 7018	MINING SECTOR	14,790	-0	14,790	0	1,289	140	13,641	-0	140	0	SCLFX	1,429
	IBRD 7019	GAS DEV. AND	10,371	0	10,371	0	904	-199	9,268	0	98	0	SCLFX	1,002
	IBRD 7021	GOVERNANCE	132,925	0	132,925	0	11,592	-2,546	118,786	0	1,286	0	SCLFX	12,879
	IBRD 7093	FORESTRY AND	3,396	0	3,396	0	333	-65	2,998	0	31	0	SCLFX	364
	IBRD 7119	ROAD	71,381	-0	71,381	0	4,440	-1,319	65,622	0	635	0	LIBOR+0.55	5,074
I'NATIONAL BANK FOR RECONSTRUCTION & DEV			271,201	-0	271,201	0	27,121	-4,733	239,347	-0	2,507	0		29,629
I'NATIONAL FUND FOR IFAD 809			878	0	878	0	757	-5,364	383	0	0	12	0.75	769
IFAD - PN- 326			1,167	0	1,167	0	757	6,614	7,024	0	0	4		794
I'NATIONAL FUND FOR AGRICULTURE DEV Total			2,045	0	2,045	5,626	1,513	1,250	7,407	0	38	12	0	1,563
INTERNATIONAL														
	IDA 137	N BRITAIN	823	0	823	0	108	-15	700	0	76	0	.75	114
	IDA 175	AGRICULTURAL	2,662	-0	2,662	0	349	-50	2,263	0	20	0	.75	369
	IDA 204	HIGHLANDS	2,967	0	2,967	0	343	-56	2,569	0	21	0	.75	364
	IDA 326	PORTS PROJECT	6,212	0	6,212	0	579	-119	5,514	0	45	0	.75	624
	IDA 348	SM/HOLDER	3,537	0	3,537	0	316	-66	3,155	0	26	0	.75	342
	IDA 661	EDUCATION	3,730	0	3,730	0	252	-71	3,407	0	27	0	.75	279
	IDA 677	2ND HIGHLANDS	17,842	-0	17,842	0	1,164	-341	16,337	0	129	0	.75	1,293
	IDA 841	RURAL DEV.PROJ.	20,611	0	20,611	0	1,222	-394	18,995	0	149	0	.75	1,371
	IDA 1030	THIRD HIGHWAY	15,466	0	15,466	0	826	-287	14,353	0	113	0	.75	940
	IDA 1087	PRIMARY	17,887	0	17,887	0	911	-266	16,710	0	125	0	.75	1,036
	IDA 1149	2ND	24,212	0	24,212	0	1,192	-360	22,660	0	167	0	.75	1,360
	IDA 1227	ENGA PROVINCE	3,346	0	3,346	0	165	-50	3,132	0	24	0	.75	189
	IDA 1279	PETROLEUM	5,434	0	5,434	0	261	-81	5,092	0	37	0	.75	298
	IDA 4298	ADDITIONAL	70,667	0	70,667	0	0	1,728	78,334	0	530	0	.75	530
	IDA 4374	SMALLHOLDER	8,382	0	8,382	1	0	-472	22,605	34,602	75	0	.75	75
	IDA 4491	2ND MINING	4,990	-0	4,990	0	0	38	10,544	23,069	54	0	.75	54
	IDA 4716	PRODUCTIVE	2,923	0	2,923	0	0	199	11,367	41,639	33	0	0.75	33
	IDA 4791	RURAL	259	-0	259	177	0	0	436	31,885	2	0	0.75	2
	IDA 4853	FLEXIBLE AND	1,467	-0	1,467	0	0	-22	1,445	8,898	9	0		9
	IDA 4931	ROAD	0	0	0	0	0	0	88,559	0	0	0		0
	IDA 4854	URBAN YOUTH	0	0	0	0	0	-23	4,164	28,479	16	0		16
	IDA 4928	SMALL AND	1,916	0	1,916	1	0	1,323	16,500	29,523	31	0		31
INTERNATIONAL DEVELOPMENT ASSOCIATION			215,333	0	215,333	5	7,689	617	260,281	286,654	1,638	0	0	9,327
THE OPEC FUND FOR OFID Lae Port			0	0	0	0	0	-5,626	0	12,928	0	0	1.5	0
OPEC 985P			0	0	0	0	0	0	0	8,412	0	0	1.5	0
THE OPEC FUND FOR I'NATIONAL DEVELOPMENT			0	0	0	0	0	-5,626	0	21,341	0	0	0	0

MULTILATERAL TOTAL	KFW 198066300	WATER SUPPLY/SEWER AGE	979	0	979	0	636	-16	326	0	16	0	2	652
BILATERAL														
BANK OF CHINA	KFW 198166175	OK TEDI MINE ACCESS ROAD	3,092	0	3,092	0	1,206	-29	1,857	0	54	0	2	1,260
	KFW 198965428	NAVIGATIONAL AID PROGRAM 6.1M	4,097	0	4,097	0	469	-9	3,620	0	77	0	2	546

	KFW 199466343	AIR TRAFFIC CONTROL TOWER TOKU	2,732	0	2,732	0	113	-1	2,617	0	20	0	.75	133
	KFW 198965428	NAVIGATIONAL AID SUPPL AGG	573	0	573	0	22	-0	551	0	4	0	.75	26
	KFW 199765934	NAVIGATIONAL AID PHASE II	8,948	0	8,948	0	315	-1	8,632	0	65	0	.75	380
	KFW 199966094	NAVIGATION AIDS PHASE III	8,485	0	8,485	0	143	8	8,350	0	62	0	.75	205
KREDITANSTALT FUR WIEDERAUFBAU Total			28,905	0	28,905	0	2,904	-48	25,953	0	298	0	0	3,202
EXIM Bank of China	IGIS	Integrated Government Information	53,740	0	53,740	24,290	0	291	78,321	43,216	1,115	498	2	1,613
-	PMIZ	Pacific Marine Industrial Zone	0	0	0	28,311	0	1,138	29,449	141,381	158	1,227	2	1,385
-	UoG	University of	29,971	0	29,971	20,660	0	252	50,882	48,374	639	508	2	1,148
-	CCE	Community	35,166	0	35,166	14,973	0	-37	50,103	30,922	688	353	2	1,041
EXIM Bank of China Total			118,876	0	118,876	88,234	0	1,644	208,755	263,893	2,601	2,586		5,187
OTHER BILATERAL	AUSTRALIA (RBA)	RBA - AGGREGATED RBA A\$ PTLS	3,921	0	3,921	0	1,050	-32	2,838	0	288	0	Various	1,338
-	TAIWAN (CHIAO TUNG RAN)	3RD URBAN WATER SUPPLY	5,822	0	5,822	0	1,149	-104	4,570	0	288	0	3.5	1,437
-	KOREA	WEWAK	4,240	0	4,240	0	1,048	155	3,348	0	138	0	3.5	1,185
OTHER BILATERAL			13,984	0	13,984	0	3,247	19	10,756	0	714	0	0	3,961
BILATERAL TOTAL			731,020	0	731,020	88,451	54,319	-58,226	706,926	572,424	16,722	2,806	0	73,847
Suppliers Credit														
SUPPLIERS CREDIT														
Deutsche Bank AG - Lond	ECDG/Deutsche AG Bank Lond	YUMI YET RURAL BRIDGE PROG.LOAN	50,758	0	50,758	0	16,088	-4,789	29,882	0	652	0	1.45	16,740
SUPPLIERS CREDIT TOTAL			50,758	0	50,758	0	16,088	-4,789	29,882	0	652	0		16,740
OTHER OVERSEAS FEES														
PROMISSORY NOTES		IMF FEES										108,025		108,025
MEMBERSHIP FEES		MEMBERSHIP FEE										34		34
ADB GCI V THIRD	ADB GCI V THIRD INSTALL											1,351		1,351
LEGAL FEES		STANDARD AND										115		115
OTHER OVERSEAS FEES Total												109,525		109,525
TOTAL OVERSEAS BORROWING			2,291,618	1,770	2,293,388	337,299	166,003	-84,083	2,380,600	1,944,916	34,243	112,965	0	313,212
DOMESTIC BORROWING														
DOMESTIC LOANS	BPNG	TREASURY BILLS	2,254,490	0	2,254,490	3,470,210	2,973,080	0	2,751,620	0	94,420	0	VARIOUS	3,067,500
	BPNG	INSCRIBED STOCK	2,866,625	0	2,866,625	606,690	106,675	0	3,366,640	0	338,245	0	7.50 AVG	444,920
	BPNG	INTEREST ON	0	0	0	0	0	0	0	0	0	0	VARIOUS	-
	BPNG	AGENCY FEE	0	0	0	0	0	0	0	0	0	0	0	-
TOTAL DOMESTIC BORROWING			5,121,115	0	5,121,115	4,076,900	3,079,755	0	6,118,260	0	432,664	0	0	3,512,419
OTHER DEBT SERVICE PAY	NCDC	TRANSFER OF ASSETS TO FDA	0		0	0	0	0	0	0	0	0		0
TOTAL OTHER DEBT SERVICE PAYMENTS ASSUMED BY STATE			0	0	0	0	0	0	0	0	0	0	0	0
TOTAL DOMESTIC			5,121,115	0	5,121,115	4,076,900	3,079,755	0	6,118,260	0	432,664	0	0	3,512,419
TOTAL PUBLIC DEBT			7,412,733	1,770	7,414,503	4,414,199	3,245,758	-84,083	8,498,860	1,944,916	466,908	112,965	0	3,825,631





## GOVERNMENT OF PAPUA NEW GUINEA

## PUBLIC ACCOUNTS

## STATEMENT OF ON LENDING AS AT 31ST DECEMBER 2012

## STATEMENT H

LOAN REFERENCE	PURPOSE OF LOANS	CLOSING BALANCE AS AT 31.12.11	ADJUSTM N TS FROM PREVIOUS S YEARS	OPENING BALANCE AT 01.01.12	BORROWIN G 2012	PRINCIPAL REPAYMENT 2012	EFFECT OF MOVEMENTS IN EXCHANGE RATES INCREASE/ (DECREASE)	BAD DEBTS WRITTEN OFF IN 2012	BALANCE AT 31.12.12	PROVI SION FOR BAD DEBTS	INTE REST PAYM ENTS & COM	INTERES T RATES %
		(K'000)	(K'000)	(K'000)	(K'000)	(K'000)	(K'000)		(K'000)	(K'00)	(K'0	
<b>PROVINCIAL GOVERNMENTS</b>												
KL:GKA.LGC	GOROKA LOCAL GOVT COUNCIL	40	0	40	0	0	0		40		0	6
KL:MOTU/KOITABU	MOTU KOITABU INTM. ASSEMBLY	100	0	100	0	0	0		100		0	0
RF:NCDC	RE.NAT.INTERIM COMM.	5,920	0	5,920	0	0	0		5,920		0	7
KL:WNB PROV GOVT.	WNB PROV.GOV.T.	60	0	60	0	0	0		60		0	0
KL:ENGA PROV GOVT.	POGERA MINING AGREEMENT	200	0	200	0	0	0		200		0	0
KL:SIMBU PROV.GOV.T.	SIMBU PROV. GOVT.	480	0	480	0	0	0		480		0	0
<b>TOTAL PROVINCIAL GOVERNMENTS</b>		<b>6,800</b>	<b>0</b>	<b>6,800</b>	<b>0</b>	<b>0</b>	<b>0</b>		<b>6,800</b>	<b>0</b>	<b>0</b>	
<b>PNG HARBOURS BOARD</b>												
OK:HB ADB 469	HARBOURS BOARD /ADB 469	0	0	0		0			0		0	
OL:PT ADB 468	LAE PORTS PROJECT ADB 468	9,000	0	9,000		2,400			6,600		0	10
<b>TOTAL HARBOURS BOARD</b>		<b>9,000</b>	<b>0</b>	<b>9,000</b>	<b>0</b>	<b>2,400</b>	<b>0</b>		<b>6,600</b>	<b>0</b>	<b>0</b>	
<b>POST &amp; TELECOMM. CORPORATION</b>												
OL:TEL EEC	EEC REGIONAL TELECOM-GEREHU	5,732	0	5,732	0	415	2		5,319		53	1
OL:TEL. III	3RD TELECOM. PROJECT IBRD 3154	0	0	0	0	0	0		0		0	3
<b>TOTAL POST &amp; TELECOMM. CORPORATION</b>		<b>5,732</b>	<b>0</b>	<b>5,732</b>	<b>0</b>	<b>415</b>	<b>2</b>		<b>5,319</b>	<b>0</b>	<b>53</b>	
<b>OTHER LOANS</b>												
KL:DIFCO	DISCPL. FORCES CANTEEN ORGAN.	10	0	10	0		0		10			10
OL:MB IBRD 2608	MILNE BAY ESTATE IBRD 2608	1,602	0	1,602	0	0	0		1,566		0	Libor + 5%
KL:COCOA BOARD	COCOA BOARD STATE LENDING	19,840	0	19,840	0		0		19,840			1
KL:COM.HSTL.RAB	COMMUNITY HOSTEL RABAU	20	0	20	0		0		20			1
KL. IBRD 3289	HOUSING RE-DISCOUNT FACILITY	51	0	51	0		0		51			7
OL:ICDC - ADB 1024	INDUST. CENTRE DEV. CORP.ADB 1024	4,000	0	4,000	0		0		4,000			7
OL:CTB	UPGRADING OF W/SUP. PROJ. CTB	14,362	0	14,362	0		0		15,983			VLR
OL:ADB 1211	UPGRADING OF W/SUP. P.J. ADB 1211	24,223	0	24,223	0		0		23,764			4
OL:NIDC/EIB	POLIAMBA TREE CROP NIDC / EIB	4,280	0	4,280	0		0		4,280			2
<b>TOTAL OTHER LOANS</b>		<b>68,388</b>	<b>0</b>	<b>68,388</b>	<b>0</b>	<b>0</b>	<b>0</b>		<b>69,514</b>	<b>0</b>	<b>0</b>	
<b>TOTAL OF LENDING</b>		<b>89,920</b>	<b>0</b>	<b>89,920</b>	<b>0</b>	<b>2,815</b>	<b>2</b>	<b>0</b>	<b>88,233</b>	<b>0</b>	<b>53</b>	



## 2012 STATEMENT 'I' STATEMENT OF GOVERNMENT GUARANTEED LOANS

Borrowers	Loan Details	Currency	Exchange Rates	Original Amount Guaranteed	Balance Outstanding as at 31-Dec-12	
				Currencies ('000)	Currencies ('000)	Kina (K'000)
<b>DOMESTIC BORROWINGS</b>						
Various Individuals	Credit Guarantee Scheme	N/A	N/A	N/A	N/A	376
<b>TOTAL DOMESTIC BORROWINGS</b>						<b>376</b>
<b>OVERSEAS BORROWINGS</b>						
Pacific Aviation Safety Office	PASO Loan Guarantee	SDR	0.3094	258	258	835
MRDC Pty Ltd & MRL Pty. Ltd Resources Lihir Pty Ltd	Finance Contract Agreement - 26.04.95	EUR	0.3602	21,000	15,997	44,411
MRDC Pty Ltd Resources Lihir Pty Ltd	Finance Contract Agreement - 28.06.96	EUR	0.3602	25,000	6,632	18,412
Telikom PNG Ltd	Agreement 27.07.95	USD	0.4755	26,282	6,543	13,760
Independent Public Business Corp. Petromin PNG Holdings Ltd & MRDC Company Limited	Completion Guarantee for PNG LNG Project Debt	USD	0.4755	1,624,310	1,624,310	3,416,004
<b>TOTAL OVERSEAS BORROWINGS</b>						<b>3,493,423</b>
<b>TOTAL GOVERNMENT GUARANTEED LOANS</b>						<b>3,493,799</b>



## STATEMENT J

## GOVERNMENT OF PAPUA NEW GUINEA PUBLIC ACCOUNTS

## Statement of Consolidated Revenue Fund Receipts by Revenue Head for the period ended 31 December 2012

## GROUP 1: NATIONAL DEPARTMENTS REVENUE

## 206 Department of Finance

Account		Current Year			Previous Year
Number	Description	Estimate		Actual Receipts	Actual Receipts
		Original	Revised		
121301	Commercial Property Rental Income	0	0	7,000	168,082
121302	Sub Lease Office Accommodation	-	-12,000	0	1,000
121303	35% Share of Pool Housing Rental	-	-15,000	8,248	6,023
121304	Rental of Institutional Housing	-	-1,000	453,931	0
121306	Rent of Reserved Housing	-	-10,000	0	0
122128	Materials and Services (other )	0	0	0	-200
122142	Sale of Publication, Data Books & Documentation	-	-1,000	0	0
122151	Recovery of Utility Charges	-	-1,000	0	0
122152	Payroll Commission	-	-2,500,000	4,650,541	1,790,003
122153	Mobile Phone Licenses	0	0	3,415,155	0
122170	Other Rental Income	0	0	2,000	0
122190	Insurers' and Brokers' Licences	-	-100,000	115,000	55,000
122213	Computer Service Charges	-	-1,000	0	0
122224	Unclaimed Monies	-	-10,000	2,111,169	4,359,972
122225	Credit Guarantee Scheme	-	-1,000	0	0
122299	Sundry/(Other) Income	-	-1,000,000	27,738,532	1,554,097
124111	Disposal/Sub-Lease of O'seas Properties	0	0	0	-1,283,775
124112	Sale of Houses under Sale or Mortgage	-	-5,000	0	0
124114	Sale of Other Fixed Assets	-	-100,000	200	52,200
124230	Insurers and Brokers Licenses	0	0	0	-5,000
124430	Unclaimed Monies	0	0	0	-67,349
124490	Sundry/(Other) Income	0	0	-160,888	11,530
125000	DEBT SERVICES RECEIPTS FROM LENDING ARR	0	0	0	-395
126100	Other Non Tax Revenue	0	0	0	-400,283,319
126105	Recoveries from Former Years	-	-29,100,000	-3,594,436	469,854,992
126110	Recoveries from National Development	-	-1,000	0	0
126115	Unclaimed Monies	0	0	6,770,286	0
126199	Unacquitted Travel	0	0	48	0
171180	Sale of Other Fixed Assets	0	0	0	-24,350
181135	Disposal/Sub-Lease of O'seas Properties	0	0	0	26,800
Revenue Head Total for: Department of Finance		-	-32,858,000	41,516,785	76,215,311

## 208 Department of Treasury

Account		Current Year			Previous Year
Number	Description	Estimate		Actual Receipts	Actual Receipts
		Original	Revised		
191120	Interest from Trust Accounts	0	0	175,984	0
Revenue Head Total for: Department of Treasury		0	0	175,984	0

## 211 PNG Customs Service

Account		Current Year			Previous Year
Number	Description	Estimate		Actual Receipts	Actual Receipts
		Original	Revised		
122161	Migration Services	0	0	15,388	4,073,123
122162	Passports Passports	0	0	69,400	220,841
124363		0	0	-800	0
Revenue Head Total for: PNG Customs Service		0	0	83,988	4,293,964

## 216 Internal Revenue Commission

Account		Current Year			Previous Year
Number	Description	Estimate		Actual Receipts	Actual Receipts
		Original	Revised		
126199	Unacquitted Travel	0	0	8,116	0
Revenue Head Total for: Internal Revenue Commission		0	0	8,116	0

## GOVERNMENT OF PAPUA NEW GUINEA PUBLIC ACCOUNTS

## Statement of Consolidated Revenue Fund Receipts by Revenue Head for the period ended 31 December 2012

## Group 1: NATIONAL DEPARTMENT REVENUE

## 217: Department of Foreign Affairs and Trade

Account		Current Year			Previous Year
Number	Description	Estimate		Actual Receipts	Actual Receipts
		Original	Revised		
122117	Parks Lodging and Gate Fees	0	0	0	12,600
122142	Sale of Publication, Data Books &	0	0	0	-176
122161	Documentation Migration Services	-27,050,000	-27,050,000	19,704,546	18,017,853
122162	Passports	-2,077,000	-2,077,000	-3,982,520	1,518,283
122163	Issue of Citizenship	-144,000	-144,000	0	0
122164	Certificate Sheriff's Fees	0	0	0	-150
122165	and Poundage	0	0	0	-756
122299	Filing and Search Fees - Bills of Sale	0	0	-250	1,999,569
123101	Sundry/(Other) Income	0	0	0	-63
123102	Judicial Fines	0	0	0	-6,035
124348	Fines - Criminal	0	0	-49,901	-385,537
124360	Migration	0	0	0	-6,300
124363	Services	0	0	0	-66,810
	Parks Lodging and Gate Fees				
	Passports				
Revenue Head Total for: Department of Foreign Affairs and Trade		-	-	15,671,87	21,082,478

## 219 PNG Institute of Public Administration

Account		Current Year		Previous Year
Number	Description	Estimate		Actual Receipts
		Original	Revised	
121304	Rental of Institutional Housing	0	0	3,948
Revenue Head Total for: PNG Institute of Public Administration		0	0	3,948

## 220 Department of Personnel Management

Account		Current Year		Previous Year
Number	Description	Estimate		Actual Receipts
		Original	Revised	
122299	Sundry/(Other) Income	0	0	50
Revenue Head Total for: Department of Personnel Management		0	0	50

## 221 Public Service Commission

Account		Current Year		Previous Year
Number	Description	Estimate		Actual Receipts
		Original	Revised	
121304	Rental of Institutional Housing	0	0	22 533
Revenue Head Total for: Public Service Commission		0	0	22 533

## 223 Judiciary Services

223 Judiciary Services

Account		Current Year			Previous Year
Number	Description	Estimate		Actual Receipts	Actual Receipts
		Original	Revised		
122142	Sale of Publication, Data Books &	-10,000	-10,000	2,339	2,621
122164	Documentation Sheriff's Fees and Poundage	-2,500	-2,500	437	640
122165	Filing and Search Fees - Bills of Sale	-35,000	-35,000	7,454	7,821
122166	Filing and Search Fees - Others	-70,000	-70,000	65,448	70,102
122188	Inspection and Engineering Fees	0	0	0	662
122299	Sundry/(Other) Income	0	0	946	-846,893
123101	Judicial Fines	-2,500	-2,500	2,138	2,458
123102	Fines -	-80,000	-80,000	77,087	84,059
123130	Criminal	0	0	0	-426
124140	Sale of Publication, Data Books &	0	0	0	-20,043
124160	Documentation Fines - Criminal	0	0	0	-331
124165	Inspection and Engineering	0	0	0	-482
124175	Fees Judicial Fines	0	0	0	-10
124327	Sheriff's Fees and Poundage	0	0	0	-2,023
124330	Filing and Search Fees - Bills of Sale	0	0	0	-9,721
	Filing and Search Fees - Others				
Revenue Head Total for: Judiciary Services		-200,000	-200,000	155,848	-711,566



## GOVERNMENT OF PAPUA NEW GUINEA PUBLIC ACCOUNTS

## Statement of Consolidated Revenue Fund Receipts by Revenue Head for the period ended 31 December 2012

## Group 1: NATIONAL DEPARTMENT REVENUE

## 224 Magisterial Services

Account		Current Year			Previous Year
Number	Description	Estimate		Actual Receipts	Actual Receipts
		Original	Revised		
121304	Rental of Institutional Housing	0	0	1,412	0
122167	District Courts Registration Fees	-	-	64,48	60,376
122168	Sale of Forfeiture Goods	-	-	501,62	310,638
122169	Execution Fees	-7,000	-7,000	5,725	9,874
122185	Disturbed Area Fee	0	0	0	150
122299	Sundry/(Other) Income	-	-	12,58	12,083
123101	Judicial Fines	0	0	6,166	6,100
123102	Fines - Criminal	0	0	0	22,300
123103	District Courts Fines	-	-	764,05	867,358
123104	Forfeitures & Court Bails	-	-	109,34	99,280
124120	District Courts Fines	0	0	0	-114,760
124125	District Courts Registration Fees	0	0	0	-3,582
124130	Disturbed Area Fee	0	0	0	-75
124135	Execution Fees	0	0	0	-1,251
124140	Fines - Criminal	0	0	0	-11,150
124145	Forfeitures & Court Bails	0	0	0	-5,872
124165	Judicial Fines	0	0	0	-3,050
124170	Sale of Forfeiture Goods	0	0	0	-12,802
124490	Sundry/(Other) Income	0	0	0	-5,486
Revenue Head Total for: Magisterial Services		-	-	1,465,40	1,230,133

## 225 Department of Attorney-General

Account		Current Year			Previous Year
Number	Description	Estimate		Actual Receipts	Actual Receipts
		Original	Revised		
121304	Rental of Institutional Housing	-15,000	-15,000	27,480	0
122171	Deceased Estate (Administration	-3,000	-3,000	0	-3,739
122172	Fee) Commissioner of Oath Fees	-3,000	-3,000	5,601	13,800
122173	Estate and Commission	-50,000	-50,000	5,150	5,738
122299	Fees Sundry/(Other)	-4,000	-4,000	552	4,542
124110	Income	0	0	0	400
124324	Sale of Computer	0	0	0	-252
124325	Equipments Estate and	0	0	0	1,868
124325	Commission Fees	0	0	0	
Revenue Head Total for: Department of Attorney-General		-	-	38,78	20,212

## 226 Department of Corrective Institutional Services

Account		Current Year			Previous Year
Number	Description	Estimate		Actual Receipts	Actual Receipts
		Original	Revised		
121304	Rental of Institutional	-280,000	-280,000	283,271	128,715
122299	Housing Sundry/(Other)	-500	-500	0	0
	Income				
Revenue Head Total for: Department of Corrective Institutional Se		-	-	283,27	128,715

## 227 Provincial Treasuries

Account		Current Year			Previous Year
Number	Description	Estimate		Actual Receipts	Actual Receipts
		Original	Revised		
121304	Rental of Institutional	0	0	16,192	0
126105	Housing Recoveries from	0	0	0	10,325,763
	Former Years				
Revenue Head Total for: Provincial Treasuries		0	0	16,19	10,325,763

## GOVERNMENT OF PAPUA NEW GUINEA PUBLIC ACCOUNTS

## Statement of Consolidated Revenue Fund Receipts by Revenue Head for the period ended 31 December 2012

## Group 1: NATIONAL DEPARTMENT REVENUE

228 Department of Police

Account		Current Year			Previous Year
Number	Description	Estimate		Actual Receipts	Actual Receipts
		Original	Revised		
121304	Rental of Institutional Housing	-1,000,000	-1,000,000	1,024,270	449,042
122174	Crime Reports	-	-	11,90	15,193
122175	Arms Permits	-	-	767,87	897,775
122176	Police TIN	-	-	109,29	16,566
122177	Character Checks	-	-	318,07	358,890
122178	Accident Reports	-	-	78,02	85,955
122179	Driving Tests	-	-	255,52	257,267
122299	Sundry/(Other) Income	-	-	304,39	416,817
123104	Forfeitures & Court Bails	0	0	1,192,13	1,089,640
124100	Sale of Fixed Assets	0	0	0	5,630
124105	Sale of Land	0	0	0	-20,672
124145	Forfeitures & Court Bails	0	0	0	-544,820
124181	Police TIN	0	0	0	-7,323
124200	Sale of other Fin & Intangible Assets	0	0	0	9,780
124203	Arms Permits	0	0	0	-73,710
124224	Driving Tests	0	0	0	-16,622
124300	Service and Administration Fees	0	0	0	4,440
124301	Accident Reports	0	0	0	-10,214
124315	Crime Reports	0	0	0	-925
124490	Sundry/(Other) Income	0	0	0	-33,992
<b>Revenue Head Total for: Department of Police</b>		-	-	<b>4,061,49</b>	<b>2,898,717</b>

230 Electoral Commission

Account		Current Year			Previous Year
Number	Description	Estimate		Actual Receipts	Actual Receipts
		Original	Revised		
122181	Election Fees	-3,200,000	-3,200,000	15,000	2,800
122299	Sundry/(Other)	-4,500	-4,500	16,153	3,131
124490	Income	0	0	0	321
126100	Sundry/(Other)	0	0	0	2,660
<b>Revenue Head Total for: Electoral Commission</b>		-	-	<b>31,15</b>	<b>8,082</b>

232 Department of Provincial and Local Government Affairs

Account		Current Year			Previous Year
Number	Description	Estimate		Actual Receipts	Actual Receipts
		Original	Revised		
121304	Rental of Institutional	0	0	6,053	0
126199	Housing Unacquitted	0	0	0	586
<b>Revenue Head Total for: Department of Provincial and Local Gove</b>		<b>0</b>	<b>0</b>	<b>6,053</b>	<b>0</b>

234 Department of Defence

Account		Current Year			Previous Year
Number	Description	Estimate		Actual Receipts	Actual Receipts
		Original	Revised		
121304	Rental of Institutional	-380,000	-380,000	386,638	170,524
122299	Housing Sundry/(Other)	-1,000	-1,000	0	0
<b>Revenue Head Total for: Department of Defence</b>		-	-	<b>386,63</b>	<b>170,524</b>

## GOVERNMENT OF PAPUA NEW GUINEA PUBLIC ACCOUNTS

## Statement of Consolidated Revenue Fund Receipts by Revenue Head for the period ended 31 December 2012

## Group 1: NATIONAL DEPARTMENT REVENUE

## 235 Department of Education

Account		Current Year		Previous Year
Number	Description	Estimate		Actual Receipts
		Original	Revised	
121304	Rental of Institutional Housing	-210,000	-210,000	11,450
122142	Sale of Publication, Data Books &	0	0	79,218
122152	Documentation Payroll Commission	-1,000,000	-1,000,000	0
122299	Sundry/(Other) Income	-5,000	-5,000	511,561
123130	Sale of Publication, Data Books &	0	0	0
124490	Documentation Sundry/(Other) Income	0	0	0
126199	Unacquitted Travel	0	0	0
Revenue Head Total for: Department of Education		-1,215,000	-1,215,000	523,011
				616,978

## 240 Department of Health

Account		Current Year		Previous Year
Number	Description	Estimate		Actual Receipts
		Original	Revised	
121304	Rental of Institutional Housing Motor Vehicle	-2,000	-2,000	23,812
122130	Trade Licenses Board and Lodging Fees Medical	0	0	0
122160	Supplies (Sales)	-10,000	-10,000	2,981
122182	Civil Registration Fees	-150,000	-150,000	164,310
122184	Insurers' and Brokers'	0	0	0
122190	Licences Medical Board	0	0	0
122204	Registration Sundry/(Other)	0	0	0
122299	Income	-60,000	-60,000	37,365
123105	Medical Supplies (Sales)	-30,000	-30,000	67,365
124239	Medical Board	0	0	0
124490	Registration	0	0	0
	Sundry/(Other) Income	0	0	0
Revenue Head Total for: Department of Health		-	-	295.83
				217,235

## 241 Hospital Management Services

Account		Current Year		Previous Year
Number	Description	Estimate		Actual
		Original	Revised	
121304	Rental of Institutional	0	0	240,673
124490	Housing Sundry/(Other)	0	0	26,197
	Income			
Revenue Head Total for: Hospital Management Services		0	0	266,870
				0

## 242 Department of Community Development

Account		Current Year		Previous Year
Number	Description	Estimate		Actual Receipts
		Original	Revised	
122131	Coastal Trading	0	0	0
122183	Licenses Censorship	-200,000	-200,000	141,247
122184	Fees	-300,000	-300,000	417,623
122210	Civil Registration Fees	0	0	0
122299	Youth Registration	0	0	0
124212	Fees Sundry/(Other)	-5,000	-5,000	16,366
124215	Income	0	0	0
124300	Foreign Concessional Loans -	0	0	0
124309	Receipts Coastal Trading Licenses	0	0	0
124490	Service and Administration	0	0	0
	Fees Censorship Fees	0	0	0
	Sundry/(Other) Income			
Revenue Head Total for: Department of Community Development		-	-	575,23
				453,216

## GOVERNMENT OF PAPUA NEW GUINEA PUBLIC ACCOUNTS

## Statement of Consolidated Revenue Fund Receipts by Revenue Head for the period ended 31 December 2012

## Group 1: NATIONAL DEPARTMENT REVENUE

## 245 Department of Environment &amp; Conservation

Number	Account Description	Current Year			Previous Year
		Estimate		Actual Receipts	Actual Receipts
		Original	Revised		
121304	Rental of Institutional Housing	0	0	37	0
122111	Wildlife Levy	-60,000	-60,000	17,217	-194
122113	Water Abstraction Permit Fee	-121,500	-121,500	502,393	1,230
122114	Pesticide Permit Fees	-3,000	-3,000	1,300	0
122116	Wildlife License	-4,000	-4,000	1,480	1,700
122117	Parks Lodging and Gate Fees	-4,900	-4,900	42	0
122118	ODS Permit Fee	0	0	720	0
122186	Impact Assessment Fee	-100,500	-100,500	810	0
122208	Water Investigation Permit Fee	-2,500,000	-2,500,000	327,940	15,003
122209	Hydro Survey Fees	-1,600	-1,600	0	0
122215	Sundry/(Other) Income	-55,000	-55,000	640	1,155
122299	Wildlife Levy	-4,100	-4,100	90	54,161
	Sundry/(Other) Income				
Revenue Head Total for: Department of Environment &		-	-2,854,600	852,669	73,249

## 247 Department of Agriculture &amp; Livestock

Number	Account Description	Current Year			Previous Year
		Estimate		Actual Receipts	Actual Receipts
		Original	Revised		
121304	Rental of Institutional	-	-	26,235	17,497
122299	Housing Sundry/(Other)	45,000	45,000	0	0
Revenue Head Total for: Department of Agriculture & Livestock		-	-	26,23	17,497

## 252 Department of Lands &amp; Physical Planning

Number	Account Description	Current Year			Previous Year
		Estimate		Actual Receipts	Actual Receipts
		Original	Revised		
121304	Rental of Institutional Housing	0	0	12,173	0
121309	Land Lease Rental	-	-	21,073,768	15,245,894
121310	License Fees and Royalty Payments	-	-	68,488	48,885
121311	Sale of Maps	-	-	54,135	52,160
122110	Land Lease Rental	0	0	-220	-157,778
122117	Parks Lodging and Gate Fees	0	0	0	900
122121	Surveyor's Registration	-	-	19,770	13,685
122122	Physical Planning Regulations Fees	-	-	118,874	94,087
122123	Objection Fees	-100	-100	0	-500
122124	Valuation Fees	-	-	34,958	19,746
122125	Lodgement Fees	-	-	68,626	53,353
122126	Survey Fees	-	-	26,460	35,646
122141	Trade Licenses	0	0	45,300	54,892
122145	Recovery of Land Acquisition Charges	0	0	110	0
122190	Insurers' and Brokers' Licences	0	0	0	415
122207	Valuer's Registration	-5,000	-	5,760	4,960
122299	Sundry/(Other) Income	-	-	9,313,803	761,141
124112	Sale of Houses under Sale or Mortgage	0	0	0	600
124113	Sale of Allotments	-	-	23,470	68,814
124230	Insurers and Brokers Licenses	0	0	0	-415
124233	License Fees and Royalty Payments	0	0	0	-2,120
124342	Lodgement Fees	0	0	0	-730
124360	Parks Lodging and Gate Fees	0	0	0	-450
124369	Physical Planning Regulations Fees	0	0	0	-1,823
124381	Survey Fees	0	0	0	-5,331
124384	Valuation Fees	0	0	0	-420
124490	Sundry/(Other) Income	0	0	0	-25,239
171140	Sale of Houses under Sale or Mortgage	0	0	0	-300
171145	Sale of Allotments	0	0	0	-2,170
181145	Sale of Allotments	0	0	0	-3,490
Revenue Head Total for: Department of Lands & Physical Planning		-	-	30,865,474	16,261,394



## GOVERNMENT OF PAPUA NEW GUINEA PUBLIC ACCOUNTS

## Statement of Consolidated Revenue Fund Receipts by Revenue Head for the period ended 31 December 2012

## Group 1: NATIONAL DEPARTMENT REVENUE

## 254 Department of Mineral Policy and Geohazards Management

Account		Current Year			Previous Year
Number	Description	Estimate		Actual Receipts	Actual Receipts
		Original	Revised		
122299	Sundry/(Other) Income	0	0	0	6,300
<b>Revenue Head Total for: Department of Mineral Policy and Geohaz</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>6,300</b>

## 255 Department of Petroleum &amp; Energy

Account		Current Year			Previous Year
Number	Description	Estimate		Actual Receipts	Actual Receipts
		Original	Revised		
122127	Petroleum Prospecting Licenses	-5,380,000	-5,380,000	6,899,284	1,669,054
122299	Sundry/(Other) Income	-15,000	-15,000	17,592	1,346
<b>Revenue Head Total for: Department of Petroleum &amp; Energy</b>		<b>-</b>	<b>-</b>	<b>6,916,87</b>	<b>1,670,400</b>

## 259 Department of Transport

Account		Current Year			Previous Year
Number	Description	Estimate		Actual Receipts	Actual Receipts
		Original	Revised		
121304	Rental of Institutional Housing	0	0	3,000	0
121311	Sale of Maps	0	0	0	30,000
122121	Surveyor's Registration	0	0	0	650
122128	Materials and Services (other )	-	-	11,250	53,740
122129	Motor Vehicle Registration	-	-	6,539,313	5,472,235
122130	Motor Vehicle Trade Licenses	-	-	65,090	5,033
122131	Coastal Trading Licenses	-	-	212,896	222,677
122132	Vehicle Inspection Fees	-	-	123,582	197,203
122133	Land Transport TIN	-	-	0	0
122135	Commercial Vehicle Licenses	-	-	340,879	300,867
122202	Driving Permits	0	0	576,606	346,040
122206	PMV Driving Permits	0	0	3,750	0
122207	Valuer's Registration	0	0	0	16,040
122299	Sundry/(Other) Income	-	-	194,972	523,688
123110	Sale of Maps	0	0	0	-15,000
124113	Sale of Allotments	0	0	0	10,570
124215	Coastal Trading Licenses	0	0	0	-8,216
124218	Commercial Vehicle Licenses	0	0	0	-32,173
124245	Motor Vehicle Trade Licenses	0	0	0	-517
124263	Surveyor's Registration	0	0	0	-325
124269	Valuer's Registration	0	0	0	-8,020
124345	Materials and Services (other )	0	0	0	-26,870
124490	Sundry/(Other) Income	0	0	0	0
125000	DEBT SERVICES RECEIPTS FROM LENDING ARR	0	0	0	7,480
126105	Recoveries from Former Years	0	0	0	12,830
126199	Unacquitted Travel	0	0	1,500	0
171145	Sale of Allotments	0	0	0	-5,285
<b>Revenue Head Total for: Department of Transport</b>		<b>-</b>	<b>-</b>	<b>8,072,839</b>	<b>7,102,648</b>

## 261 Department of Commerce &amp; Industry

Account		Current Year			Previous Year
Number	Description	Estimate		Actual Receipts	Actual Receipts
		Original	Revised		
121304	Rental of Institutional	-4,000	-4,000	2,460	1,440
122136	Housing Application Fees	-7,000	-7,000	25,980	34,183
122137	Contractors Registration Fees	-45,000	-45,000	39,534	12,358
122189	Import and export trade	0	0	210	815
122299	licences Sundry/(Other) Income	-4,000	-4,000	3,284,147	2,474
124115	Contractors Registration Fees	0	0	0	-361
124227	Import and Export Trade	0	0	0	-200
124300	Licenses Service and	0	0	0	117
	Administration Fees Application	0	0	0	
<b>Revenue Head Total for: Department of Commerce &amp; Industry</b>		<b>-</b>	<b>-</b>	<b>3,352,811</b>	<b>50,743</b>



GOVERNMENT OF PAPUA NEW GUINEA  
PUBLIC ACCOUNTS

STATEMENT J

Statement of Consolidated Revenue Fund Receipts by Revenue Head for the period ended 31 December 2012

GROUP 1: NATIONAL DEPARTMENTS REVENUE

262 Department of Industrial Relations

Account		Current Year			Previous Year
Number	Description	Estimate		Actual Receipts	Actual Receipts
		Original	Revised		
122138	Inflammable Liquid	-180,000	-180,000	220,340	153,146
122139	Agent Employment Licenses	-170,000	-170,000	293,350	303,570
122140	Industrial Organisation registration	-5,000	-5,000	15,965	5,515
122141	Fee Trade Licenses	-160,000	-160,000	86,176	157,722
122143	Work Permits	-19,000,000	-19,000,000	27,593,440	21,157,708
122186	Impact Assessment Fee	0	0	0	2,700
122187	Industrial Safety	-500,000	-500,000	654,800	658,058
122189	Import and export trade	0	0	0	56
122299	licences Sundry/(Other) Income	-1,000	-1,000	2,515,471	5,465
124155	Industrial Safety	0	0	0	-9,410
124155	Trade Licenses	0	0	0	-9,410
124266	Work Permits	0	0	0	-130
124284	Inflammable Liquid	0	0	0	300
Revenue Head Total for: Department of Industrial Relations		-	-20,016,000	31,379,542	22,430,149

264 Department of Works & Implementation

Account		Current Year			Previous Year
Number	Description	Estimate		Actual Receipts	Actual Receipts
		Original	Revised		
121304	Rental of Institutional Housing	0	0	4,782	0
122144	Recovery of Roads and Bridges Design	-10,000	-10,000	0	6,152
122145	Recovery of Land Acquisition Charges	-20,000	-20,000	0	0
122146	Sales of Design Service Charges	0	0	500	0
122147	Science & Technology Fees	-65,000	-65,000	80,184	111,274
122148	Building Permit Fees Board	-100,000	-100,000	118,349	230,213
122160	and Lodging Fees	0	0	10,405	6,265
122299	Sundry/(Other) Income	-5,000	-5,000	10,295	2,523
124209	Building Permit Fees	0	0	0	-13,809
124372	Science & Technology Fees	0	0	0	-8,311
124415	Recovery of Roads and Bridges Design	0	0	0	-1,000
124415	Sundry/(Other) Income	0	0	0	-1,000
Revenue Head Total for: Department of Works & Implementation		-	-200,000	224,515	332,694

299 Treasury and Finance - Public Debt Charges

Account		Current Year			Previous Year
Number	Description	Estimate		Actual Receipts	Actual Receipts
		Original	Revised		
122162	Passports	0	0	0	-100
Revenue Head Total for: Treasury and Finance - Public Debt Char		0	0	0	-100

516 PNG Sports Commission

Account		Current Year			Previous Year
Number	Description	Estimate		Actual Receipts	Actual Receipts
		Original	Revised		
121304	Rental of Institutional Housing	0	0	2,532	0
Revenue Head Total for: PNG Sports Commission		0	0	2,532	0

542 National Cultural Commission

Account		Current Year			Previous Year
Number	Description	Estimate		Actual Receipts	Actual Receipts
		Original	Revised		
121304	Rental of Institutional Housing	0	0	1,762	0
124490	Sundry/(Other) Income	0	0	4,435	0
Revenue Head Total for: National Cultural Commission		0	0	6,197	0



GOVERNMENT OF PAPUA NEW GUINEA  
PUBLIC ACCOUNTS

STATEMENT J

Statement of Consolidated Revenue Fund Receipts by Revenue Head for the period ended 31 December 2012

GROUP 1: NATIONAL DEPARTMENTS REVENUE

551 PNG National Fisheries Authority

Account		Current Year		Previous Year
Number	Description	Estimate		Actual Receipts
		Original	Revised	
121304	Rental of Institutional Housing	0	0	37
Revenue Head Total for: PNG National Fisheries Authority		0	0	37

571 Fly River Provincial Government

Account		Current Year		Previous Year
Number	Description	Estimate		Actual Receipts
		Original	Revised	
122166	Filing and Search Fees - Others	0	0	0
124330	Filing and Search Fees – Others	0	0	0
191999	Unbalanced transfer CRF / Trust Inter- entity move	0	0	250,000
Revenue Head Total for: Fly River Provincial Government		0	0	250,000

574 National Capital District

Account		Current Year		Previous Year
Number	Description	Estimate		Actual Receipts
		Original	Revised	
121304	Rental of Institutional Housing	0	0	2,452
Revenue Head Total for: National Capital District		0	0	2,452

575 Milne Bay Provincial Government

Account		Current Year		Previous Year
Number	Description	Estimate		Actual Receipts
		Original	Revised	
121304	Rental of Institutional Housing	0	0	24,345
122299	Sundry/(Other) Income	0	0	15
Revenue Head Total for: Milne Bay Provincial Government		0	0	24,360

576 Oro Provincial Government

Account		Current Year		Previous Year
Number	Description	Estimate		Actual Receipts
		Original	Revised	
121304	Rental of Institutional Housing	0	0	70
Revenue Head Total for: Oro Provincial Government		0	0	70

577 Southern Highlands Provincial Government

Account		Current Year		Previous Year
Number	Description	Estimate		Actual Receipts
		Original	Revised	
121304	Rental of Institutional Housing	0	0	1,476
Revenue Head Total for: Southern Highlands Provincial Governme		0	0	1,476

578 Enga Provincial Government

Account		Current Year		Previous Year
Number	Description	Estimate		Actual Receipts
		Original	Revised	
121304	Rental of Institutional Housing	0	0	23,995
Revenue Head Total for: Enga Provincial Government		0	0	23,995



Statement of Consolidated Revenue Fund Receipts by Revenue Head for the period ended 31 December 2012

GROUP 1: NATIONAL DEPARTMENTS REVENUE

579 Western Highlands Provincial Government

Account		Current Year			Previous Year
Number	Description	Estimate		Actual Receipts	Actual Receipts
		Original	Revised		
121304	Rental of Institutional Housing	0	0	1,075	0
Revenue Head Total for: Western Highlands Provincial Government		0	0	1,075	0

580 Simbu Provincial Government

Account		Current Year			Previous Year
Number	Description	Estimate		Actual Receipts	Actual Receipts
		Original	Revised		
121304	Rental of Institutional Housing	0	0	800	0
Revenue Head Total for: Simbu Provincial Government		0	0	800	0

581 Eastern Highlands Provincial Government

Account		Current Year			Previous Year
Number	Description	Estimate		Actual Receipts	Actual Receipts
		Original	Revised		
121304	Rental of Institutional Housing	0	0	14,407	0
Revenue Head Total for: Eastern Highlands Provincial Government		0	0	14,407	0

582 Morobe Provincial Government

Account		Current Year			Previous Year
Number	Description	Estimate		Actual Receipts	Actual Receipts
		Original	Revised		
121304	Rental of Institutional Housing	0	0	26,452	0
Revenue Head Total for: Morobe Provincial Government		0	0	26,452	0

583 Madang Provincial Government

Account		Current Year			Previous Year
Number	Description	Estimate		Actual Receipts	Actual Receipts
		Original	Revised		
121304	Rental of Institutional Housing	0	0	7,896	0
Revenue Head Total for: Madang Provincial Government		0	0	7,896	0

584 East Sepik Provincial Government

Account		Current Year			Previous Year
Number	Description	Estimate		Actual Receipts	Actual Receipts
		Original	Revised		
121304	Rental of Institutional Housing	0	0	2,835	0
Revenue Head Total for: East Sepik Provincial Government		0	0	2,835	0

585 Sandaun Provincial Government

Account		Current Year			Previous Year
Number	Description	Estimate		Actual Receipts	Actual Receipts
		Original	Revised		
121304	Rental of Institutional Housing	0	0	5,825	0
Revenue Head Total for: Sandaun Provincial Government		0	0	5,825	0



## GOVERNMENT OF PAPUA NEW GUINEA

## PUBLIC ACCOUNTS

Statement of Consolidated Revenue Fund Receipts by Revenue Head for the period ended 31 December 2012

## GROUP 1: NATIONAL DEPARTMENTS REVENUE

## 586 Manus Provincial Government

Account		Current Year			Previous Year
Number	Description	Estimate		Actual Receipts	Actual Receipts
		Original	Revised		
122299	Sundry/(Other) Income	0	0	0	100
Revenue Head Total for: Manus Provincial Government		0	0	0	100

## 587 New Ireland Provincial Government

Account		Current Year			Previous Year
Number	Description	Estimate		Actual Receipts	Actual Receipts
		Original	Revised		
121304	Rental of Institutional Housing	0	0	16,520	0
Revenue Head Total for: New Ireland Provincial Government		0	0	16,520	0

## 588 East New Britain Provincial Government

Account		Current Year			Previous Year
Number	Description	Estimate		Actual Receipts	Actual Receipts
		Original	Revised		
121304	Rental of Institutional Housing	0	0	13,919	0
Revenue Head Total for: East New Britain Provincial Government		0	0	13,919	6,138

## 589 West New Britain Provincial Government

Account		Current Year			Previous Year
Number	Description	Estimate		Actual Receipts	Actual Receipts
		Original	Revised		
121304	Rental of Institutional Housing	0	0	7,067	0
Revenue Head Total for: West New Britain Provincial		0	0	7,067	0

Group 1 - National Departmental Revenue Total	-130,100,100	-130,100,100	147,687,934	164,654,122
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Statement of Consolidated Revenue Fund Receipts by Revenue Head for the period ended 31 December 2012

GROUP 2: GENERAL REVENUE

206 Department of Finance

Account		Current Year			Previous Year
Number	Description	Estimate		Actual Receipts	Actual Receipts
		Original	Revised		
112140	Goods and Services Tax (GST)	0	0	45,455	0
112202	Interest Withholding Tax	0	0	75,000	5,000
121000	ENTREPRENEURIAL & PROPERTY INCOME	0	0	0	-7,000
121105	Dividends - Shares in Private	-188,000,000	-188,000,000	0	0
121125	Enterprise Dividends from State	-70,000,000	-70,000,000	0	0
191110	Owned Enterprise Injections from	-128,000,000	-128,000,000	0	0
191130	Trust Accounts	0	0	391,599	0
191130	Interest from WPA	0	0	391,599	0
Revenue Head Total for: Department of Finance		-	-	512,053	-2,000

208 Department of Treasury

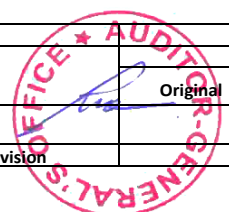
Account		Current Year			Previous Year
Number	Description	Estimate		Actual Receipts	Actual Receipts
		Original	Revised		
113125	Import Excise	0	0	0	362
121000	ENTREPRENEURIAL & PROPERTY INCOME	0	0	1,500,000	0
121125	Dividends from State Owned Enterprise	0	0	183,284,668	108,287,257
Revenue Head Total for: Department of Treasury		0	0	184,784,66	108,287,619

211 PNG Customs Service

Account		Current Year			Previous Year
Number	Description	Estimate		Actual Receipts	Actual Receipts
		Original	Revised		
111205	Company Tax	0	0	15,805,128	-4,804,345
111210	Dividend Withholding Tax	0	0	0	-1,972,087
111230	Stamp Duties	0	0	0	-13,825
112100	Excise Duties	0	0	20,091	0
112105	Excise Duty	-	-	461,261,772	473,488,515
112120	Import Excise	0	0	-330,307	-1,711
112130	Export Tax	0	0	0	-1,188,518
112140	Goods and Services Tax (GST)	0	0	890	75,000,760
112202	Interest Withholding Tax	0	0	19,900,471	-59,823
112205	Royalties Tax	0	0	94,364	-39,021
112206	Departure Tax	0	0	570	0
112207	Training Levy	0	0	11,753	-63,149
112210	Sundry IRC Taxes & Income	0	0	743	0
112211	Stamp Duties	0	0	43,902	0
113101	Customs Duty & Related Taxes	-	-	10	10
113105	Import Duty	0	0	217,185,450	229,080,225
113115	General Import Levy	0	0	269,804	0
113120	Value Added Tax Including Mining Levy	-	-	25,882	1,125,837
113125	Import Excise	-	-	291,009,578	214,599,143
113130	Sundry Tax Receipts (Import Duties)	0	0	66,204,750	39,704,955
113150	Sundry Taxes (Customs)	-	-	0	0
113201	Export Tax	-	-	96,850,538	173,974,028
121125	Dividends from State Owned Enterprise	0	0	380,211	74,428
Revenue Head Total for: PNG Customs Service		-	-	1,168,735,600	1,198,905,422

212 Information Technology Division

Account		Current Year			Previous Year
Number	Description	Estimate		Actual Receipts	Actual Receipts
		Original	Revised		
112140	Goods and Services Tax (GST)	0	0	448	0
Revenue Head Total for: Information Technology Division		0	0	448	0



GOVERNMENT OF PAPUA NEW GUINEA  
PUBLIC ACCOUNTS

Statement of Consolidated Revenue Fund Receipts by Revenue Head for the period ended 31 December 2012

GROUP 2: GENERAL REVENUE

216 Internal Revenue Commission

Account		Current Year			Previous Year
Number	Description	Estimate		Actual Receipts	Actual Receipts
		Original	Revised		
111120	Individual Income Tax (Assessed)	-	-	2,563,149,40	2,132,520,702
111205	Company Tax	-	-	1,905,300,05	1,242,281,212
111210	Dividend Withholding Tax	-	-	253,787,12	335,046,189
111215	Interest Withholding Tax	0	0	-	0
111225	Mining and Petroleum Taxes	-	-	1,165,112,48	1,784,439,702
111230	Stamp Duties	0	0	-	0
111235	Royalties Tax	0	0	-	0
111245	Bookmakers' Licenses	0	0	42,50	0
111255	Departure Tax	0	0	794,29	0
111260	Tax Related Training Levy	0	0	-	0
111270	Sundry IRC Taxes & Income	0	0	-10	0
112100	Excise Duties	0	0	0	461,675
112140	Goods and Services Tax (GST)	0	0	1,010,000,00	418,586,016
112150	Mining Levy	0	0	255,90	0
112202	Interest Withholding Tax	-	-	47,856,25	36,441,600
112203	Bookmakers' Turnover Tax	0	0	685,50	440,922
112205	Royalties Tax	0	0	18,816,75	15,961,520
112206	Departure Tax	0	0	5,461,02	4,429,113
112207	Training Levy	0	0	4,642,30	2,754,683
112208	Tax Related Court Fines	0	0	756,82	7,000
112210	Sundry IRC Taxes & Income	-	-	1,495,34	183,649,549
112211	Stamp Duties	0	0	71,836,66	60,821,143
112212	Gaming Machine Turnover Tax	-	-	138,913,77	78,093,958
113130	Sundry Tax Receipts (Import Duties)	0	0	11	0
<b>Revenue Head Total for: Internal Revenue Commission</b>		<b>-</b>	<b>-</b>	<b>7,186,396,50</b>	<b>6,295,934,984</b>

252 Department of Lands & Physical Planning

Account		Current Year			Previous Year
Number	Description	Estimate		Actual Receipts	Actual Receipts
		Original	Revised		
112202	Interest Withholding Tax	0	0	0	415
<b>Revenue Head Total for: Department of Lands &amp; Physical Planning</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>415</b>

268 Central Supply & Tenders Board

Account		Current Year			Previous Year
Number	Description	Estimate		Actual Receipts	Actual Receipts
		Original	Revised		
113000	CUSTOMS DUTY AND RELATED TAXES	0	0	-591	0
<b>Revenue Head Total for: Central Supply &amp; Tenders Board</b>		<b>0</b>	<b>0</b>	<b>-591</b>	<b>0</b>

<b>Group 2 - General Revenue Total</b>	<b>-</b>	<b>-</b>	<b>8,540,428,67</b>	<b>7,603,126,440</b>
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GOVERNMENT OF PAPUA NEW GUINEA  
PUBLIC ACCOUNTS

Statement of Consolidated Revenue Fund Receipts by Revenue Head for the period ended 31 December 2012

GROUP 3: LOAN SERVICE RECEIPTS

Loan Service Receipts: Foreign Currency, Interest

Account		Current Year			Previous Year
Number	Description	Estimate		Actual Receipts	Actual Receipts
		Original	Revised		
<b>299 Treasury and Finance - Public Debt Charges</b>		<b>-1,389,600</b>	<b>-1,389,600</b>	<b>0</b>	<b>827,119</b>
11395	MB Estates IBRD	-	-	0	0
10710	Treasury Bills	1,389,60	1,389,60	0	827,119
<b>533 Industrial Centres Development Corp</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
11386	ICDC ADB 1024	0	0	0	0
<b>540 Water PNG</b>		<b>-260,000</b>	<b>-260,000</b>	<b>0</b>	<b>13,556,131</b>
11384	ADB 1211 Upgrading of Water Supply	-	-	0	0
11385	CTB Urban Water Supply	260,00	260,00	0	13,556,13
		0	0	0	1
<b>547 Telikom (PNG) Limited</b>		<b>-1,482,100</b>	<b>-1,482,100</b>	<b>868,705</b>	<b>1</b>
11388	PNGHB ADB 468			868,705	1,184,978
<b>TOTAL Loan Service Receipts: Foreign Currency, Interest</b>		<b>-</b>	<b>-</b>	<b>2,868,70</b>	<b>21,313,867</b>

Loan Service Receipts: Kina, Interest

Account		Current Year			Previous Year
Number	Description	Estimate		Actual Receipts	Actual Receipts
		Original	Revised		
<b>TOTAL Loan Service Receipts: Foreign Currency, Interest</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Loan Service Receipts: Foreign Currency, Principal

Account		Current Year			Previous Year
Number	Description	Estimate		Actual Receipts	Actual Receipts
		Original	Revised		
<b>208 Department of Treasury</b>		<b>-3,088,000</b>	<b>-3,088,000</b>	<b>0</b>	<b>0</b>
21180	Micro Finance Expansion Project	-	-	0	0
<b>229 Department of National Planning and Monitoring</b>		<b>3,088,00</b>	<b>3,088,00</b>	<b>176,854</b>	<b>0</b>
21207	Rural Communication Project	0	0	176,854	0
<b>235 Department of Education</b>		<b>-12,127,000</b>	<b>-12,127,000</b>	<b>0</b>	<b>0</b>
21227	Flexible, Open & Distance Education Project	-	-	0	0
<b>242 Department of Community Development</b>		<b>12,127,00</b>	<b>12,127,00</b>	<b>14,973,130</b>	<b>36,573,015</b>
20792	Other Chinese Education, Community Development Projects	0	0	14,973,130	36,573,015
		<b>-2,376,000</b>	<b>-2,376,000</b>	<b>8,071,967</b>	<b>902,651</b>
<b>247 Department of Agriculture &amp; Livestock</b>		<b>-</b>	<b>-</b>	<b>2,933,017</b>	<b>0</b>
21100	Smallholder Rice Promotion Project	2,376,00	2,376,00	5,138,950	902,651
21101	Productive Partnership for Agriculture Development	0	0	24,290,091	56,313,141
<b>258 Department of Information and Communication</b>		<b>0</b>	<b>0</b>	<b>24,290,091</b>	<b>56,165,345</b>
20270	Government Information Systems	-18,530,000	-18,530,000	0	147,796
21259	Rural Telecommunication	0	0	0	6,407,467
<b>259 Department of Transport</b>		<b>-</b>	<b>-</b>	<b>0</b>	<b>6,407,467</b>
20274	Community Water Transport	18,530,00	18,530,00	28,311,317	0
<b>261 Department of Commerce &amp; Industry</b>		<b>0</b>	<b>0</b>	<b>28,311,317</b>	<b>0</b>
21109	Pacific Marine Industrial Zone	-51,687,000	-51,687,000	9,597,943	13,263,800
<b>264 Department of Works &amp; Implementation</b>		<b>-</b>	<b>-</b>	<b>9,597,943</b>	<b>13,263,800</b>
20293	World Bank Road Maintenance Project (Six	51,687,00	51,687,00	0	0
20835	Lae Port Development	0	0	0	0
20836	(Tidal Basin) Port Moresby	0	0	0	0



## GOVERNMENT OF PAPUA NEW GUINEA

## PUBLIC ACCOUNTS

Statement of Consolidated Revenue Fund Receipts by Revenue Head for the period ended 31 December 2012

## GROUP 3: LOAN SERVICE RECEIPTS

Account		Current Year			Previous Year
Number	Description	Estimate		Actual Receipts	Actual Receipts
		Original	Revised		
<b>535 Mineral Resources Authority</b>		<b>-8,077,000</b>	<b>-8,077,000</b>	<b>9,818,158</b>	<b>1,933,208</b>
20854	Mining Sector Institutional Strengthening Phase 2	-8,077,000	-8,077,000	9,818,158	1,933,208
<b>537 National Airports Corporation</b>		<b>-34,848,000</b>	<b>-34,848,000</b>	<b>0</b>	<b>1,787,722</b>
21150	Civil Aviation Sector Development Investment	-34,848,000	-34,848,000	0	1,787,722
<b>546 PNG Power Limited</b>		<b>-12,792,000</b>	<b>-12,792,000</b>	<b>0</b>	<b>0</b>
21289	PNG Towns' Electricity Investment Project	-12,792,000	-12,792,000	0	0
<b>547 Telikom (PNG) Limited</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>37,724</b>
11391	PTC EEC Gerehu	0	0	0	37,724
<b>559 PNG Oil Palm Industry Corporation</b>		<b>-12,828,000</b>	<b>-12,828,000</b>	<b>14,694,984</b>	<b>0</b>
20870	Small Holder Agriculture Development Project	-12,828,000	-12,828,000	14,694,984	0
<b>TOTAL</b>	<b>Loan Service Receipts: Foreign Currency, Interest</b>	<b>-416,638,000</b>	<b>-416,638,000</b>	<b>130,594,154</b>	<b>148,671,827</b>

<b>Group 3 - Loan Service Receipts Total</b>	<b>-424,638,000</b>	<b>-424,638,000</b>	<b>133,462,859</b>	<b>169,985,694</b>
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## GOVERNMENT OF PAPUA NEW GUINEA

## PUBLIC ACCOUNTS

## Statement of Consolidated Revenue Fund Receipts by Revenue Head for the period ended 31 December 2012

## GROUP 4: GRANTS

Number	Account Description	Current Year			Previous Year
		Estimate		Actual Receipts	Actual Receipts
		Original	Revised		
<b>203</b>	<b>Department of Prime Minister &amp; NEC</b>	<b>-145,998,000</b>	<b>-145,998,000</b>	<b>28,190,419</b>	<b>132,352,857</b>
20006	Enhanced Cooperation Program	-54,433,000	-54,433,000	0	34,177,241
20043	Incentive Fund	-42,744,000	-42,744,000	0	53,963,038
21009	Economic and Public Sector Program	-38,691,000	-38,691,000	28,190,419	44,212,578
21051	Community College	-7,921,000	-7,921,000	0	0
21331	Peace Building	-2,209,000	-2,209,000	0	0
<b>204</b>	<b>National Statistical Office</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>615,258</b>
21013	Development Statistics Partnership	0	0	0	615,258
<b>206</b>	<b>Department of Finance</b>	<b>-9,642,000</b>	<b>-9,642,000</b>	<b>1,302</b>	<b>4,575,598</b>
10047	Revenue Division	0	0	1,302	0
21014	EPSG Twinning Scheme	-2,444,000	-2,444,000	0	4,575,598
21343	UN Assistance to Governance	-7,198,000	-7,198,000	0	0
<b>208</b>	<b>Department of Treasury</b>	<b>-4,195,000</b>	<b>-4,195,000</b>	<b>0</b>	<b>0</b>
21336	PNG Microfinance Expansion Project	-4,195,000	-4,195,000	0	0
<b>211</b>	<b>PNG Customs Service</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,879,778</b>
10170	Commercial Trade and Compliance	0	0	0	1,879,778
<b>216</b>	<b>Internal Revenue Commission</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-26,500</b>
10159	Information & Communication Technology	0	0	0	-6,500
11744	Policy & Advise	0	0	0	-20,000
<b>217</b>	<b>Department of Foreign Affairs and Trade</b>	<b>-3,345,000</b>	<b>-3,345,000</b>	<b>0</b>	<b>0</b>
20727	Trade Related Assistance	-3,345,000	-3,345,000	0	0
<b>228</b>	<b>Department of Police</b>	<b>0</b>	<b>0</b>	<b>10,256,044</b>	<b>0</b>
21198	Wewak Police Station Maintenance	0	0	10,256,044	0
<b>229</b>	<b>Department of National Planning and</b>	<b>-292,487,000</b>	<b>-292,487,000</b>	<b>0</b>	<b>122,979,350</b>
20046	Law & Justice Sector Program	-74,579,000	-74,579,000	0	63,656,656
20059	Tax Credit Program	-130,000,000	-130,000,000	0	0
20075	Bris Kanda Local Level Economic Develop	-2,497,000	-2,497,000	0	0
20083	Country Program Support Project	-7,697,000	-7,697,000	0	0
20087	Small Project Scheme	-672,000	-672,000	0	0
20089	Churches Partnership Program	-8,949,000	-8,949,000	0	14,099,276
20099	Child Protection	-2,171,000	-2,171,000	0	0
20118	EU Rural Water Supply Study	-20,072,000	-20,072,000	0	13,489,894
20330	ADB Social Marketing of Condoms	0	0	0	3,644,095
20334	PNG Volunteer Support	0	0	0	108,436
20746	Non- State Actors Support Program	-1,673,000	-1,673,000	0	724,093
20748	Integrated Community Development For Urban	-735,000	-735,000	0	3,055,817
20749	Grassroots Development Partnership Program	-11,890,000	-11,890,000	0	1,733,932
21030	EDF NAO Institutional Capacity Project	-3,345,000	-3,345,000	0	2,131,506
21034	PNG Disaster Risk Management Support Program	-4,723,000	-4,723,000	0	4,287,818
21204	ONE UN Fund for PNG	-12,430,000	-12,430,000	0	16,047,827
21352	Ausaid Secondments to the ADB	-595,000	-595,000	0	0
21353	Policy Design Support: Mdg, Population and Aid	-6,376,000	-6,376,000	0	0
21355	Commonwealth Local Government Gps Phase II	-1,406,000	-1,406,000	0	0
21356	Feasibility Study for Rural Economic Development	-1,004,000	-1,004,000	0	0
21357	Millennium Village Development Programme	-1,673,000	-1,673,000	0	0
<b>230</b>	<b>Electoral Commission</b>	<b>-16,484,000</b>	<b>-16,484,000</b>	<b>25,396,583</b>	<b>13,007,056</b>
20127	Electoral Commission Inst Strengthening	-16,484,000	-16,484,000	0	13,007,056
20758	Electoral Support Project Phase II	0	0	25,396,583	0



## GOVERNMENT OF PAPUA NEW GUINEA

## PUBLIC ACCOUNTS

## Statement of Consolidated Revenue Fund Receipts by Revenue Head for the period ended 31 December 2012

## GROUP 4: GRANTS

Number	Account Description	Current Year			Previous Year
		Estimate		Actual Receipts	Actual Receipts
		Original	Revised		
<b>232</b>	<b>Department of Provincial and Local Government</b>	<b>-32,251,000</b>	<b>-32,251,000</b>	<b>25,683,714</b>	<b>56,502,130</b>
20134	Sub-National Strategy	-26,697,000	-26,697,000	23,195,894	56,424,238
20759	Strengthening Districts And Local Level	-3,345,000	-3,345,000	0	77,892
21358	Disaster Risk Reduction, Preparedness &	-2,209,000	-2,209,000	0	0
21780	PNG Disaster Risk Management Program 2010-201	0	0	2,487,820	0
<b>235</b>	<b>Department of Education</b>	<b>-233,208,000</b>	<b>-233,208,000</b>	<b>172,326,824</b>	<b>134,855,155</b>
20142	Education Sector Technical Support	-139,000	-139,000	0	1,079,769
20144	Education Sector Development	0	0	0	351,488
20149	Education Training & HRD 1 (EDF9)	-10,036,000	-10,036,000	0	7,149,603
20162	NZ In-country Training	-1,536,000	-1,536,000	0	992,117
20165	NZ Short-Term Training & Work Attachment	-960,000	-960,000	0	0
20766	Curriculum Reform (Ausaid)	0	0	1,635,712	0
20770	NZDS/Stta Pre-Award	-3,841,000	-3,841,000	0	431,699
20772	Human Resource Training	-1,340,000	-1,340,000	0	0
21064	UN Assistance to the Education Sector	-9,243,000	-9,243,000	0	0
21072	VSO Education Program	0	0	0	651,675
21220	Reading Education Project	-7,248,000	-7,248,000	0	0
21222	Performance Linked Aid	0	0	0	28,721,430
21225	New Education Delivery Strategy	0	0	0	18,534,100
21288	Secondary School Infrastructure Support	0	0	0	76,943,274
21361	PNG Education Programme	-198,865,000	-198,865,000	170,691,112	0
<b>236</b>	<b>Office of Higher Education</b>	<b>-64,138,000</b>	<b>-64,138,000</b>	<b>0</b>	<b>3,608,678</b>
21073	Interim Support to the PNG Higher Education	-64,138,000	-64,138,000	0	0
21234	PNG HE Support & Careers in DEVT	0	0	0	3,608,678
<b>240</b>	<b>Department of Health</b>	<b>-192,635,000</b>	<b>-192,635,000</b>	<b>83,896,934</b>	<b>109,003,315</b>
20176	Capacity Building Service Centre Project	-4,098,000	-4,098,000	826,094	25,970,150
20177	Health Services Improvement Programme	-9,603,000	-9,603,000	0	4,443,358
20178	Health Sector Resource Framework	0	0	769,163	0
20179	Health Review & Monitoring Panel	0	0	26,636,965	0
20776	Health Program Response To HIV Sector	-9,013,000	-9,013,000	0	5,964,403
20780	OXFARM NZ SACIR	0	0	0	538,482
20781	Leprosy Mission Healthy Communities	-960,000	-960,000	8,053	2,474,610
20782	Special Medical Equipment Supply Program	-75,000	-75,000	0	185,420
20785	NZAID HIV/AIDS Initiative	0	0	0	6,035,472
20787	Chinese Medical Team	-1,000,000	-1,000,000	0	0
21076	Measures to Address Health Issues in Toress	0	0	0	7,185,973
21077	UN Assistance to the Health Sector	-19,480,000	-19,480,000	0	0
21079	Rural Health and HIV Prevention	-3,457,000	-3,457,000	0	665,049
21235	Multiple initiatives to be Implemented in Health	0	0	0	55,540,398
21367	Health Sector Management Adviser	-768,000	-768,000	0	0
21368	Health Service Provision Facility	-4,961,000	-4,961,000	55,656,659	0
21369	Future PNG Health Programme	-134,469,000	-134,469,000	0	0
21372	Rural Primary Health Service Delivery Project	-4,751,000	-4,751,000	0	0
<b>242</b>	<b>Department of Community Development</b>	<b>-45,686,000</b>	<b>-45,686,000</b>	<b>67,736,140</b>	<b>26,976,601</b>
20220	Melanesian Entrepreneurial Lifestyle Project	0	0	5,982,405	0
20796	PNG Church Partnership Programme	0	0	18,064,536	0
21085	Strongim Pipol Strongim Neisen	-33,484,000	-33,484,000	43,689,199	24,652,097
21086	Protection and Advocacy of Human Rights	-297,000	-297,000	0	0
21093	Gender Equality/Gender Based Violence (AUSAID)	-5,416,000	-5,416,000	0	2,324,504
21255	Care Integrated Community Development	-5,153,000	-5,153,000	0	0
21378	Violence Against Women (VAW)	-1,336,000	-1,336,000	0	0
<b>245</b>	<b>Department of Environment &amp; Conservation</b>	<b>-18,535,000</b>	<b>-18,535,000</b>	<b>0</b>	<b>2,742,901</b>
10560	Planning & Regulation of Water Resources	0	0	0	-55,200
20798	Environmental Management & Sustainable	-15,341,000	-15,341,000	0	0
21098	Kokoda Track Initiative	-2,516,000	-2,516,000	0	2,297,365
21256	Waste Management	-678,000	-678,000	0	500,736
<b>247</b>	<b>Department of Agriculture &amp; Livestock</b>	<b>-6,727,000</b>	<b>-6,727,000</b>	<b>0</b>	<b>5,300,426</b>
20231	Domestic Rice Production & Development	-1,000,000	-1,000,000	0	0
20232	Provincial Smallholder Support Services	-1,920,000	-1,920,000	0	1,505,145
20803	NZAID Support To FPDA	-1,920,000	-1,920,000	0	2,409,596
21100	Smallholder Rice Promotion Project	-1,887,000	-1,887,000	0	1,385,685

## STATEMENT J

## GOVERNMENT OF PAPUA NEW GUINEA

## PUBLIC ACCOUNTS

## Statement of Consolidated Revenue Fund Receipts by Revenue Head for the period ended 31 December 2012

## GROUP 4: GRANTS

Number	Account Description	Current Year			Previous Year
		Estimate		Actual Receipts	Actual Receipts
		Original	Revised		
<b>252</b>	<b>Department of Lands &amp; Physical Planning</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>577,809</b>
20241	Land Development Program	0	0	0	577,809
<b>259</b>	<b>Department of Transport</b>	<b>-2,136,000</b>	<b>-2,136,000</b>	<b>113,516,269</b>	<b>3,436,617</b>
20813	PNG Infrastructure Policy Development And	-893,000	-893,000	0	0
21260	Infrastructure MOU	-1,243,000	-1,243,000	0	3,436,617
21385	PNG Transport - Mou Ausaid & Infrastructure	0	0	113,516,269	0
<b>261</b>	<b>Department of Commerce &amp; Industry</b>	<b>-30,883,000</b>	<b>-30,883,000</b>	<b>650,138</b>	<b>0</b>
21262	SME Access Risk Financing Facility	-30,883,000	-30,883,000	650,138	0
<b>264</b>	<b>Department of Works &amp; Implementation</b>	<b>-214,133,000</b>	<b>-214,133,000</b>	<b>0</b>	<b>165,432,666</b>
20313	Markham Bridge Construction	0	0	0	8,890,079
20315	Transport Sector Support Program	-187,597,000	-187,597,000	0	156,542,587
20821	Usino Junction - Yamagi Road (Ramu)	-14,409,000	-14,409,000	0	0
21412	ADB Bridge Replacement & Improve Rural Access P	-12,127,000	-12,127,000	0	0
<b>506</b>	<b>National Training Council</b>	<b>-64,062,000</b>	<b>-64,062,000</b>	<b>18,864,861</b>	<b>34,272,396</b>
20359	Australian Development Scholarships	-33,064,000	-33,064,000	0	34,272,396
21113	Scholarships PNG	-19,763,000	-19,763,000	13,172,066	0
21273	NZ Development Scholarship (NZDS)	-11,235,000	-11,235,000	0	0
21274	Scholarships Port Moresby	0	0	5,692,795	0
<b>511</b>	<b>Office of Climate Change and Development</b>	<b>-1,837,000</b>	<b>-1,837,000</b>	<b>1,604,492</b>	<b>0</b>
21418	Climate Change Adaptation Initiative	-1,837,000	-1,837,000	1,604,492	0
<b>512</b>	<b>University of Papua New Guinea</b>	<b>-4,656,000</b>	<b>-4,656,000</b>	<b>3,425,161</b>	<b>3,792,067</b>
21118	PNG Health Education and Clinical Services	-2,983,000	-2,983,000	3,425,161	3,792,067
21420	Remote Sensing of Forest Degrading Project	-1,673,000	-1,673,000	0	0
<b>516</b>	<b>PNG Sports Commission</b>	<b>-2,237,000</b>	<b>-2,237,000</b>	<b>27,835</b>	<b>0</b>
21427	Australian Sports Outreach Program	-2,237,000	-2,237,000	27,835	0
<b>519</b>	<b>National AIDS Council Secretariat</b>	<b>-89,512,000</b>	<b>-89,512,000</b>	<b>0</b>	<b>74,860,932</b>
20381	AIDS Prevention & Care	-160,000	-160,000	0	14,846,908
20382	PNG-Australia HIV/AIDS Support Programme	-79,612,000	-79,612,000	0	60,014,024
21429	UN Assistance to HIV/AIDS	-9,740,000	-9,740,000	0	0
<b>520</b>	<b>Institute of Medical Research</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6,035,478</b>
20389	PNGIMR Support Program	0	0	0	6,035,478
<b>525</b>	<b>National Broadcasting Commission</b>	<b>-2,574,000</b>	<b>-2,574,000</b>	<b>2,081,059</b>	<b>4,516,561</b>
20837	PNG Media Programme	-2,574,000	-2,574,000	2,081,059	4,516,561
<b>535</b>	<b>Mineral Resources Authority</b>	<b>-1,004,000</b>	<b>-1,004,000</b>	<b>0</b>	<b>4,788,153</b>
20851	Sysmin Project	0	0	0	4,788,153
20854	Mining Sector Institutional Strengthening Phase 2	-1,004,000	-1,004,000	0	0
<b>539</b>	<b>National Museum &amp; Art Gallery</b>	<b>-33,509,000</b>	<b>-33,509,000</b>	<b>0</b>	<b>2,442,660</b>
20009	International Conference Centre Project	-33,509,000	-33,509,000	0	2,442,660
<b>540</b>	<b>Water PNG</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7,457,126</b>
21130	District Town & Water Supply	0	0	0	7,457,126
<b>546</b>	<b>PNG Power Limited</b>	<b>-797,000</b>	<b>-797,000</b>	<b>0</b>	<b>0</b>
21442	Upgrading the Power Distribution System of Ramu G	-797,000	-797,000	0	0
<b>557</b>	<b>PNG National Forest Authority</b>	<b>-5,322,000</b>	<b>-5,322,000</b>	<b>0</b>	<b>7,055,485</b>
21283	Forest Preservation Program	-1,741,000	-1,741,000	0	6,872,852
21284	PNG-Australia Forest Carbon Partnership	0	0	0	182,633
21451	Capacity Development On Froest Resource	-1,992,000	-1,992,000	0	0
21452	Research & Development of Quality Teak for Plantati	-1,589,000	-1,589,000	0	0
<b>562</b>	<b>National Agriculture Research Institute</b>	<b>-10,245,000</b>	<b>-10,245,000</b>	<b>3,885,001</b>	<b>932,224</b>
20458	ACIAR Research & Development	-8,363,000	-8,363,000	0	932,224
20871	PNG/Australia Agriculture Research & Development	1,882,000	-1,882,000	3,885,001	0



## STATEMENT J

GOVERNMENT OF PAPUA NEW GUINEA  
PUBLIC ACCOUNTS

## Statement of Consolidated Revenue Fund Receipts by Revenue Head for the period ended 31 December 2012

## GRANTS 4: GRANTS

Account		Current Year			Previous Year
Number	Description	Estimate		Actual Receipts	Actual Receipts
		Original	Revised		
574	National Capital District	-16,730,000	-16,730,000	1,187,786	0
21039	New Economic Development	-9,603,000	-9,603,000	0	0
21153	Initiatives Urban Youth Employment	-7,127,000	-7,127,000	1,187,786	0
590	Bougainville Autonomous Government	-38,349,000	-38,349,000	0	42,428,939
20541	Community Policing	-4,994,000	-4,994,000	0	4,074,891
20545	Bougainville Govern Implementation	-2,881,000	-2,881,000	0	4,571,748
21002	Fund JICA Bougainville Bridges	-27,485,000	-27,485,000	0	33,782,300
21481	Leitana Nehan (Counselling for Victims of Abuse)	-960,000	-960,000	0	0
21483	Inclusive Development in Post Conflict Bougainville	-2,029,000	-2,029,000	0	0
Group 4 - Grants Total		-1,583,317,000	-1,583,317,000	558,730,562	972,401,716

## GROUP 5: FINANCING BORROWING: DOMESTIC

Account		Current Year			Previous Year
Number	Description	Estimate		Actual Receipts	Actual Receipts
		Original	Revised		
299 Treasury and Finance - Public Debt Charges		-1,880,810,000	-1,880,810,000	1,909,383,033	2,262,099,452
10710	Treasury Bills	-1,273,810,000	-1,273,810,000	1,343,230,000	1,376,701,383
10711	Inscribed Stock	-607,000,000	-607,000,000	566,153,033	885,398,069
TOTAL BORROWING DOMESTIC		-1,880,810,000	-1,880,810,000	1,909,383,033	2,262,099,452

## BORROWING: CONCESSIONAL, FOREIGN CURRENCY

Account		Current Year			Previous Year
Number	Description	Estimate		Actual Receipts	Actual Receipts
		Original	Revised		
TOTAL BORROWING: CONCESSIONAL, FOREIGN CURRENCY		0	0	0	0

Group 5 - Financing Total	-1,880,810,000	-1,880,810,000	1,909,383,033	2,262,099,452
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Total Revenue	-12,924,565,100	-12,924,565,100	11,289,693,065	11,172,267,423
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Programme Budgeting Expenditure Classified under Heads of Appropriations  
for the period ended 31 December 2012

		Economic Item		Approp	Adjustments		Section 3	Revised Approp	Current Years Expenditure	Variations - (over) / under
		Code	Description		Section 4	Decrease				
				6	7	8	9	8=(6+7-8+9)	9	10 = (8-9)
National Department: 201 National Parliament Affairs: 1 General Governmental Affairs Programme Function: 70111 Executive And Legislative Organs (Cs) Main Programme: 1101 Legislative Services Programme: 0001 Parliamentary Services Activity/Project: 10001 General Administrative Services										
			222 Travel and Subsistence	0	93,000	-93,000	0	0	0	0
			252 Grants/Transfers to Public Authorities	114,542,200	42,710,000	-21,355,000	0	135,897,200	135,897,200	0
			Total: 10001 General Administrative Services	114,542,200	42,803,000	-21,448,000	0	135,897,200	135,897,200	0
			Total: 0001 Parliamentary Services	114,542,200	42,803,000	-21,448,000	0	135,897,200	135,897,200	0
			Total: 1101 Legislative Services	114,542,200	42,803,000	-21,448,000	0	135,897,200	135,897,200	0
			Total: 70111 Executive And Legislative Organs (Cs)	114,542,200	42,803,000	-21,448,000	0	135,897,200	135,897,200	0
Programme Function: 70133 Other General Services (Cs) Main Programme: 1101 Legislative Services Programme: 0001 Parliamentary Services Activity/Project: 21330 National Parliament Maintenance										
			276 Construction, Renovation and Improvements	22,500,000	0	0	0	22,500,000	22,500,000	0
			277 Substantial/Specific Maintenance	12,500,000	0	0	0	12,500,000	12,500,000	0
			Total: 21330 National Parliament Maintenance	35,000,000	0	0	0	35,000,000	35,000,000	0
			Total: 0001 Parliamentary Services	35,000,000	0	0	0	35,000,000	35,000,000	0
			Total: 1101 Legislative Services	35,000,000	0	0	0	35,000,000	35,000,000	0
			Total: 70133 Other General Services (Cs)	35,000,000	0	0	0	35,000,000	35,000,000	0
			Total: 1 General Governmental Affairs	149,542,200	42,803,000	-21,448,000	0	170,897,200	170,897,200	0
			Total: 201 National Parliament	149,542,200	42,803,000	-21,448,000	0	170,897,200	170,897,200	0
National Department: 202 Office of Governor-General Affairs: 1 General Governmental Affairs Programme Function: 70111 Executive And Legislative Organs (Cs) Main Programme: 1102 Executive Services Programme: 0002 Governor General's Services Activity/Project: 10011 General Administrative Services										
			211 Salaries and Allowances	920,100	0	-50,000	0	870,100	1,415,937	-545,837
			212 Wages	80,000	0	-30,000	0	50,000	94,892	-44,892
			213 Overtime	400,000	233,000	0	176,000	809,000	810,491	-1,491



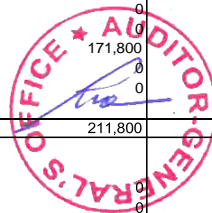
Programme Budgeting Expenditure Classified under Heads of Appropriations  
for the period ended 31 December 2012

		Economic Item		Approp	Adjustments		Section 3	Revised Approp	Current Years Expenditure	Variations - (over) / under
		Code	Description		Section 4					
					Increase	Decrease				
	214	Leave fares	21,700	36,900	-6,900	0	51,700	51,700	0	
	215	Retirement Benefits, Pensions, Gratuities	53,000	0	0	0	53,000	59,247	-6,247	
	221	Domestic Travel and Subsistence	0	50,000	-50,000	0	0	0	0	
	222	Travel and Subsistence	472,000	143,000	0	0	615,000	615,000	0	
	223	Office Materials and Supplies	54,700	0	-10,000	0	44,700	44,700	0	
	224	Operational Materials and Supplies	54,700	0	-10,000	0	44,700	44,700	0	
	225	Transport and Fuel	125,700	10,000	0	0	135,700	135,700	0	
	227	Other Operational Expenses	964,700	0	0	0	964,700	964,700	0	
	228	Training	15,900	0	-6,900	0	9,000	9,000	0	
	231	Utilities	500,000	225,700	0	0	725,700	725,700	0	
	233	Routine Maintenance	79,500	10,000	0	0	89,500	89,500	0	
	271	Office Equipments, Furniture & Fittings	106,300	0	0	0	106,300	106,300	0	
	273	Motor Vehicles	134,700	50,000	0	0	184,700	184,700	0	
	276	Construction, Renovation and Improvements	494,700	0	-50,000	0	444,700	444,700	0	
Total: 10011 General Administrative Services			4,477,700	758,600	-213,800	176,000	5,198,500	5,796,966	-598,466	
Activity/Project: 10012 Governor General's Emoluments										
	211	Salaries and Allowances	143,900	0	0	0	143,900	98,549	45,351	
	214	Leave fares	7,000	0	0	0	7,000	7,000	0	
	227	Other Operational Expenses	100,000	0	0	0	100,000	100,000	0	
Total: 10012 Governor General's Emoluments			250,900	0	0	0	250,900	205,549	45,351	
Total: 0002 Governor General's Services			4,728,600	758,600	-213,800	176,000	5,449,400	6,002,515	-553,115	
Programme: 0601 General Administration										
Activity/Project: 20672 Government House Renovation										
	276	Construction, Renovation and Improvements	0	18,000,000	0	0	6,000,000	6,000,000	0	
Total: 20672 Government House Renovation			0	18,000,000	0	0	6,000,000	6,000,000	0	
Total: 0601 General Administration			0	18,000,000	0	0	6,000,000	6,000,000	0	
Total: 1102 Executive Services			4,728,600	18,758,600	-213,800	176,000	11,449,400	12,002,515	-553,115	
Total: 70111 Executive And Legislative Organs (Cs)			4,728,600	18,758,600	-213,800	176,000	11,449,400	12,002,515	-553,115	
Total: 1 General Governmental Affairs			4,728,600	18,758,600	-213,800	176,000	11,449,400	12,002,515	-553,115	
Total: 202 Office of Governor-General			4,728,600	18,758,600	-213,800	176,000	11,449,400	12,002,515	-553,115	



Programme Budgeting Expenditure Classified under Heads of Appropriations  
for the period ended 31 December 2012

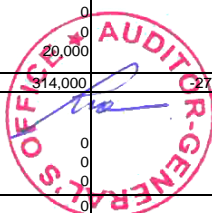
	Code	Economic Item Description	Approp	Adjustments		Section 3	Revised Approp	Current Years Expenditure	Variations - (over) / under
				Section 4					
				Increase	Decrease				
				6	7				
Activity/Project: 11834 Social Policy & Government Services									
	211	Salaries and Allowances	0	0	0	0	0	305,810	-305,810
	212	Wages	0	20,000	0	0	20,000	20,000	0
	213	Overtime	0	0	0	0	0	805	-805
	215	Retirement Benefits, Pensions, Gratuities	0	30,000	0	0	30,000	0	30,000
	222	Travel and Subsistence	241,800	0	-30,000	0	211,800	211,748	52
	223	Office Materials and Supplies	39,600	0	0	0	39,600	39,535	65
	225	Transport and Fuel	0	133,500	0	0	133,500	0	133,500
	226	Administrative Consultancy Fees	30,000	0	0	0	30,000	30,000	0
	227	Other Operational Expenses	10,500	0	0	0	10,500	10,500	0
Total: 11834 Social Policy & Government Services			321,900	183,500	-30,000	0	475,400	618,398	-142,998
Total: 0009 National Policy Formulation and Co-ordination Servi			321,900	183,500	-30,000	0	475,400	618,398	-142,998
Total: 1102 Executive Services			321,900	183,500	-30,000	0	475,400	618,398	-142,998
Total: 70110 Ex & Legi Org, Fin And Fis Afrs, Ext Afrs			321,900	183,500	-30,000	0	475,400	618,398	-142,998
Programme Function: 70111 Executive And Legislative Organs (Cs)									
Main Programme: 1102 Executive Services									
Programme: 0006 General Administrative Services									
Activity/Project: 21916 Building Maintenance (Morauta House)									
	227	Other Operational Expenses	0	12,000,000	0	0	4,000,000	3,999,900	100
Total: 21916 Building Maintenance (Morauta House)			0	12,000,000	0	0	4,000,000	3,999,900	100
Total: 0006 General Administrative Services			0	12,000,000	0	0	4,000,000	3,999,900	100
Programme: 0009 National Policy Formulation and Co-ordination Services									
Activity/Project: 10014 Office of Legislative Council									
	211	Salaries and Allowances	1,411,800	0	-100,000	0	1,311,800	1,829,124	-517,324
	212	Wages	86,100	0	-40,000	0	46,100	50,702	-4,602
	213	Overtime	24,500	0	0	0	24,500	26,977	-2,477
	214	Leave fares	59,100	0	0	0	59,100	59,100	0
	215	Retirement Benefits, Pensions, Gratuities	174,700	40,000	0	0	214,700	306,219	-91,519
	222	Travel and Subsistence	60,000	0	-10,000	0	50,000	49,958	42
	223	Office Materials and Supplies	15,000	0	0	0	15,000	14,977	23
	224	Operational Materials and Supplies	100,000	0	-53,000	0	47,000	46,999	1
	227	Other Operational Expenses	61,200	171,800	0	0	233,000	232,965	35
	233	Routine Maintenance	98,000	0	-71,000	0	27,000	27,000	0
	271	Office Equipments, Furniture & Fittings	59,700	0	-20,000	0	39,700	38,607	1,093
Total: 10014 Office of Legislative Council			2,150,100	211,800	-294,000	0	2,067,900	2,682,629	-614,729
Activity/Project: 10015 NEC Secretariat									
	211	Salaries and Allowances	922,200	0	-100,000	0	822,200	818,910	3,290
	212	Wages	46,200	0	-20,000	0	26,200	34,736	-8,536





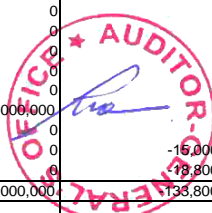
Programme Budgeting Expenditure Classified under Heads of Appropriations  
for the period ended 31 December 2012

	Code	Economic Item Description	Approp	Adjustments		Section 3	Revised Approp	Current Years Expenditure	Variations - (over) / under
				Section 4					
				Increase	Decrease				
				6	7				
213	Overtime	26,500	0	0	0	26,500	31,447	-4,947	
214	Leave fares	18,100	0	0	0	18,100	18,072	28	
215	Retirement Benefits, Pensions, Gratuities	78,100	20,000	0	0	98,100	150,340	-52,240	
222	Travel and Subsistence	520,000	0	-150,000	0	370,000	369,815	185	
223	Office Materials and Supplies	110,000	0	-50,000	0	60,000	59,938	62	
226	Administrative Consultancy Fees	100,000	0	-70,000	0	30,000	30,000	0	
227	Other Operational Expenses	650,000	0	-150,000	0	500,000	499,987	13	
233	Routine Maintenance	22,000	0	-8,000	0	14,000	14,000	0	
271	Office Equipments, Furniture & Fittings	50,000	0	0	0	50,000	50,000	0	
Total: 10015 NEC Secretariat			2,543,100	20,000	-548,000	0	2,015,100	2,077,246	-62,146
Activity/Project: 10016 Government Services									
211	Salaries and Allowances	0	0	0	0	0	700,742	-700,742	
212	Wages	0	0	0	0	0	16,381	-16,381	
215	Retirement Benefits, Pensions, Gratuities	0	0	0	0	0	2,801	-2,801	
Total: 10016 Government Services			0	0	0	0	719,923	-719,923	
Activity/Project: 10018 CACC Secretariat									
211	Salaries and Allowances	664,100	0	0	0	664,100	1,007,744	-343,644	
212	Wages	0	20,000	0	0	20,000	30,682	-10,682	
213	Overtime	8,800	0	0	0	8,800	9,039	-239	
214	Leave fares	0	30,000	0	0	30,000	29,977	24	
215	Retirement Benefits, Pensions, Gratuities	55,000	0	0	0	55,000	131,916	-76,916	
221	Domestic Travel and Subsistence	0	0	-20,000	0	0	0	0	
222	Travel and Subsistence	200,000	0	-177,000	0	3,000	39,999	-36,999	
223	Office Materials and Supplies	27,600	0	0	0	27,600	27,599	1	
226	Administrative Consultancy Fees	80,000	0	-60,000	0	20,000	20,000	0	
227	Other Operational Expenses	170,000	244,000	-20,000	0	394,000	386,641	7,359	
233	Routine Maintenance	22,000	0	0	0	22,000	22,000	0	
271	Office Equipments, Furniture & Fittings	20,000	0	0	0	20,000	19,748	252	
273	Motor Vehicles	80,000	20,000	0	0	100,000	99,934	66	
Total: 10018 CACC Secretariat			1,327,500	314,000	-217,000	0	1,364,500	1,825,280	-460,780
Activity/Project: 10019 Public Sector Reform Management Unit									
211	Salaries and Allowances	0	0	0	0	0	1,218,573	-1,218,573	
212	Wages	0	0	0	0	0	19,819	-19,819	
215	Retirement Benefits, Pensions, Gratuities	0	0	0	0	0	33,404	-33,404	
Total: 10019 Public Sector Reform Management Unit			0	0	0	0	1,271,796	-1,271,796	
Activity/Project: 10020 APEC									
211	Salaries and Allowances	0	0	0	0	0	31,920	-31,920	
Total: 10020 APEC			0	0	0	0	31,920	-31,920	
Activity/Project: 10021 Programme Management Unit									
212	Wages	0	0	0	0	0	5,194	-5,194	
Total: 10021 Programme Management Unit			0	0	0	0	5,194	-5,194	



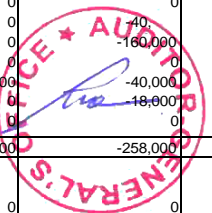
Programme Budgeting Expenditure Classified under Heads of Appropriations  
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	Code	Economic Item Description	Approp	Adjustments		Section 3	Revised Approp	Current Years Expenditure	Variations - (over) / under
				Section 4					
				Increase	Decrease				
				6	7				
Activity/Project: 10023 Melanesian Spearhead Group									
212	Wages	0	0	0	0	0	12,523	-12,523	
Total: 10023 Melanesian Spearhead Group			0	0	0	0	12,523	-12,523	
Activity/Project: 10030 Office of the Chief Secretary									
211	Salaries and Allowances	663,800	0	-122,700	0	541,100	184,244	356,856	
212	Wages	58,000	0	0	0	58,000	65,911	-7,911	
213	Overtime	10,500	0	0	0	10,500	13,815	-3,315	
214	Leave fares	7,000	40,000	0	0	47,000	47,000	0	
215	Retirement Benefits, Pensions, Gratuities	64,700	50,000	0	0	114,700	94,638	20,062	
222	Travel and Subsistence	220,000	0	0	0	220,000	219,969	31	
223	Office Materials and Supplies	23,000	0	0	0	23,000	22,991	9	
226	Administrative Consultancy Fees	500,000	0	-80,000	0	420,000	419,982	18	
227	Other Operational Expenses	220,000	4,280,000	0	0	4,500,000	4,474,008	25,992	
271	Office Equipments, Furniture & Fittings	10,000	0	0	0	10,000	9,829	171	
273	Motor Vehicles	150,000	0	0	0	150,000	150,000	0	
Total: 10030 Office of the Chief Secretary			1,927,000	4,370,000	-202,700	0	6,094,300	5,702,386	391,914
Activity/Project: 11835 Constitutional & Legal									
211	Salaries and Allowances	264,800	0	0	0	264,800	156,173	108,627	
213	Overtime	5,500	0	0	0	5,500	5,423	77	
214	Leave fares	0	5,000	0	0	5,000	5,000	0	
215	Retirement Benefits, Pensions, Gratuities	26,800	0	0	0	26,800	52,404	-25,604	
227	Other Operational Expenses	47,000	0	0	0	47,000	47,000	0	
Total: 11835 Constitutional & Legal			344,100	5,000	0	0	349,100	265,999	83,101
Activity/Project: 11836 Commission Of Inquiry & Investigations									
211	Salaries and Allowances	413,600	0	-100,000	0	313,600	12,174	301,426	
213	Overtime	25,400	0	0	0	25,400	8,923	16,477	
215	Retirement Benefits, Pensions, Gratuities	32,400	0	0	0	32,400	10,000	22,400	
222	Travel and Subsistence	18,000	0	0	0	18,000	18,000	0	
223	Office Materials and Supplies	5,000	0	0	0	5,000	5,000	0	
224	Operational Materials and Supplies	10,000	0	0	0	10,000	9,209	791	
225	Transport and Fuel	72,000	0	0	0	72,000	72,000	0	
227	Other Operational Expenses	53,400	2,000,000	0	3,000,000	5,053,400	5,053,396	5	
231	Utilities	10,000	0	0	0	10,000	9,999	1	
233	Routine Maintenance	20,000	0	-15,000	0	5,000	5,000	0	
271	Office Equipments, Furniture & Fittings	18,800	0	-18,800	0	0	0	0	
Total: 11836 Commission Of Inquiry & Investigations			678,600	2,000,000	-133,800	3,000,000	5,544,800	5,203,700	341,100
Activity/Project: 11839 Exective - Office of Png Vision 2050									
211	Salaries and Allowances	2,519,200	0	-400,000	0	2,119,200	979,833	1,139,367	
212	Wages	0	100,000	0	0	100,000	100,000	0	
213	Overtime	20,000	0	0	0	20,000	19,963	37	
214	Leave fares	11,200	100,000	0	0	111,200	111,200	0	
215	Retirement Benefits, Pensions, Gratuities	211,600	400,000	0	0	611,600	449,711	161,889	
222	Travel and Subsistence	165,000	0	-31,000	0	134,000	133,960	40	



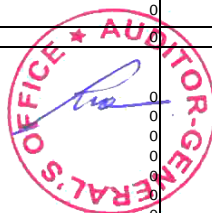
Programme Budgeting Expenditure Classified under Heads of Appropriations  
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	Code	Economic Item Description	Approp	Adjustments		Section 3	Revised Approp	Current Years Expenditure	Variations - (over) / under
				Section 4					
				Increase	Decrease				
				6	7				
223	Office Materials and Supplies	20,000	0	0	0	20,000	19,469	531	
226	Administrative Consultancy Fees	100,000	1,100,000	-60,000	0	1,140,000	1,240,721	-100,721	
227	Other Operational Expenses	170,000	91,000	0	0	261,000	260,999	1	
Total: 11839 Exective - Office of Png Vision 2050			3,217,000	1,791,000	-491,000	0	4,517,000	3,315,855	1,201,145
Total: 0009 National Policy Formulation and Co-ordination Servi			12,187,400	8,711,800	-1,946,500	3,000,000	21,952,700	23,114,451	-1,161,751
Programme: 0013 Support to Prime Minister									
Activity/Project: 10013 Office of the Prime Minister									
222	Travel and Subsistence	2,005,000	0	0	0	2,005,000	2,004,395	605	
223	Office Materials and Supplies	55,500	0	-23,500	0	32,000	32,000	0	
224	Operational Materials and Supplies	200,000	0	-153,000	0	47,000	46,999	1	
225	Transport and Fuel	191,500	0	0	0	191,500	201,500	-10,000	
226	Administrative Consultancy Fees	700,000	0	0	0	700,000	700,000	0	
227	Other Operational Expenses	1,050,000	23,054,400	-2,943,000	0	21,161,400	21,119,901	41,499	
231	Utilities	86,200	0	-48,200	0	38,000	37,967	33	
233	Routine Maintenance	20,000	0	0	0	20,000	19,927	73	
251	Membership Fees, Subscriptions & Contribution	22,300	0	-20,500	0	1,800	1,800	0	
252	Grants/Transfers to Public Authorities	0	806,726	-1,058,300	2,000,000	1,748,426	1,599,917	148,509	
255	Grants/Transfers to Individuals and Non-profit O	0	400,000	-400,000	0	0	0	0	
271	Office Equipments, Furniture & Fittings	83,500	0	-30,000	0	53,500	53,450	50	
273	Motor Vehicles	270,000	1,600,000	-409,200	200,000	1,660,800	1,660,721	79	
276	Construction, Renovation and Improvements	50,000	330,000	0	0	380,000	380,000	0	
Total: 10013 Office of the Prime Minister			4,734,000	26,191,126	-5,085,700	2,200,000	28,039,426	27,858,576	180,850
Activity/Project: 10017 Media Services									
211	Salaries and Allowances	383,900	0	0	0	383,900	32,930	350,970	
212	Wages	40,200	0	0	0	40,200	32,199	8,001	
213	Overtime	6,500	6,500	0	0	13,000	6,500	6,500	
214	Leave fares	57,000	0	0	0	57,000	20,999	36,001	
215	Retirement Benefits, Pensions, Gratuities	32,400	0	0	0	32,400	32,400	0	
221	Domestic Travel and Subsistence	0	0	-40,000	0	0	0	0	
222	Travel and Subsistence	800,000	0	-160,000	0	600,000	599,956	44	
224	Operational Materials and Supplies	40,000	0	0	0	40,000	39,990	10	
227	Other Operational Expenses	277,500	60,000	-40,000	0	297,500	297,499	1	
233	Routine Maintenance	36,000	0	-18,000	0	18,000	17,999	2	
271	Office Equipments, Furniture & Fittings	34,000	0	0	0	34,000	34,000	0	
Total: 10017 Media Services			1,707,500	66,500	-258,000	0	1,516,000	1,114,472	401,528
Activity/Project: 10028 Mirigini House Expenses									
212	Wages	131,000	0	0	0	131,000	130,999	1	
224	Operational Materials and Supplies	76,000	0	0	0	76,000	76,000	0	
231	Utilities	176,400	0	0	0	176,400	176,400	0	
233	Routine Maintenance	95,000	0	0	0	95,000	94,642	358	
Total: 10028 Mirigini House Expenses			478,400	0	0	0	478,400	478,041	359
Activity/Project: 10029 Government Flying Unit									



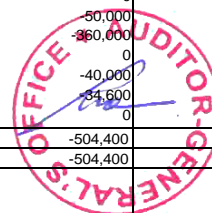
Programme Budgeting Expenditure Classified under Heads of Appropriations  
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		Economic Item		Approp	Adjustments		Section 3	Revised Approp	Current Years Expenditure	Variations - (over) / under	
		Code	Description		Section 4						
					Increase	Decrease					
											6
	211	Salaries and Allowances	607,000	0	0	0	607,000	309,302	297,698		
	212	Wages	68,600	0	-30,000	0	38,600	38,513	87		
	213	Overtime	3,000	15,000	0	0	18,000	19,207	-1,207		
	214	Leave fares	4,500	20,000	0	0	24,500	24,500	0		
	215	Retirement Benefits, Pensions, Gratuities	53,700	230,000	0	0	283,700	288,374	-4,674		
	221	Domestic Travel and Subsistence	0	0	-80,000	0	0	0	0		
	222	Travel and Subsistence	519,100	0	-80,000	0	359,100	355,000	4,100		
	224	Operational Materials and Supplies	465,100	50,000	-80,000	0	435,100	434,763	337		
	227	Other Operational Expenses	186,000	0	0	0	186,000	185,891	109		
	232	Rentals of Property	276,000	0	0	0	276,000	276,000	0		
	233	Routine Maintenance	1,104,000	0	-50,000	0	1,054,000	1,053,969	31		
	275	Plant, Equipment & Machinery	120,000	0	-80,000	0	40,000	39,949	51		
	276	Construction, Renovation and Improvements	38,100	0	0	0	38,100	37,918	182		
	Total: 10029 Government Flying Unit			3,445,100	315,000	-400,000	0	3,360,100	3,063,385	296,715	
	Activity/Project: 10031 PNG Events Protocols & Ceremonies (Events)										
	212	Wages	0	50,000	0	0	0	0	0	0	
	222	Travel and Subsistence	41,100	0	0	0	41,100	0	41,100	0	
	224	Operational Materials and Supplies	40,000	0	0	0	40,000	6,886	33,114	0	
	225	Transport and Fuel	150,000	0	0	0	150,000	15,000	135,000	0	
	226	Administrative Consultancy Fees	209,000	0	-56,000	0	153,000	47,334	105,666	0	
	227	Other Operational Expenses	1,102,000	1,593,500	-100,000	0	2,595,500	54,785	2,540,715	0	
	231	Utilities	33,800	0	0	0	33,800	8,280	25,520	0	
	233	Routine Maintenance	195,000	0	0	0	195,000	19,860	175,140	0	
	271	Office Equipments, Furniture & Fittings	50,000	0	-17,500	0	32,500	2,558	29,942	0	
	276	Construction, Renovation and Improvements	50,000	0	-20,000	0	30,000	0	30,000	0	
	Total: 10031 PNG Events Protocols & Ceremonies (Events)			1,870,900	1,643,500	-193,500	0	3,270,900	154,702	3,116,198	
	Total: 0013 Support to Prime Minister			12,235,900	28,216,126	-5,937,200	2,200,000	36,664,826	32,669,176	3,995,650	
	Programme: 0268 Ministerial Services										
	Activity/Project: 10032 Ministerial Services										
	211	Salaries and Allowances	11,937,400	0	0	0	11,937,400	20,022,372	-8,084,972	0	
	214	Leave fares	0	500,000	0	0	500,000	500,000	0	0	
	215	Retirement Benefits, Pensions, Gratuities	0	500,000	0	0	500,000	1,178,203	-678,203	0	
	227	Other Operational Expenses	100,000	0	0	0	100,000	99,965	35	0	
	Total: 10032 Ministerial Services			12,037,400	1,000,000	0	0	13,037,400	21,800,540	-8,763,140	0
	Activity/Project: 11841 Parliamentary Services										
	211	Salaries and Allowances	352,100	0	0	0	352,100	209,507	142,593	0	
	212	Wages	0	20,000	0	0	20,000	19,973	27	0	
	213	Overtime	5,500	0	0	0	5,500	8,733	-3,233	0	
	214	Leave fares	0	20,000	0	0	20,000	19,982	18	0	
	215	Retirement Benefits, Pensions, Gratuities	26,200	0	0	0	26,200	9,999	16,201	0	
	222	Travel and Subsistence	23,000	0	0	0	23,000	22,997	3	0	
	223	Office Materials and Supplies	25,000	0	0	0	25,000	6,966	18,034	0	
	271	Office Equipments, Furniture & Fittings	10,000	0	-5,000	0	5,000	4,933	67	0	



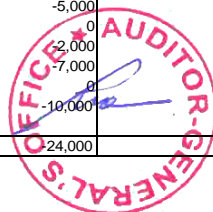
Programme Budgeting Expenditure Classified under Heads of Appropriations  
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	Code	Economic Item Description	Approp	Adjustments		Section 3	Revised Approp	Current Years Expenditure	Variations - (over) / under
				Section 4					
				Increase	Decrease				
				6	7				
Total: 11841 Parliamentary Services		441,800	40,000	-5,000	0	476,800	303,090	173,710	
Total: 0268 Ministerial Services		12,479,200	1,040,000	-5,000	0	13,514,200	22,103,630	-8,589,430	
Programme: 0414 Payments to Bank of PNG									
Activity/Project: 11970 Transitional Government Operation									
227 Other Operational Expenses		0	5,000,000	0	0	5,000,000	4,999,915	85	
Total: 11970 Transitional Government Operation		0	5,000,000	0	0	5,000,000	4,999,915	85	
Total: 0414 Payments to Bank of PNG		0	5,000,000	0	0	5,000,000	4,999,915	85	
Programme: 0467 General Administrative Services									
Activity/Project: 10026 Finance & Administration									
211 Salaries and Allowances		367,600	0	0	0	367,600	2,148,049	-1,780,449	
212 Wages		0	0	0	0	0	12,766	-12,766	
213 Overtime		0	0	0	0	0	525	-525	
215 Retirement Benefits, Pensions, Gratuities		0	0	0	0	0	77,174	-77,174	
Total: 10026 Finance & Administration		367,600	0	0	0	367,600	2,238,514	-1,870,914	
Activity/Project: 10027 State Services									
211 Salaries and Allowances		0	0	0	0	0	372,292	-372,292	
212 Wages		0	0	0	0	0	20,526	-20,526	
Total: 10027 State Services		0	0	0	0	0	392,818	-392,818	
Activity/Project: 11840 Corporate Services									
211 Salaries and Allowances		0	0	0	0	0	15,361	-15,361	
212 Wages		0	0	0	0	0	1,070	-1,070	
215 Retirement Benefits, Pensions, Gratuities		8,800	500,000	0	0	508,800	508,800	0	
222 Travel and Subsistence		100,900	0	-19,800	0	81,100	81,000	100	
223 Office Materials and Supplies		70,000	0	0	0	70,000	69,953	47	
224 Operational Materials and Supplies		170,000	164,600	0	0	334,600	334,600	0	
225 Transport and Fuel		810,500	133,800	0	0	944,300	944,209	91	
226 Administrative Consultancy Fees		20,000	0	0	0	20,000	20,000	0	
227 Other Operational Expenses		355,000	0	50,000	0	305,000	304,999	1	
228 Training		400,000	0	360,000	0	40,000	59,994	-19,994	
233 Routine Maintenance		188,000	0	0	0	188,000	188,000	0	
271 Office Equipments, Furniture & Fittings		385,000	0	40,000	0	345,000	344,615	385	
275 Plant, Equipment & Machinery		176,800	0	34,600	0	142,200	142,200	0	
276 Construction, Renovation and Improvements		450,000	120,000	0	0	570,000	569,999	1	
Total: 11840 Corporate Services		3,135,000	918,400	-504,400	0	3,549,000	3,584,799	-35,799	
Total: 0467 General Administrative Services		3,502,600	918,400	-504,400	0	3,916,600	6,216,130	-2,299,530	
Programme: NA Not Applicable									
Activity/Project: 11292 Department of Prime Minister & NEC									



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		Economic Item		Approp	Adjustments		Section 3	Revised Approp	Current Years Expenditure	Variations - (over) / under	
		Code	Description		Section 4						
					Increase	Decrease					
				6	7	8	9	8=(6+7-8+9)	9	10 = (8-9)	
		211	Salaries and Allowances		0	0	0	0	0	1,074,969	-1,074,969
		212	Wages		0	0	0	0	0	70,147	-70,147
		213	Overtime		0	0	0	0	0	70,513	-70,513
		215	Retirement Benefits, Pensions, Gratuities		0	0	0	0	0	188,846	-188,846
		219	Unidentified Alesco Payroll Expenditure		0	0	0	0	0	-34,098	34,098
		227	Other Operational Expenses		0	0	0	0	0	6,833	-6,833
		276	Construction, Renovation and Improvements		0	0	0	0	0	133,500	-133,500
		529	Inter-entity Balancing Account		0	0	0	0	0	10,133,460	-10,133,460
		Total: 11292 Department of Prime Minister & NEC			0	0	0	0	0	11,644,169	-11,644,169
		Total: NA Not Applicable			0	0	0	0	0	11,644,169	-11,644,169
		Total: 1102 Executive Services			40,405,100	55,886,326	-8,393,100	5,200,000	85,048,326	104,747,371	-19,699,045
		Total: 70111 Executive And Legislative Organs (Cs)			40,405,100	55,886,326	-8,393,100	5,200,000	85,048,326	104,747,371	-19,699,045
		Programme Function: 70113 External Affairs (Cs)									
		Main Programme: 1501 General Personnel Policies and Procedures Co-ordination									
		Programme: 0417 Bilateral Creditors									
		Activity/Project: 11974 Royal Visit									
		227	Other Operational Expenses		0	14,000,000	-3,000,000	0	11,000,000	10,999,915	85
		Total: 11974 Royal Visit			0	14,000,000	-3,000,000	0	11,000,000	10,999,915	85
		Total: 0417 Bilateral Creditors			0	14,000,000	-3,000,000	0	11,000,000	10,999,915	85
		Total: 1501 General Personnel Policies and Procedures Co-ordination			0	14,000,000	-3,000,000	0	11,000,000	10,999,915	85
		Total: 70113 External Affairs (Cs)			0	14,000,000	-3,000,000	0	11,000,000	10,999,915	85
		Programme Function: 70130 General Services									
		Main Programme: 1102 Executive Services									
		Programme: 0009 National Policy Formulation and Co-ordination Services									
		Activity/Project: 11833 Systems Compliance & Risk Management									
		211	Salaries and Allowances		247,300	0	0	0	247,300	17,752	229,548
		213	Overtime		3,000	0	0	0	3,000	400	2,600
		215	Retirement Benefits, Pensions, Gratuities		33,000	0	0	0	33,000	33,000	0
		221	Domestic Travel and Subsistence		0	5,000	-5,000	0	5,000	0	5,000
		222	Travel and Subsistence		0	0	0	0	-5,000	0	-5,000
		223	Office Materials and Supplies		5,000	0	0	0	3,000	3,000	0
		224	Operational Materials and Supplies		22,000	0	0	0	15,000	15,000	0
		227	Other Operational Expenses		0	7,000	0	0	7,000	0	7,000
		271	Office Equipments, Furniture & Fittings		10,000	0	0	0	0	0	0
		Total: 11833 Systems Compliance & Risk Management			320,300	12,000	-24,000	0	308,300	69,152	239,148



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		Economic Item		Approp	Adjustments			Section 3	Revised Approp	Current Years Expenditure	Variations - (over) / under
		Code	Description		Section 4						
					Increase	Decrease					
Activity/Project: 11838 Performance Management & Reporting											
		211	Salaries and Allowances	565,900							
		212	Wages	41,000	100,000	0	0	141,000	124,540	16,460	
		213	Overtime	9,500	0	0	0	9,500	3,100	6,400	
		214	Leave fares	10,000	0	0	0	10,000	4,993	5,007	
		215	Retirement Benefits, Pensions, Gratuities	48,500	20,000	0	0	68,500	14,126	54,374	
		222	Travel and Subsistence	54,000	5,000	0	0	59,000	48,870	10,130	
		223	Office Materials and Supplies	15,000	0	-5,000	0	10,000	9,746	254	
		227	Other Operational Expenses	50,000	32,000	0	0	82,000	81,856	144	
		271	Office Equipments, Furniture & Fittings	42,000	0	-32,000	0	10,000	9,998	2	
		Total: 11838 Performance Management & Reporting		835,900	157,000	-37,000	0	955,900	507,475	448,425	
		Total: 0009 National Policy Formulation and Co-ordination Servi		1,156,200	169,000	-61,000	0	1,264,200	576,627	687,573	
Activity/Project: 11842 PNG Events Protocols & Ceremonies (Protocol)											
		211	Salaries and Allowances	640,100							
		212	Wages		0	0	0	37,000	46,250	-9,250	
		213	Overtime		0	0	0	24,500	29,690	-5,190	
		214	Leave fares		15,000	0	0	74,000	74,000	0	
		215	Retirement Benefits, Pensions, Gratuities		0	0	0	42,200	42,199	1	
		222	Travel and Subsistence		0	-50,000	0	656,800	656,703	97	
		224	Operational Materials and Supplies		0	-50,000	0	100,000	99,994	6	
		227	Other Operational Expenses		0	-100,000	0	900,000	884,967	15,033	
		271	Office Equipments, Furniture & Fittings		0	0	0	58,000	58,000	0	
		Total: 11842 PNG Events Protocols & Ceremonies (Protoc		2,717,600	15,000	-200,000	0	2,532,600	2,079,739	452,861	
		Total: 0013 Support to Prime Minister		2,717,600	15,000	-200,000	0	2,532,600	2,079,739	452,861	
		Total: 1102 Executive Services		3,873,800	184,000	-261,000	0	3,796,800	2,656,366	1,140,434	
		Total: 21051 Community College		7,921,000	0	0	0	0	0	0	
		Total: 0655 Government Buildings Maintenance		7,921,000	0	0	0	0	0	0	
		Total: 1906 Government Buildings Administration		10,638,600	15,000	-200,000	0	2,532,600	2,079,739	452,861	



Programme Budgeting Expenditure Classified under Heads of Appropriations  
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for the period ended 31 December 2012									
	Code	Economic Item Description	Approp	Adjustments		Section 3	Revised Approp	Current Years Expenditure	Variations - (over) / under
				Section 4					
				Increase	Decrease				
				6	7				
Total: 11233 New Ireland Provincial Government			39,185,300	0	0	0	39,185,300	58,863,950	-19,678,650
Activity/Project: 20523 New Ireland Provincial Government MNDG									
252 Grants/Transfers to Public Authorities			750,000	0	0	0	750,000	250,000	500,000
Total: 20523 New Ireland Provincial Government MNDG			750,000	0	0	0	750,000	250,000	500,000
Total: 0406 Provincial Grants			39,935,300	0	0	0	39,935,300	59,113,950	-19,178,650
Programme: 0434 Conditional Grants - PIP									
Activity/Project: 20524 Special Support Grant-Nimarmar Spa									
252 Grants/Transfers to Public Authorities			2,600,000	0	0	0	2,600,000	2,600,000	0
Total: 20524 Special Support Grant-Nimarmar Spa			2,600,000	0	0	0	2,600,000	2,600,000	0
Activity/Project: 20691 New Ireland Provincial Government SSG									
252 Grants/Transfers to Public Authorities			10,300,000	0	0	0	10,300,000	10,300,000	0
Total: 20691 New Ireland Provincial Government SSG			10,300,000	0	0	0	10,300,000	10,300,000	0
Total: 0434 Conditional Grants - PIP			12,900,000	0	0	0	12,900,000	12,900,000	0
Total: 4101 General Transfers to Provincial Governments			52,835,300	0	0	0	52,835,300	72,013,950	-19,178,650
Main Programme: 4102 General Transfers to Local Governments									
Programme: 0407 Local Level Government Grants									
Activity/Project: 11234 Murat Local Level Government									
252 Grants/Transfers to Public Authorities			29,000	0	0	0	29,000	29,000	0
Total: 11234 Murat Local Level Government			29,000	0	0	0	29,000	29,000	0
Activity/Project: 11235 Lavongai Local Level Government									
252 Grants/Transfers to Public Authorities			147,500	0	0	0	147,500	147,500	0
Total: 11235 Lavongai Local Level Government			147,500	0	0	0	147,500	147,500	0
Activity/Project: 11236 Tikana Local Level Government									
252 Grants/Transfers to Public Authorities			163,500	0	0	0	163,500	163,500	0
Total: 11236 Tikana Local Level Government			163,500	0	0	0	163,500	163,500	0
Activity/Project: 11237 Namatanai Local Level Government									
252 Grants/Transfers to Public Authorities			152,800	0	0	0	152,800	152,800	0
Total: 11237 Namatanai Local Level Government			152,800	0	0	0	152,800	152,800	0
Activity/Project: 11238 Sentral Niu Ailan Llg									
252 Grants/Transfers to Public Authorities			151,600	0	0	0	151,600	151,600	0
Total: 11238 Sentral Niu Ailan Llg			151,600	0	0	0	151,600	151,600	0

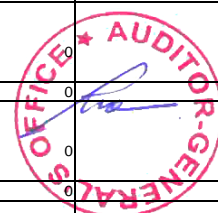


Programme Budgeting Expenditure Classified under Heads of Appropriations  
for the period ended 31 December 2012

	Code	Economic Item Description	Approp	Adjustments		Section 3	Revised Approp	Current Years Expenditure	Variations - (over) / under
				Section 4					
				Increase	Decrease				
				6	7				
Activity/Project: 11239 Konoagil Local Level Government									
252 Grants/Transfers to Public Authorities			69,200	0	0	0	69,200	69,200	0
Total: 11239 Konoagil Local Level Government			69,200	0	0	0	69,200	69,200	0
Total: 11240 Tanir Local Level Government			71,000	0	0	0	71,000	71,000	0
Activity/Project: 11241 Nimamar Local Level Government									
252 Grants/Transfers to Public Authorities			106,800	0	0	0	106,800	106,800	0
Total: 11241 Nimamar Local Level Government			106,800	0	0	0	106,800	106,800	0
Activity/Project: 11242 Kavieng Urban Local Level Govt.									
252 Grants/Transfers to Public Authorities			296,700	0	0	0	296,700	296,700	0
Total: 11242 Kavieng Urban Local Level Govt.			296,700	0	0	0	296,700	296,700	0
Total: 0407 Local Level Government Grants			1,188,100	0	0	0	1,188,100	1,188,100	0
Total: 4102 General Transfers to Local Governments			14,088,100	0	0	0	14,088,100	14,088,100	0
Total: 70180 Tran Ofa Gen Char Bet Diff Lvl Of Gov			54,023,400	0	0	0	54,023,400	73,202,050	-19,178,650
Total: 4 Multi-functional Expenditure			3,000,000	0	0	0	3,000,000	3,000,000	0
Total: 587 New Ireland Provincial Government			9,400,000	0	0	0	9,400,000	9,400,000	0
211 Salaries and Allowances			0	0	0	0	0	24,931	-24,931
213 Overtime			0	0	0	0	0	1,155	-1,155
252 Grants/Transfers to Public Authorities			77,036,500	0	0	0	77,036,500	80,908,723	-3,872,223
529 Inter-entity Balancing Account			0	0	0	0	0	8,940,338	-8,940,338
Provincial Government: 588 East New Britain Provincial Government									
Affairs: 4 Multi-functional Expenditure									
Programme Function: 70180 Tran Ofa Gen Char Bet Diff Lvl Of Gov									
Main Programme: 4101 General Transfers to Provincial Governments									
Programme: 0408 Provincial Grants									
Activity/Project: 11243 East New Britain Provincial Government									
Total: 11243 East New Britain Provincial Government			77,036,500	0	0	0	77,036,500	89,875,147	-12,838,647
Activity/Project: 20525 East New Britain Provincial Government MNDG									
252 Grants/Transfers to Public Authorities			1,250,000	0	0	0	1,250,000	750,000	500,000
Total: 20525 East New Britain Provincial Government MND			1,250,000	0	0	0	1,250,000	750,000	500,000
Total: 0408 Provincial Grants			78,286,500	0	0	0	78,286,500	90,625,147	-12,338,647

Programme Budgeting Expenditure Classified under Heads of Appropriations  
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	Code	Economic Item Description	Approp	Adjustments		Section 3	Revised Approp	Current Years Expenditure	Variations - (over) / under
				Section 4					
				Increase	Decrease				
			6	7	8	9	8=(6+7-8+9)	9	10 = (8-9)
						</			



Programme Budgeting Expenditure Classified under Heads of Appropriations  
for the period ended 31 December 2012

	Code	Economic Item Description	Approp	Adjustments		Section 3	Revised Approp	Current Years Expenditure	Variations - (over) / under
				Section 4					
				Increase	Decrease				
			6	7	8	9	8=(6+7-8+9)	9	10 = (8-9)
		Total: 11253 Bitapaka Local Level Govt.	112,000	0	0	0	112,000	112,000	0
		Activity/Project: 11254 Duke of York Local Level Govt.							
	252	Grants/Transfers to Public Authorities	78,100	0	0	0	78,100	78,100	0
		Total: 11254 Duke of York Local Level Govt.	78,100	0	0	0	78,100	78,100	0
		Activity/Project: 11255 West Pomio - Mamusi Local Level Govt.							
	252	Grants/Transfers to Public Authorities	134,900	0	0	0	134,900	134,900	0
		Total: 11255 West Pomio - Mamusi Local Level Govt.	134,900	0	0	0	134,900	134,900	0
		Activity/Project: 11256 Melkoi Local Level Government							
	252	Grants/Transfers to Public Authorities	99,200	0	0	0	99,200	99,200	0
		Total: 11256 Melkoi Local Level Government	99,200	0	0	0	99,200	99,200	0
		Activity/Project: 11257 Central - Inland Pomio Local Level Govt.							
	252	Grants/Transfers to Public Authorities	197,300	0	0	0	197,300	197,300	0
		Total: 11257 Central - Inland Pomio Local Level Govt.	197,300	0	0	0	197,300	197,300	0
		Activity/Project: 11258 East Pomio Local Level Govt.							
	252	Grants/Transfers to Public Authorities	72,000	0	0	0	72,000	72,000	0
		Total: 11258 East Pomio Local Level Govt.	72,000	0	0	0	72,000	72,000	0
		Activity/Project: 11259 Sinivit Local Level Government							
	252	Grants/Transfers to Public Authorities	152,100	0	0	0	152,100	152,100	0
		Total: 11259 Sinivit Local Level Government	152,100	0	0	0	152,100	152,100	0
		Activity/Project: 11260 Rabaul Urban Local Level Government							
	252	Grants/Transfers to Public Authorities	196,700	0	0	0	196,700	196,700	0
		Total: 11260 Rabaul Urban Local Level Government	196,700	0	0	0	196,700	196,700	0
		Activity/Project: 11261 Kokopo - Vunamani Urban Local Level Govt.							
	252	Grants/Transfers to Public Authorities	430,800	0	0	0	430,800	430,800	0
		Total: 11261 Kokopo - Vunamani Urban Local Level Govt.	430,800	0	0	0	430,800	430,800	0
		Total: 0409 Local Level Government Grants	2,460,200	0	0	0	2,460,200	2,460,200	0
		Total: 4402 General Transfers to Local Governments	2,460,200	0	0	0	2,460,200	2,460,200	0
		Total: 70480 Tran-Ofa Gen-Char-Bet-Diff-Lvl-Of-Gov	80,746,700	0	0	0	80,746,700	93,085,347	12,338,647
		Total: 4 Multi-functional Expenditure	80,746,700	0	0	0	80,746,700	93,085,347	12,338,647

Programme Budgeting Expenditure Classified under Heads of Appropriations  
for the period ended 31 December 2012

	Code	Economic Item Description	Approp	Adjustments		Section 3	Revised Approp	Current Years Expenditure	Variations - (over) / under
				Section 4					
				Increase	Decrease				
				6	7				
Total: 588 East New Britain Provincial Government			80,746,700	0	0	0	80,746,700	93,085,347	-12,338,647

Provincial Government: 589 West New Britain Provincial Government									
Affairs: 4 Multi-functional Expenditure									
Programme Function: 70180 Tran Ofa Gen Char Bet Diff Lvl Of Gov									
Main Programme: 4101 General Transfers to Provincial Governments									
Programme: 0410 Provincial Grants									
Activity/Project: 11262 West New Britain Provincial Government									
211	Salaries and Allowances	0	0	0	0	0	0	0	0
215	Retirement Benefits, Pensions, Gratuities	0	0	0	0	0	0	0	0
252	Grants/Transfers to Public Authorities	58,625,300	0	0	0	58,625,300	64,912,118	-6,286,818	
299	Trust Expenditure	0	0	0	0	0	-6,800,000	6,800,000	
529	Inter-entity Balancing Account	0	0	0	0	0	10,671,706	-10,671,706	
Total: 11262 West New Britain Provincial Government			58,625,300	0	0	0	58,625,300	68,783,824	-10,158,524
Activity/Project: 20531 West New Britain Provincial Government MNDG									
252	Grants/Transfers to Public Authorities	750,000	0	0	0	750,000	250,000	500,000	
Total: 20531 West New Britain Provincial Government MN			750,000	0	0	0	750,000	250,000	500,000
Total: 0410 Provincial Grants			59,375,300	0	0	0	59,375,300	69,033,824	-9,658,524
Total: 4101 General Transfers to Provincial Governments			59,375,300	0	0	0	59,375,300	69,033,824	-9,658,524
Main Programme: 4102 General Transfers to Local Governments									
Programme: 0421 Local Level Government Grants									
Activity/Project: 11263 Talasia Local Level Government									
252	Grants/Transfers to Public Authorities	155,900	0	0	0	155,900	155,900	0	
Total: 11263 Talasia Local Level Government			155,900	0	0	0	155,900	155,900	0
Activity/Project: 11264 Mosa Local Level Government									
252	Grants/Transfers to Public Authorities	188,700	0	0	0	188,700	188,700	0	
Total: 11264 Mosa Local Level Government			188,700	0	0	0	188,700	188,700	0
Activity/Project: 11265 Hoskins Local Level Government									
252	Grants/Transfers to Public Authorities	146,900	0	0	0	146,900	146,900	0	
Total: 11265 Hoskins Local Level Government			146,900	0	0	0	146,900	146,900	0
Activity/Project: 11266 Bialla Local Level Govrnmnt									
252	Grants/Transfers to Public Authorities	274,900	0	0	0	274,900	274,900	0	
Total: 11266 Bialla Local Level Govrnmnt			274,900	0	0	0	274,900	274,900	0
Activity/Project: 11267 Bali Witu Local Level Government									
252	Grants/Transfers to Public Authorities	104,400	0	0	0	104,400	104,400	0	

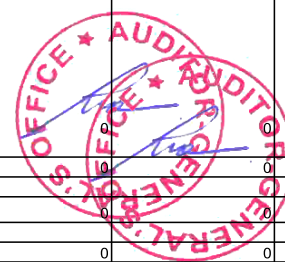


Programme Budgeting Expenditure Classified under Heads of Appropriations  
for the period ended 31 December 2012

	Code	Economic Item Description	Approp	Adjustments		Section 3	Revised Approp	Current Years Expenditure	Variations - (over) / under
				Section 4					
				Increase	Decrease				
				6	7				
Total: 11267 Bali Witu Local Level Government		104,400	0	0	0	104,400	104,400	0	
Activity/Project: 11268 Gasmata Local Level Govt.									
252	Grants/Transfers to Public Authorities	88,000	0	0	0	88,000	88,000	0	
Total: 11268 Gasmata Local Level Govt.		88,000	0	0	0	88,000	88,000	0	
Activity/Project: 11269 Kandrian Inland Local Level Govt.									
252	Grants/Transfers to Public Authorities	97,800	0	0	0	97,800	97,800	0	
Total: 11269 Kandrian Inland Local Level Govt.		97,800	0	0	0	97,800	97,800	0	
Activity/Project: 11270 Kandrian Coastal Local Level Govt.									
252	Grants/Transfers to Public Authorities	122,900	0	0	0	122,900	122,900	0	
Total: 11270 Kandrian Coastal Local Level Govt.		122,900	0	0	0	122,900	122,900	0	
Activity/Project: 11271 Gloucester Local Level Govt.									
252	Grants/Transfers to Public Authorities	90,800	0	0	0	90,800	90,800	0	
Total: 11271 Gloucester Local Level Govt.		90,800	0	0	0	90,800	90,800	0	
Activity/Project: 11272 Kaliai/Kove Local Level Govt.									
252	Grants/Transfers to Public Authorities	144,400	0	0	0	144,400	144,400	0	
Total: 11272 Kaliai/Kove Local Level Govt.		144,400	0	0	0	144,400	144,400	0	
Activity/Project: 11273 Kimbe Urban Local Level Govt.									
252	Grants/Transfers to Public Authorities	373,400	0	0	0	373,400	373,400	0	
Total: 11273 Kimbe Urban Local Level Govt.		373,400	0	0	0	373,400	373,400	0	
Total: 0421 Local Level Government Grants		1,788,100	0	0	0	1,788,100	1,788,100	0	
Total: 4102 General Transfers to Local Governments		1,788,100	0	0	0	1,788,100	1,788,100	0	
Total: 70180 Tran Ofa Gen Char Bet Diff Lvl Of Gov		61,163,400	0	0	0	61,163,400	70,821,924	-9,658,524	
Programme Function: NA Not Applicable									
Main Programme: 4203 Other Multi-Functional Development Projects									
Programme: 0410 Provincial Grants									
Activity/Project: 21886 District Support Improvement Program-WNB									
252	Grants/Transfers to Public Authorities	0	0	0	0	0	6,800,000	-6,800,000	
Total: 21886 District Support Improvement Program-WNB		0	0	0	0	0	6,800,000	-6,800,000	
Activity/Project: 21887 Provincial Support Improvement Program-WNB									
252	Grants/Transfers to Public Authorities	0	0	0	0	0	0	0	
Total: 21887 Provincial Support Improvement Program-WNB		0	0	0	0	0	0	0	

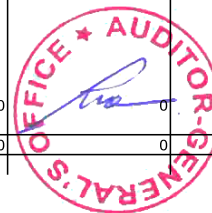
Programme Budgeting Expenditure Classified under Heads of Appropriations  
for the period ended 31 December 2012

	Code	Economic Item Description	Approp	Adjustments		Section 3	Revised Approp	Current Years Expenditure	Variations - (over) / under
				Section 4					
				Increase	Decrease				
			6	7	8	9	8=(6+7-8+9)	9	10 = (8-9)
Total: 0410 Provincial Grants			0	0	0	0	0	6,800,000	-6,800,000
Total: 4203 Other Multi-Functional Development Projects			0	0	0	0	0	6,800,000	-6,800,000
Total: NA Not Applicable			0	0	0	0	0	6,800,000	-6,800,000
Total: 4 Multi-functional Expenditure			61,163,400	0	0	0	61,163,400	70,821,924	-9,658,524
Total: 589 West New Britain Provincial Government			61,163,400	0	0	0	61,163,400	77,621,924	-16,458,524
Provincial Government: 590 Bougainville Autonomous Government									
Affairs: 1 General Governmental Affairs									
Programme Function: 70180 Tran Ofa Gen Char Bet Diff Lvl Of Gov									
Main Programme: 1401 National/Provincial Governments Affairs Co-ordination									
Programme: 0651 Support Services to Provincial Government									
Activity/Project: 20552 Restoration and Development Grant									
252 Grants/Transfers to Public Authorities			100,000,000	0	0	0	100,000,000	100,000,000	0
Total: 20552 Restoration and Development Grant			100,000,000	0	0	0	100,000,000	100,000,000	0
Total: 0651 Support Services to Provincial Government			100,000,000	0	0	0	100,000,000	100,000,000	0
Total: 1401 National/Provincial Governments Affairs Co-ordination			100,000,000	0	0	0	100,000,000	100,000,000	0
Main Programme: 1703 Tribunal and Community Dispute Settlement Services									
Programme: 0350 Community Justice									
Activity/Project: 20541 Community Policing									
229 Other Category for Donor Funded Projects			4,994,000	0	0	0	4,994,000	0	4,994,000
Total: 20541 Community Policing			4,994,000	0	0	0	4,994,000	0	4,994,000
Total: 0350 Community Justice			4,994,000	0	0	0	4,994,000	0	4,994,000
Total: 1703 Tribunal and Community Dispute Settlement Services			4,994,000	0	0	0	4,994,000	0	4,994,000
Total: 70180 Tran Ofa Gen Char Bet Diff Lvl Of Gov			104,994,000	0	0	0	104,994,000	100,000,000	4,994,000
Total: 1 General Governmental Affairs			104,994,000	0	0	0	104,994,000	100,000,000	4,994,000
Affairs: 2 Community and Social Affairs									
Programme Function: 70900 Education									
Main Programme: 2302 Welfare Services									
Programme: 0651 Support Services to Provincial Government									
Activity/Project: 21482 Osi Tanata (Skills for Young People)									
228 Training			480,000	0	0	0	480,000	0	480,000
Total: 21482 Osi Tanata (Skills for Young People)			480,000	0	0	0	480,000	0	480,000



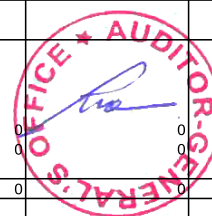
Programme Budgeting Expenditure Classified under Heads of Appropriations  
for the period ended 31 December 2012

for the period ended 31 December 2012									
	Code	Economic Item Description	Approp	Adjustments		Section 3	Revised Approp	Current Years Expenditure	Variations - (over) / under
				Section 4					
				Increase	Decrease				
			6	7	8	9	8=(6+7-8+9)	9	10 = (8-9)
Total: 0651 Support Services to Provincial Government			480,000	0	0	0	480,000	0	480,000
Total: 2302 Welfare Services			480,000	0	0	0	480,000	0	480,000
Total: 70900 Education			480,000	0	0	0	480,000	0	480,000
Programme Function: 71000 Social Protection Main Programme: 2302 Welfare Services Programme: 0651 Support Services to Provincial Government Activity/Project: 21481 Leitana Nehan (Counselling for Victims of Abuse) 228 Training			480,000	0	0	0	480,000	0	480,000
Total: 21481 Leitana Nehan (Counselling for Victims of Ab			480,000	0	0	0	480,000	0	480,000
Total: 0651 Support Services to Provincial Government			480,000	0	0	0	480,000	0	480,000
Total: 2302 Welfare Services			480,000	0	0	0	480,000	0	480,000
Total: 71000 Social Protection			480,000	0	0	0	480,000	0	480,000
Total: 2 Community and Social Affairs			480,000	0	0	0	480,000	0	480,000
Affairs: 3 Economic Affairs Programme Function: 70122 Economic Aid Routed Through Internat Organ(Cs) Main Programme: 3601 Road Transport Services Programme: 0349 Construction and Rehabilitation Of Bridges Activity/Project: 21002 JICA Bougainville Bridges 278 Procurement Category for Donor Funded Projec			27,485,000	0	0	0	27,485,000	0	27,485,000
Total: 21002 JICA Bougainville Bridges			27,485,000	0	0	0	27,485,000	0	27,485,000
Total: 0349 Construction and Rehabilitation Of Bridges			27,485,000	0	0	0	27,485,000	0	27,485,000
Total: 3601 Road Transport Services			27,485,000	0	0	0	27,485,000	0	27,485,000
Total: 70122 Economic Aid Routed Through Internat Organ(Cs)			27,485,000	0	0	0	27,485,000	0	27,485,000
Total: 3 Economic Affairs			27,485,000	0	0	0	27,485,000	0	27,485,000
Affairs: 4 Multi-functional Expenditure Programme Function: 70111 Executive And Legislative Organs (Cs) Main Programme: 4101 General Transfers to Provincial Governments Programme: 0308 General Administrative Services Activity/Project: 20674 Reconstruction of District Facilities 227 Other Operational Expenses			0	0	0	0	0	0	0
Total: 20674 Reconstruction of District Facilities			0	0	0	0	0	0	0



Programme Budgeting Expenditure Classified under Heads of Appropriations  
for the period ended 31 December 2012

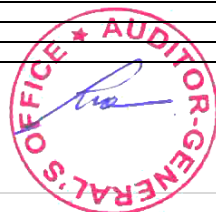
	Code	Economic Item Description	Approp	Adjustments		Section 3	Revised Approp	Current Years Expenditure	Variations - (over) / under
				Section 4					
				Increase	Decrease				
			6	7	8	9	8=(6+7-8+9)	9	10 = (8-9)
Total: 0308 General Administrative Services			0	0	0	0	0	0	0
Total: 4101 General Transfers to Provincial Governments			0	0	0	0	0	0	0
Total: 70111 Executive And Legislative Organs (Cs)			0	0	0	0	0	0	0
Programme Function: 70180 Tran Ofa Gen Char Bet Diff Lvl Of Gov									
Main Programme: 4101 General Transfers to Provincial Governments									
Programme: 0422 Provincial Grants									
Activity/Project: 11274 Bougainville Autonomous Government									
252		Grants/Transfers to Public Authorities	78,395,700	0	0	0	78,395,700	80,592,505	-2,196,805
529		Inter-entity Balancing Account	0	0	0	0	0	-1,858,748	1,858,748
Total: 11274 Bougainville Autonomous Government			78,395,700	0	0	0	78,395,700	78,733,757	-338,057
Activity/Project: 20532 Bougainville Autonomous Government MNDG									
252		Grants/Transfers to Public Authorities	1,000,000	0	0	0	1,000,000	750,000	250,000
Total: 20532 Bougainville Autonomous Government MND			1,000,000	0	0	0	1,000,000	750,000	250,000
Total: 0422 Provincial Grants			79,395,700	0	0	0	79,395,700	79,483,757	-88,057
Programme: 0435 Conditional Grants - PIP									
Activity/Project: 20545 Bougainville Govern Implementation Fund									
229		Other Category for Donor Funded Projects	2,881,000	0	0	0	2,881,000	0	2,881,000
Total: 20545 Bougainville Govern Implementation Fund			2,881,000	0	0	0	2,881,000	0	2,881,000
Total: 0435 Conditional Grants - PIP			2,881,000	0	0	0	2,881,000	0	2,881,000
Total: 4101 General Transfers to Provincial Governments			82,276,700	0	0	0	82,276,700	79,483,757	2,792,943
Total: 70180 Tran Ofa Gen Char Bet Diff Lvl Of Gov			82,276,700	0	0	0	82,276,700	79,483,757	2,792,943
Programme Function: 70360 Public Order And Safety N.E.C.									
Main Programme: 4101 General Transfers to Provincial Governments									
Programme: 0352 Support for Persons and Groups with Special Needs									
Activity/Project: 21483 Inclusive Development in Post Conflict Bougainville									
229		Other Category for Donor Funded Projects	2,029,000	0	0	0	2,029,000	0	2,029,000
Total: 21483 Inclusive Development in Post Conflict Boug			2,029,000	0	0	0	2,029,000	0	2,029,000
Total: 0352 Support for Persons and Groups with Special Needs			2,029,000	0	0	0	2,029,000	0	2,029,000
Total: 4101 General Transfers to Provincial Governments			2,029,000	0	0	0	2,029,000	0	2,029,000
Total: 70360 Public Order And Safety N.E.C.			2,029,000	0	0	0	2,029,000	0	2,029,000





# Audit Observations on the Financial Statements and the Public Accounts

	Code	Economic Item Description	Approp 6	Adjustments		Section 3 9	Revised Approp 8=(6+7-8+9)	Current Years Expenditure 9	Variations - (over) / under 10 = (8-9)
				Section 4 Increase 7	Decrease 8				
Total: 4 Multi-functional Expenditure			0	0	0	0	0	0	0
Total: 590 Bougainville Autonomous Government			104,994,000	0	0	0	104,994,000	100,000,000	4,994,000
Provincial Government: 591 Hela Provincial Government									
Affairs: 4 Multi-functional Expenditure									
Programme Function: 70180 Tran Ofa Gen Char Bet Diff Lvl Of Gov									
Main Programme: 4101 General Transfers to Provincial Governments									
Programme: 0430 Conditional Grants - PIP									
Activity/Project: 20492 Hides Special Purpose Authority									
252 Grants/Transfers to Public Authorities									
			3,900,000	0	0	0	3,900,000	7,800,000	-3,900,000
Total: 20492 Hides Special Purpose Authority			3,900,000	0	0	0	3,900,000	7,800,000	-3,900,000
Total: 0430 Conditional Grants - PIP			3,900,000	0	0	0	3,900,000	7,800,000	-3,900,000
Total: 4101 General Transfers to Provincial Governments			3,900,000	0	0	0	3,900,000	7,800,000	-3,900,000
Total: 70180 Tran Ofa Gen Char Bet Diff Lvl Of Gov			3,900,000	0	0	0	3,900,000	7,800,000	-3,900,000
Programme Function: NA Not Applicable									
Main Programme: 4203 Other Multi-Functional Development Projects									
Programme: 0642 General Multi-Departmental Payments									
Activity/Project: 21899 District Support Improvement Program-Hela									
252 Grants/Transfers to Public Authorities									
			0	0	0	0	0	0	0
Total: 21899 District Support Improvement Program-Hela			0	0	0	0	0	0	0
Total: 0642 General Multi-Departmental Payments			0	0	0	0	0	0	0
Total: 4203 Other Multi-Functional Development Projects			0	0	0	0	0	0	0
Total: NA Not Applicable			0	0	0	0	0	0	0
Total: 4 Multi-functional Expenditure			3,900,000	0	0	0	3,900,000	7,800,000	-3,900,000
Total: 591 Hela Provincial Government			3,900,000	0	0	0	3,900,000	7,800,000	-3,900,000
Total Provincial Governments Expenditure			1,630,809,700	22,350,000	-8,350,000	0	1,644,809,700	1,792,864,107	-148,054,407
Grand Total Expenditure			13,122,061,100	1,299,206,902	-1,320,380,576	0	13,122,061,100	11,782,521,566	1,339,539,534





## **SECTION “B”-**

# **AUDIT OBSERVATIONS BY THE AUDITOR-GENERAL ON THE GOVERNMENT’S FINANCIAL STATEMENTS AND THE PUBLIC ACCOUNTS**



## **5.0 INTRODUCTION**

I was not able to express an audit opinion on the government's financial statements due to material limitation of scope. Therefore, I have expressed a Disclaimer of Opinion, it means that I was not able to obtain sufficient audit evidence and was unable to express an opinion on the financial statements.

The Government's financial statements convey a summarised financial overview of its various activities which includes the following listed below:-

- Appropriation of funds to be available, received and expended by the State;
- Receipts and expenditure for the year;
- Cash position at the end of the year;
- Borrowings and Investments by the State;
- Losses by the State; and
- On Lending and Guarantees given by the State.

My opinion expresses the fact that Public Account of the Government of Papua New Guinea was not maintained and kept in accordance with the legislation. Secondly, the receipts and payments and investment of moneys, including the acquisition and disposal of assets, for the financial period ending 31 December 2012 have not been properly accounted for in accordance with the legislation and they had not been fully disclosed in the financial statements. I have stated that I am unable to form an opinion for the reasons as stated in paragraphs 5.2.3 below.

## **6.0 BACKGROUND INFORMATION ON MY AUDIT OPINION**

In giving my opinion on the Government's financial statements, it is important to understand that I am not guaranteeing the absolute accuracy of the statements. Every year, the Government enters into millions of transactions involving millions of kina. Errors occur, and many such errors may have gone undetected. When I audit the Government's statements, I seek reasonable assurance that they do not contain errors, the total effect of which would be material enough to mislead the reader.

### **6.1 Mandate for my Audit of the Government's Financial Statements**

The mandate for my audit of the Government's financial statements is contained in *Section 214 of the Constitution*. It requires me (the Auditor-General) to audit the Public Account annually and report to the Parliament. Pursuant to this requirement, my Office has traditionally audited each of the Statements and reported on them to Parliament.

### **6.2 An Overview of my Audit Report**

My audit opinion on the Government's financial statements consisted of four paragraphs followed by three reservations. The paragraphs include:

- ✓ Opening/introductory paragraph on the scope of the audit;
- ✓ Second paragraph is on the "*Responsibilities for Preparation of the financial Statements*";
- ✓ Third paragraph is on the "*Responsibilities of The Auditor-General*"; and
- ✓ Fourth paragraph is the "*Opinion*" paragraph, and it contains my conclusions about the government's financial statements.

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## *Audit Observations on the Financial Statements and the Public Accounts*

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### The Introduction Paragraph

The Introduction Paragraph begins by listing the financial statements covered by my opinion. The financial statements, and the information they convey, are summarised below:

<u>Financial Statements</u>	<u>Information Conveyed</u>
• Statement 'A'	<b>Statement of Public Account Balances.</b> This is the Statement of cash position for the Government at year-end.
• Statement 'B'	<b>Consolidated Revenue Fund – Receipts and expenditure.</b> The Statement summaries the receipts and expenditure for the year;
• Statement 'C'	<b>Trust Fund Receipts and Expenditure.</b> This Statement shows the list of monies held by the Government for other persons or purposes;
• Statement 'D'	<b>Statement of Sources and Application of Funds.</b> This Statement shows the details of the sources and application of funds during the year;
• Statement 'E'	<b>Trust Fund- Particulars of Investments.</b> This Statement shows details of Trust Account funds/monies that have been invested;
• Statement 'F'	<b>Statement of Direct Investments, Capital Contributions and Equity Option Rights.</b> The purpose of this Statement is to show the government's investments and ownership in companies and statutory authorities;
• Statement 'G'	<b>Statement of Public Debt.</b> This Statement shows what the Government owes to other parties;
• Statement 'H'	<b>Statement of Lending.</b> This Statement aims to show what is owed to the Government by other parties;
• Statement 'I'	<b>Statement of Loan Guaranteed by the Government.</b> This Statement shows the value of commitment of the Government to lenders of monies for loan recovery in the event of repayment default by borrowers;
• Statement 'J'	<b>Receipts classified under Heads of revenue Estimates.</b> This Statement shows details of receipts as summarised in Statement 'B'; and
• Statement 'L'	<b>Expenditure classified under Appropriation Division.</b> This Statement shows the details of expenditure as summarised in Statement 'B'.

Statements 'A', 'B', 'C', 'E', 'J' and 'L' are maintained by the 'Department of Finance's accounting system. Statements 'D', 'F', 'G', 'H' and 'I' are Memorandum statements that are drawn from the accounting system, but are nevertheless financial statements in their own right that convey financial information to users and the public.

There are certain accounts, records and registers and procedures that also relate to the Public Account that I find necessary to audit because of their importance in the accounting system that produces the Public Account. I have included these also where necessary in my Report.

It is important to note that my audit opinion relates only to those accounts and related notes as presented to me on the Public Account by the Department of Finance.

#### **6.2.1 Responsibilities for Preparation of the Financial Statements**

The Minister for Finance is responsible for the supervision of the Finances of Papua New Guinea and for causing the preparation of a detailed statement of the receipts and expenditure of the Public Account and to be sent to the Auditor-General to be audited. The Minister is also required to ensure that Parliament is informed of all transactions involving public monies.

The Secretary of the Department of Finance is responsible for the management of the financial affairs of the Government of Papua New Guinea. The Secretary is also responsible for the preparation and presentation of the Public Account and the information contained therein.

Heads of Department of the Public Service are responsible for the efficient management of their Departments.

#### **6.2.2 My Responsibility**

This paragraph states that the audit work on the government's financial statements has been conducted according to the *International Standards of Auditing (ISA)* as promulgated by the *Integrated Federation of Accountants (IFAC)*. These standards and practices are used to ensure that my audit is conducted with appropriate rigour and professionalism.

The main objective of the audit was to ensure that the reported financial statement balances do agree with the accounts and records and to ensure that the balances fairly disclosed the financial operations during the financial year and the state of affairs at the end of that period. The audit of the Public Account included a verification of the balances reflected in the Statements with those appearing in the Main Appropriation ledger and The Trust Ledgers and verification of some balances required obtaining confirmations from third parties.

The result of the audits performed at various Departments and Agencies that incur and generate a significant portion of the expenditure and revenue respectively have also been considered as part of this audit.

In addition, I have performed tests of controls, to assess the accuracy, completeness and reliability of accounts from which balances were generated for the financial statements. This audit was not required to search for fraud and therefore, the audit cannot be relied upon to disclose all such matters. However, the audit was planned and executed so that I can have a reasonable expectation of detecting material misstatements resulting from irregularities, including fraud.

#### **6.2.3 The Audit Opinion**

The audit opinion which is basically my conclusion contains two issues. Firstly, whether the financial statements were based on proper accounts and records and secondly, whether the financial statements presented fairly the government's financial position, results of operations and the financial requirements including compliance with applicable and relevant legislations.

Similar to what has happened in the last five years, I am unable to form an opinion on the Government's financial statements for the fiscal year 2012 for the reasons set out in the three reservations as explained below:-

*Reservation 1      Limitation of Scope*

During the course of my audit I noted, a number of qualification areas that limited my scope of audit. These limitations significantly affected the extent and depth of my audit coverage that I could not satisfy myself to form an opinion on the financial statements.

*Reservation 2      Accounts and records*

I also noted during the course of my audit that there was a lack of properly maintained accounts and records and poor internal controls that hampered and limited my verifications to fully vouch for the accuracy and completeness of accounts and records to which the balance figures on the financial statements were derived. There are three qualification areas under this reservation in my opinion paragraph to the readers to explain the situation.

*Reservation 3      Legal and Regulatory Requirements*

In addition to the scope limitations and accounts and records, which give rise to a number of qualification areas, I also reported breaches of the Constitution and the *PFMA* and other relevant legislation. I listed three qualification areas under this reservation to the readers to explain this situation.

**6.2.4 Other Matters**

In accordance with the *Audit Act 1989*, I also have a duty to report on other significant matters arising out of the financial statements, and here in I disclose those other significant matters.

**6.3 Materiality and Audit Assurance**

In determining my audit of the government's financial statements, I considered two main factors that determine the nature and extent of the work required. The first factor is called "materiality". This represents a threshold: if total errors fall below this threshold, the financial statements present information fairly; if they exceed this threshold and are not corrected. I refer to them in reservations to my opinion. The second factor is called "*audit assurance*". This represents how certain I want to be and that my audit will reveal total errors that equal or exceed the materiality threshold.

At the conclusion of the audit, I determine whether the effect of uncovered errors in the financial statements would mislead those who use the statements. If the effect would be to mislead, I conclude a reservation in my audit opinion.

When conducting my audit, I am not 100 percent certain that the audit will reveal all errors in the financial statements either, individually or in total, may be material. The size and complexity of the government, as well as cost considerations, make it impractical for me to examine all or even most of the K11.78 billion worth of individual expenditure transactions and K11.29 billion worth of individual revenue transactions entered into during the year. It is also impractical for me to examine all or most of the individual transactions pertaining to the Trust Fund. Statement "C" Receipts and payments of the Trust Fund, disclosed K739 million in receipts and K960 million in expenditure during the year 2012.

What I can do is verify samples of transactions and account balances, to determine whether significant financial controls within the government are working and can be relied on to produce complete and accurate data, and carry out other procedures – such as confirming year-end balances with third parties and performing analysis - to identify anomalies in the reported data.

What this comes down to is exercising professional judgement about how much auditing is



required to provide reasonable assurance to users of the statements that they can rely on the reported results and not be misled.

#### **6.4 Auditing for Compliance and Parliamentary Authorities**

As part of my audit of the Government's financial statements, I examine and verify to ascertain the level of compliance with parliamentary authorities to spend, borrow, and raise revenues. I do this to the same level of materiality and audit assurance as that established for my audit of the government's overall financial position, results of operations, and financial requirements. However, this level of materiality is significantly higher than that of many of the authorities being audited.

For example, a spending authority is granted by Parliament in the Appropriation Act, commonly called votes. Many Departments are responsible for several votes whose size and complexity vary greatly. Funding for the votes ranges in total from a few thousand kina to several millions of kina. It would be impractical for me to audit each vote every year to a level of materiality appropriate to its size.

I have performed my audit verifications on a number of Departments and Agencies. The result of this work is included in Part II of my annual reports to Parliament.

### **7.0 THE ROLE OF THE PUBLIC ACCOUNTS OF PAPUA NEW GUINEA**

**Important features of the Papua New Guinea system of government depend in part on the availability of good financial information. The Public Accounts is a major source of annually reported financial information.**

The features of the Papua New Guinea system of government depend in part on the availability of good financial information. These include:

- Consent of the Governed;
- An Executive entrusted with Powers;
- Imposed limits on the Executive's use of its Powers; and
- Oversight of Executive actions.

Government of Papua New Guinea is based on consent, formally given by representatives in parliament through the annual appropriations of supply, approval in principle of the budget and passage of specific legislative proposals. Information on the intended benefits, cost and financial effects of government proposals is needed before Parliament gives its consent. Subsequently, periodic reporting of financial information is needed to compare actual costs, tax burdens and other financial effects with those intentions and for which consent was given.

An effective system of governance provides for a strong Executive entrusted with greater power. The historical reasons for a strong Executive are several, including the belief that legislation cannot be formulated to foresee every eventuality; consequently, the Executive is entrusted to exercise discretion in the application of laws. Reports of the actual costs and financial effects of government activities are needed to assess whether, from a financial point of view, Executive discretion was appropriately exercised.

Limits on the use of Executive authority are a Constitutional Strategy to protect individuals' liberty from abuse of the powers of the State. Some limits are financial (for example, the system of Parliamentary Appropriation) and financial records are needed to show whether the executive had complied. Another important limit is jurisdiction; for example, the Parole

Board has sole authority to decide who is released on parole. The practice of granting separate appropriations for the National Judiciary and National Parliamentary Services facilitates the control imposed by jurisdictional limits and promotes financial accountability of the Speaker, Minister and Public Service managers.

The oversight of the Executive in Papua New Guinea is performed by the parliamentarians, the public and interest groups. Parliamentary oversight is as extensive as Members of Parliament make it. Some oversights are accomplished through news media. The possibility of review helps deter behaviour such as unfairness, fraud, waste, extravagance, embezzlement and misappropriation.

The Government should take the initiative to provide basic information in the Public Accounts that will help the system of governing operate properly. But Parliament must also demand good information.

The Department of Finance has embarked on a project of improving the central accounting and reporting systems, and on Departmental systems. The Government is identifying and pursuing opportunities for improvement and Parliamentarians can have a voice in these deliberations.

## **8.0 THE NEED FOR A CONCISE ANNUAL FINANCIAL REPORT**

**Publication of a comprehensive but concise annual financial report, similar to annual reports published by corporations in the private sector, would help parliamentarians and others obtain a complete picture of Government without getting buried in massive amounts of details.**

At present, the financial statements that are presented in the Public Accounts of Papua New Guinea are massive in proportion, not easily understood, and the approach is not focused on presenting the Government's financial data or information.

My officers are working closely with officers from the Department of Finance to identify approaches to improve the presentation of the Public Accounts and move the presentation and disclosure of the Public Accounts towards financial reporting under the Cash Basis of Accounting issued by the *International Federation of Accountants (IFAC)*. However, other users of the statements should also be consulted to address their requirements.

In the following paragraphs, I consider in more details my audit observations on the government's financial statements and the public accounts.

## **9.0 AUDIT RESULTS**

Officers of the Department of Finance have put considerable effort into improving the year-end preparation process of the financial statements. This include both improved documentation that supported and validated the financial statements balances as well as maintaining constructive relationship with the audit team. Finance has also acted on some previous audit findings and implemented audit recommendations.

It is pleasing to note the co-operation between the officers from Department of Finance and my Office working together to resolve major issues identified during the course of the audit for year 2012. The efforts made by the Department of Finance in identifying all operating Trust Accounts including the common ground that has developed in the approach to getting Departmental Heads to also co-operate in this exercise, and to comply with legislative requirements is commendable. The Office realises that, to obtain high level of

assurance in this area may take some time but the efforts to achieve this aim are continuing.

However, the number and the magnitude of the audit issues identified in the course of the audit indicate that overall, there are significant weaknesses in the control environment. The control activities, such as delegations, authorisations, reconciliations, data processing, and system access, were not sufficiently robust to prevent, detect fraud or correct error.

## 10.0 AUDIT OBSERVATIONS AND RECOMMENDATIONS

I reproduce in the subsequent paragraphs are my audit observations and the recommendations made to the Management after my audit of the accounts and records and the examination of the financial statements for the year ended 31 December, 2012.

### 10.1 2012 FINANCIAL STATEMENT DISCLOSURES

#### Note 1, Statement of Significant Accounting Policy

As disclosed in the *Notes* to the Accounts audit observed that the accounting policies and practices followed in the preparation of the 2012 Public Accounts were based on requirements stipulated in the *Public Finances (Management) Act, 1995* and associated *Finance Instructions*. The accounting policies and practices are the principles, bases, conventions, rules and practices adopted in preparing and presenting the statements. However, the Department did not state the compliance frame work such as the *International Federation of Accountants* issued *Internal Public Sector Accounting Standards (IPSAS)* or any other relevant or specific international or national framework. Further, we observe that *Note 1.1* gives a general application of the Cash Basis of Accounting.

### 10.2 STATEMENT "A"

*Statement "A"* is intended to present the **Cash** and the **Fund** positions of the State as at year end and, represented by *Cash* and *Reserves*. The Statement shows the **Cash** and **Fund** positions of the State at the reporting date and is similar to a Balance Sheet of a commercial entity.

Shown below in **Table 1** are the movements in the Fund position for the reporting year in comparison to the previous year:

**Table 1: Movement in Fund Position**

Fund Position	2012 K'000	2011 K'000	Increase (Decrease) K'000
CRF Balance b/f	(464,652)	28,177	(492,829)
Trust Fund (Statement "C")	2,327,880	2,548,965	(221,085)
<b>Public Accounts Total Funds</b>	<b>1,863,228</b>	<b>2,577,142</b>	<b>(713,914)</b>

The audit checks conducted on the bank balances and the Finance Operating Accounts balances disclosed in *Statement "A"* that form the Cash position have agreed to the underlying records. And the total Cash position of K1,863,228,000 agrees to the Fund position.

Included in the Statement was an account known as the reserved account (*previously Cash Adjustment Account*), an account operated by Department of Finance (DoF) intended to

facilitate receivables and payables as at year end.

However, the account was used to include un-presented cheques, and facilitated receipts and payments of monies too. This practice and other audit issues identified during the audit of the Statement are detailed below. The audit findings have largely remained unresolved for the last three years.

A Trial Balance for the whole of government accounts was produced for period 0 to 14 of 2012 through the IFMS. Both the debits equalled the credits totalling K35,129,630,786, however, under the budget agency listing was an account with the description of “PGAS SYSTEM CODE” under the Trust Account.

The audit was not provided with the adequate and relevant explanation for the purpose and the description of “PGAS SYSTEM CODE” under the Trust Account and consequently, the audit was not able to ascertain the authenticity and the validity of this account in the General Ledger of the Government of PNG.

#### BANK BALANCES

##### **10.2.1 Bank Reconciliations**

Bank reconciliation represents an independent verification by management to ensure that bank transactions recorded in the bank statements reconcile to the cashbook. Performing bank reconciliations periodically (monthly) ensures that receipts and payments are accurately processed, cashbook or bank errors are identified and misappropriation or fraud is detected promptly. Bank account reconciliations are a key control in assisting Management to identify anomalies or errors in the payment and receipting processes and assists the Management to discharge its accountability requirements. They need to be prepared within a reasonable period to ensure that anomalies or errors are identified and appropriate actions taken in a timely manner.

##### **10.2.1.1 National Departments, Provincial and Local Level Government**

Under *Part 3 – Public Accounts Division 1 Section 4.7* of the *Financial Instructions* which states that: “*It is a mandatory requirement that all Heads of Government Departments and Statutory Authorities reconcile their bank accounts on a monthly basis.*”

*Bank balances should be reconciled against the Cashbook balances and the reconciled Cashbook balances should be agreed with the Appropriation Ledger for National Government Departments, Provincial Governments and Local-level Governments transactions. All copies of the Bank Reconciliation Statements should be forwarded to Public Accounts Division of the Department of Finance, no later than 14 days of the close of each month. Failure to comply with the above may necessitate withholding further issuance of Warrant Authorities”.*

A review was undertaken to determine the extent to which the Departments and Agencies are complying with this requirements and the extent to which the Department of Finance monitors compliance with set guidelines and *Financial Instructions*.

**National Government Departments**

- Though requested, the Performance Rating Report previously prepared by DOF was not produced for audit and as a result, audit was not able to verify whether the bank reconciliations were submitted to DOF by the respective Departments;
- As per the AGO Departmental audits, Bank reconciliations were current in only 17 out of 29 Departments in 2012. Audit noted that, even in those entities, significant un-reconciled items were carried over for long period of time. Two Departments had not performed any bank reconciliation for the year under review. *For details, refer to AG's Part II Report, 2012/2013*
- Not all Departments were submitting their bank reconciliation statements to Department of Finance within 14 days after the close of each month as stated in the *PFM Act, 1995*.
- The trend in the delays in providing bank reconciliation was increasing. Delays in bank reconciliations and poor quality of bank reconciliations were both indicative of a significant risk of abuse and misuse of public funds at those defaulting agencies. These risks need immediate mitigation through concerted management action.

**Provincial and Local Level Governments**

- Audit requested the Department to provide a Performance Ratings Report for the Provincial and Local Level Governments. Audit noted that the requested records were kept by Regions and reports for only two regions were provided.
- Examination of the available records revealed that although Provincial Governments under NGI and Southern Region have submitted their bank reconciliations they were not timely, the overall rating indicate that most were in the range of extremely poor and weak and were susceptible to risks of fraud, misuse and abuse of funds in the Provincial Accounts.
- It is the responsibility of the Heads of Departments of the National and Provincial Governments to ensure that they adhere to the recommendations issued by the Accounting Frameworks and Standards Division (AFSD). AFSD has to take tougher action consequently to have in place a control mechanism for better management of the Government accounting systems as a whole.

**10.2.1.2 Trust Accounts**

*Section 19 (2 & 3), of the Public Finances (Management) Act, 1995 (as amended), requires the Departmental Head responsible for a Trust Account to prepare and submit to Department of Finance an estimate of receipts & payments expected to be made into and withdrawn from the Account before commencement of each fiscal year and monthly bank reconciliations to be submitted no later than 14 days after the close of each month to the Accounting Frameworks and Standards Division of Department of Finance. The Division (AFSD) is to ensure compliance for monthly and annual reporting by all Departments and Agencies.*

As at the time of audit in August 2014, AGO noted that:-

- No status reports on the submission of bank reconciliations reports and Certificates of balances from banks was maintained by the Trust Section during the year ended 31 December, 2012.
- Audit was unable to confirm the actual number of bank reconciliations received by DOF as the files were not kept and maintained properly. Audit was informed that there was no officer tasked with this responsibility to monitor the submission of monthly bank reconciliations of the Trust Accounts, maintain a register for all bank reconciliations received and do filing and also to send follow-up reminders to all agencies concerned.

The Accounting Frameworks and Standards Division of the Department of Finance has in place the control and review procedures however, this was not effective for the 2012 accounts.

### ***Conclusion***

Audit acknowledged the progress made by the Department of Finance on the reconciliation through the IFMS with Cash at bank balances. However, in the absence of prudent bank reconciliations at year end, little reliance can be placed on the accuracy of the cashbook balances for the respective Departments' *Drawing Accounts*. Bank reconciliations are a key control in assisting Management to identify anomalies or errors in the payments and receipting processes and assist the Department to discharge its accountability requirements. Further, the preparation of monthly bank reconciliations minimises the risk of misappropriation or fraud.

### ***Audit Recommendations***

***AGO has recommend Management that with proper reporting and monitoring processes being developed, the Department of Finance should ensure effective compliance with relevant Laws, Policies and Procedures and measure performance against the Objectives stipulated in the Corporate and Operational Plans. The Department has a variety of measures conferred by existing Legislations to reinforce legal compliance, i.e. withhold warrant authorities, which should now be enforced on defaulters.***

### ***Management Response***

***Agreed***

#### **10.2.1.3 Trust Accounts without Bank Accounts**

As per the audit of the 2011 Public Accounts there had been a change in accounting policy in which the General Trusts without Bank Accounts use funds exclusively from the CRF. The substantive and economic reality is that these financial transactions are transactions of the CRF.

These General Trusts without bank accounts were disclosed as *Appendix 1* in the 2011 Financial Statements.

## ***Audit Observations on the Financial Statements and the Public Accounts***

However, audit has noted that there is no disclosure of the General Trusts without bank accounts in the Financial Statements for 2012. In 2011 a total of 10 Trust Accounts Without Bank Accounts amounting K65,949,390 were overdrawn. ***Refer to details in Table 2 below.***

**Table 2: Trust Accounts without Bank Accounts**

	TRUST	DESCRIPTION	OPENING BALANCE 01.01. 2011	RECEIPTS	PAYMENTS	CLOSING BALANCE 31.12.2011
1	5	CUSTOMS OFFICERS OVERTIME	-	-	(48,013)	(48,013)
2	8	RESERVED	3,195,588	0	(35,000,000)	(31,804,412)
3	31	SUSPENSE ACCOUNT NO. 2	14,322,816	-	(18,697,891)	(4,375,075)
4	32	SUSPENSE ACCOUNT NO. 2 - PROV GOVT	5,727,150	-	(14,929,454)	(9,202,304)
5		WORKS TRANSFERRABLE COSTS TRUST	-	-	(213)	(213)
6	136	Moran Trust	(6,653,244)	-	-	(6,653,244)
7		WORKERS COMPENSATION TRUST A	-	-	(8,163,902)	(8,163,902)
8		WORKERS COMPENSATION TRUST A	(6,590,967)	2,317,689	-	(4,273,278)
9		Provincial Mineral Petroleum Royalty	(1,343,255)	-	-	(1,343,255)
10		Timber Royalties Trust Account	(85,694)	-	-	(85,694)
<b>TOTAL</b>			<b>8,572,394</b>	<b>2,317,689</b>	<b>(76,839,473)</b>	<b>(65,949,390)</b>

Audit had recommended in the 2011 Report that a pre-audit verification of balances was to be done before submission of Financial Statements to AGO in future. This was acknowledged by the DoF, however, this requirement was not complied with.

The Trust Branch of Accounting Framework Division in the Department of Finance responded that they were undertaking the following to address this issue:

- *Created bank accounts for some of these accounts and reimburse the WPA and began utilising the bank accounts to do payments particularly the Royalty Trust Accounts.*
- *Written to concerned agencies like Works, Custom, Treasury, BPNG and Forestry to respond on some of these Trust Accounts before they can be closed.*

The status of the General Trust Accounts without bank accounts was not provided to audit in relation to the 2012 Financial Statements. And as such, the over drawing of these Trust Accounts without bank accounts was a breach of *Section 17 (b) of the Public Finance (Management) Act, 1995 (as Amended)* where payments have been charged against Trust Accounts that had insufficient funds.

Further, there was a breach of the *Appropriation Acts*, the overdrawn balances in the Non Bank Trust Accounts represented funds accessed in to the WPA bank account and depleting funds without any authority by an *Appropriation Act* passed by Parliament. Overall, there was lack of compliance with the *PFM Act*, *Financial Instructions* and the *Appropriation Acts* that exposes the Government to the risks of loss of Public Monies in MPA bank account through misappropriation and fraud via the use of non-bank Trusts Accounts.

### **Audit Recommendation**

***AGO recommended to the Management of the DoF to disclose the status of all Trust Accounts without Bank Accounts in the Financial Statements.***

**Management Response**

*Agreed*

**ACCRUALS ADJUSTMENT ACCOUNT**

**10.2.2 Reserved Account (formerly Cash Adjustment Account)**

The Reserved Account is intended to be used by Department of Finance strictly for the purpose of accrual adjustments transactions at month end and year end particularly receivables and payables. The Public Accounts Financial Statements disclosed that in 2012 financial transactions were recorded against the Reserved Account. This resulted in expenditure of K264,124,829 which was not appropriated in the Budget for 2012 nor provided for by way of either a *Section 3* or a *Section 4* Transfer.

**Audit Observations**

Though the Reserved Account was strictly to be used for accrual adjustments, AGO audit review over the years had continued to observe that, the Department of Finance continues to draw *cheques for payments out of the Account* after transferring substantial credits into the Account through Journal Entries. Both the receipt credits and payments made out of this Account were deemed improper and the propriety of the transactions are questionable.

*AGO had strongly recommended since the previous audits that, the Department of Finance consider closing the Cash Adjustment Account. However, there has been no positive remedial action taken on the audit recommendations.*

**The effect of the inappropriate use of the Cash Adjustment Account resulted in funds in the Main Public Account being depleted without any proper budgetary processes, consequently contravening the *Appropriation Act 2011* and the *Public Finance (Management) Act, 1995 (as Amended)*.**

**Conclusion**

The receipts and payments were inappropriately processed through the Cash Adjustment Account therefore, were deemed to be processed outside the *Appropriation Act*, and as a result, was in breach of the *Appropriation Act 2011*, the *Public Finance (Management) Act, 1995 (as amended)* and potentially contravening the *Constitution*.

**Audit Recommendations**

***AGO has recommended Management that; the Department of Finance ensures the Cash Adjustment Account is used strictly for the intended purpose.***

***Further, proper reconciliations are to be prepared and presented in the Notes to portray the balances of the Cash Adjustment Account as shown in the ledger so that the total of receipts and payments are clearly disclosed for the users of the financial statement to see the extent to which the Department of Finance had facilitated non-accrual transactions.***

**Department of Finance Comments**

*Agreed*



### 10.2.3 FINANCE OPERATING ACCOUNTS

#### Permanent Advances & Cash in Transit

##### *Audit Observations*

The balances of Permanent Advance and Cash in Transit Accounts disclosed in *Note 6* of the Revised Statement “A” are stated in **Table 3** below:

**Table 3: Balances of Permanent Advance and Cash in Transit Accounts**

Finance Operating Accounts	2012	2011
<i>Permanent Advances</i>	(K)	(K)
Konedobu	-5106	-5,106
Lae	24,447	14,997
Rabaul	91,000	614,231
special pays	36,000	36,000
<b>Total</b>	<b>110,341</b>	<b>624,122</b>
<i>Cash in Transit</i>		
Konedobu	-16,888	-16,508
Lae	-6,268	-6,268
Rabaul	93,684	-488,693
Goroka	-364,235	358,210
<b>Total</b>	<b>-293,707</b>	<b>-153,259</b>
<b>Grand Total</b>	<b>219,366</b>	<b>473,860</b>

The year end balances of the Permanent Advances and Cash in Transit Accounts have agreed to the IFMS Type 1 ledger. The transactions that comprised the Permanent Advance and Cash in Transit accounts has been a concern as the four Permanent Advance Accounts were used to record the permanent advances given to operate at the four Area Finance Offices in the four Regions some years back.

*These Area Finance Offices are no longer operational and therefore, the accounts should have been closed. Further, the meaning of the term “Cash in Transit” in accounting context represents cash actually in transit and anticipated to be cleared once received. Strictly in that context, reporting negative cash in transit balances is misleading.*

##### **Conclusion**

AGO noted that other types of transactions were also processed through the Permanent Advance and Cash in Transit Accounts. The names of those accounts deemed to mislead the reader/user of the Financial Statements. Department of Finance should either close off these accounts, or rename the two accounts to best fit the types of transactions that were allowed and processed through the respective accounts.

##### **Audit Recommendations**

**AGO has recommended Management that;**

- i. Department of Finance scrutinizes the transactions processed through the Permanent Advance and Cash in Transit Accounts and initiate necessary adjustments to close those accounts. The presentation of these accounts in the Public Accounts Financial Statement is likely to mislead the readers/users of the Financial Statement. Alternatively, Department of Finance could rename the two***

*accounts to best fit the types of transactions that are facilitated through the respective accounts.*

- ii. The DoF should ensure that the transactions processed through the Permanent Advance and Cash in Transit accounts have to be analysed and the necessary adjustments effected and should be disclosed in the 2013 Public Account Financial Statements.*

**Department of Finance Comments**

*Agreed*

**10.2.4NOTE 8: PAYABLES AND RECEIVABLES**

**Unfunded Superannuation (Note 8.3)**

Note 8.3 of the Statement disclosed an unfunded Superannuation liability of K2,038 million at 31 December, 2012. This amount was agreed to the audited financial statement of Nambawan Super Limited for the year 2012. According to the Report, the State had fallen behind in its obligation by K42.2 million for the year 2012.

Audit noted that the Department had understated the liability by K40.162 million.

**Department of Finance Comments**

*Agreed*

**10.3 STATEMENT "B"**

Statement "B" represents summary of the Receipts and Expenditures of the Consolidated Revenue Fund. This Statement shows the operating results and is similar to a Profit and Loss Statement of a commercial entity.

The Statement was verified with related Statements "A", "J" and "L" and the related notes. The receipts and payment balances including the opening and closing balances disclosed in the Statement have agreed to the underlying records and ledgers.

A summary of all these balances are shown below in **Table 4:**

**Table 4: Summary of the Receipts and Expenditures of the Consolidated Revenue Fund**

CRF Fund Movements	Original Appropriation K'000	Revised Appropriation K'000	Actuals K'000
Total Receipts	12,924,565	12,924,565	11,289,693
Total Payments	13,122,061	13,122,061	11,782,522
Surplus/(Deficit) Budget	(197,496)	(197,496)	
<b>Excess Receipts (Payments)</b>			(492,829)

The excess payment of K492,829,000 was appropriately accounted for in Statement "A" as reported in *paragraph 1.0* above.

#### 10.4 STATEMENT “C”

Statement “C” reports on Trust Funds administered by the State on behalf of donor organisations, special projects and funds set aside for the benefit of individuals, groups and organisations. Shown in **Table 5** below is a summary of the movement of the balances in the Trust Fund Accounts for the reporting year with comparative balances from 2011:

**Table 5: Summary of the movement of the balances in the Trust Fund Accounts**

Trust Fund Position	2012 K’000	2011 K’000	Increase (Decrease) K’000
Balance b/f	2,548,965	2,261,970	286,995
Change in Accounting Policy	0	(52,601)	52,601
Add: Receipts	739,325	1,984,905	(1,245,580)
Less: Payments	(960,409)	(1,645,308)	684,899
<b>Closing Balance</b>	<b>2,327,880</b>	<b>2,548,965</b>	<b>(221,085)</b>

Both the opening and closing balances of the Trust Fund were appropriately accounted for in *Statement “A”* as reported.

##### 10.4.1 Types of Trust Accounts and their Operations

There are essentially two types of Trust Accounts, those with separate bank accounts and those that are operated within or through the Waigani Public Account referred as non-bank Trust Accounts.

##### **Audit Observations**

The balances of the various Trust Funds disclosed in the Statement are cashbook balances. Heads of Government Departments and Agencies have not been complying with two (2) important legislative requirements.

They are:

- *Section 19, Sub-section 4(d) of the Public Finance (Management) Act, 1995 (as amended)* details the requirement to submit Financial Statements of account at 31 December each Year, and
- *Section 14, Sub-section 4(c) of the same Act* details the requirement to submit a monthly return of receipts and payments together with the bank reconciliation.

**The Departmental Heads have not ensured that these legal requirements were adhered to.**

As at the time of audit in August 2014, AGO noted the following audit observations:-

- No status reports on the submission of bank reconciliations reports and certificates of balances from banks were maintained by Trust Section for 2012;

##### **Conclusion**

As reported in the 2011 Public Accounts Report, the Trust Section – DoF had taken action towards the end of 2011 embarking on an exercise to ensure that Agencies submit their reports on a timely basis. Currently, it is on-going and the Branch is really critical about this

issue. However, in the absence of bank reconciliation statements for most of the Trust Accounts operated with separate bank accounts, the Trust ledger balances for these accounts disclosed in *Statement "C"* could not be verified in audit and confirmed as the 2012 year end reconciled cashbook balances.

***Audit Recommendations***

***AGO has recommended Management that, the Department of Finance takes appropriate action on the concerned Departmental Heads to ensure that the required reports are furnished in a timely manner. This could include sending formal requests to Departmental Heads with specific reference made to their responsibilities as required under the Public Finance (Management) Act, 1995 (as amended).***

***Management Response***

***Agreed***

**10.4.2 Trust Accounts with Incorrect Balances**

- 41 of the new Trust Accounts established were not disclosed in the 2012 *Statement "C"*. ***(Refer to Appendix 1 for details).***
- A total of 272 Government Trust Accounts were held with BSP. Audit observed the closing balances for *Statement "C"* in 2012 with the bank confirmations and noted that;
  - In 83 instances, Trust Account balances ending 31 December, 2012 reported in *Statement "C"* were overstated by K1,099,162,986. ***(Refer to Appendix 2 for details),***
  - In 55 instances, Trust Accounts balances ending 31 December, 2012 reported in *Statement 'C'* were under stated by K454,042,459. ***(Refer to Appendix 3 for details)***
  - 48 active Government Trust Accounts with balances totalling K342,476,023 as confirmed by BSP were not included in *Statement "C"* 2012, ***(Refer to Appendix 4 for details).***
  - 30 Trust Accounts were closed as confirmed by BSP, however, *Statement "C"* showed these Trust Accounts with closing balances totalling K21,120,900 ***(Refer to Appendix 5 for details).***
  - 27 Trust Accounts were Dormant as confirmed by BSP, however, *Statement "C"* showed these Trust Account with closing balances totalling K437,542,000. ***(Refer to Appendix 6 for details).***

**10.4.3 Revoked Trust Accounts**

- Audit noted that a total of 18 Trust Accounts amounting to K9,901,000 were stated as revoked in *Statement "C"*, 2010, however, were reported again in *Statement "C"* 2011 and again in *Statement "C"* for 2012. ***(Refer to Appendix 7 for details).***

## ***Audit Observations on the Financial Statements and the Public Accounts***

- Audit further noted that a total of 42 Trust Accounts were revoked in December 2011. However, 12 Trust Accounts amounting to K14,311,000 were shown in 2012 Statement "C" (***Refer to Appendix 8 for details***).

### ***Conclusion***

The manner in which the trust accounts with or without bank accounts continued to operate after they were revoked was not only illegal, the accounts had been exposed to potential abuse through facilitation of irregular transactions that would not be detected. The intention for the Department of Finance particularly Senior Management to allow those Trust Accounts to operate despite being revoked some years back is now of great concern to the Auditor-General.

### ***Audit Recommendations***

***AGO has recommended Management that:***

- the Department of Finance takes immediate action to remove the revoked Trust Accounts from the accounting system as the Instruments for these Accounts were removed upon the time of revocations.***
- Secondly, the bank accounts for these Trust Accounts be closed off and the cash balances standing to the credit of these accounts be transferred to the WPA Bank Account.***

### ***Management Response***

***Agreed***

#### **10.4.4 Trust Instruments not sighted**

A total of 47 Trust Accounts were established in 2012 by Trust Section of which 42 Trust Instruments were sighted and verified by audit whilst five of these new trust accounts were not confirmed as audit did not sight the respective *Trust Instruments* from the documents maintained. ***Refer to Table 6 below for details:***

**Table 6: Trust Accounts with No Trust Instruments**

<b><i>Aud#</i></b>	<b><i>TNO</i></b>	<b><i>Trust Account</i></b>	<b><i>Agency/Department Responsible</i></b>	<b><i>Bank</i></b>	<b><i>Bank Account</i></b>
1	749	Konebada Petroleum Park Authority T/A	Dept of Petroleum & Energy	BSP	1005988595
2	750	Deputy Prime Minister's Office Administration T/A	Office of Deputy Prime Minister	BSP	1006076648
3	755	Regional, Provincial Treasury and District Admin Offices	Department of Finance	BSP	1001520934
4	775	National Capital District Health Centres and Hospitals Fees	NCD Health Services	NA	NA
5	741	Hides PDL 2 Infrastructure Development Grant (IDG) T/A	SHP Administration	NA	NA

In the absence of *Trust Instruments*, audit was unable to ascertain the legality or validity of the establishment of the five Trust Accounts. Audit further noted that 41 of the established

## ***Audit Observations on the Financial Statements and the Public Accounts***

Trust Accounts were not reported in the 2012 *Statement "C"* (***Refer to Appendix 1 for details***);

- Audit followed up on *Trust Instruments* reported not sighted in previous years remained unresolved in 2012. ***Refer to Table 7 below for details.***

**Table 7: Trust Instruments not sighted from Prior years**

No	Trust Code	Trust Name	
General Trusts with Bank Accounts			Year
1	380	PNG NWS - TWP/ARM Trust	N/A
2	382	PNG Highlands Highway Rehab. Pro	N/A
3	383	PNG Highlands Highway Rehab. Pro	N/A
4	483	Basic Education Dev. Project Imprest T/A	N/A
5	513	AUSAID Grant Imprest Account	N/A

- Though requested, audit was not provided with an updated Trust Account Management Register detailing status such as dormant, redundant, revoked, new trust accounts opened and currently operating.

Without sighting the relevant Trust Instruments, audit validation of the respective Trust Accounts disclosed in *Statement "C"* was incomplete and unsatisfactory.

### **Audit Recommendations**

***AGO has recommended Management that, the Department of Finance as a matter of priority, takes-stock of all the existing Trust Accounts and keep only those that had been sanctioned by valid Trust Instruments and up-date the Trust Accounts Register accordingly.***

### ***Management Response***

***Agreed***

#### **10.4.5 Overdrawn Trust Accounts**

Audit noted that the *Statement "C"* 2012 had a total of 22 overdrawn Trust Accounts with balances amounting to K167,082,000 (***Refer to Appendix 9 for details***). Audit was not provided the reasons for the overdrawn account balances for the respective Trust Accounts. As per the BSP bank confirmation provided to Trust Section, audit noted that of the 22 Trust Accounts with overdrawn ending balances in *Statement "C"* 2012, three (3) Trust Accounts were confirmed having positive balances, not equal to *Statement "C"* and were understated. Two of the trust accounts were confirmed dormant by the bank and the remaining 17 Trust Accounts were not confirmed as the information was not available.

#### **10.4.6 Recording of Trust Accounts Transactions**

The AGO selected a sample of eight administering agencies to check the overall maintenance of trust accounts at the agency level to compliment the 2012 Public Accounts. ***Refer to Table 8 below for details.***

**Table 8: Departments with Several Trust Accounts**

	<u>Department</u>	<u>No. Of Trust accounts</u>
1.	Justice and Attorney General	2
2.	Corrective Institutional Services	1
3.	Education	12
4.	Finance	21
5.	Health	2
6.	National Planning and Monitoring	17
7.	Personnel Management	3
8.	Works	20

**Control Weaknesses**

Audit noted during the Departmental audits for the year end 31 December, 2012 that;

- Payments made were not in accordance with the Trust Instrument Guidelines;
- Payments were made on Pro-forma invoices;
- There were reconciling items that needed to be identified, investigated and cleared in the bank reconciliation statements;
- No segregation of duties as the same officer was examiner of the claim and certifying the claim on the general expense forms (FF4s);
- The Departments did not submit monthly bank reconciliation statements to the Department of Finance within 14 days as required;
- The monthly bank reconciliation statements were not checked and certified by a senior accountable officer;
- Trust Instrument were not made available for audit; and
- Balances from closed accounts were not transferred to CRF (Consolidated Revenue Fund)

In comparing Trust Account balances as per agency records and *Statement "C" 2012*;

- Audit sighted trust accounts in *Statement "C"* and confirmation of the trust accounts' bank statement balances with *Statement "C"* revealed that there were adjustments that needed to be cleared appropriately in the bank reconciliations; and
- Audit sighted trust accounts in *Statement "C"* but could not confirm balances with the agency's records

During the audit review, it was noted that the administering agencies did not prepare timely bank reconciliations to determine the trust account balances at the end of every financial year.

**Audit Recommendation**

***AGO has recommended Management that; the DOF should implement sanctions under the PFMA to Departments/Accountable Officers who do not adhere to requirements in the management of Trust Accounts.***

**Management Response**

***Agreed***

#### **10.4.7 General Observations on Trust Account produced through IFMS**

- Audit was not provided with a folder for journal entries although requested.
- Audit noted that from the Trust Accounts List maintained by Trust Section of DoF for 2012, a total of 56 Trust Accounts with bank accounts did not have any bank account numbers. Either they had no bank accounts created or the bank accounts were created but the Trust Section had no information in regard to its bank details (**Refer to Appendix 10 for details**).
- The Trust Accounts (soft copy) maintained by the Trust Section and provided to audit revealed that;
  - 92 Trust Accounts sighted in the trust ledger maintained by the Trust Section were not reported in *Statement "C"* of 2012 (**Refer to Appendix 11 for details**);
  - No comprehensive database of Trust Accounts details being maintained by Trust Accounts Section;
  - No consistency by the Trust Section in managing or monitoring of the number of Trust Instruments approved or number of bank accounts created and identified to enable an accurate number of Trust Accounts;
  - Departmental audits revealed that some agencies operated Trust Accounts outside of the PGAS/TMS and so what was reported in *Statement "C"* may not be complete and accurate.

#### **10.4.8 Appropriations into Trust Accounts**

Funds totalling K690,000,000 for ten (10) Trust Accounts were appropriated in *Schedule 2 of the Appropriation (National Development Expenditure 2012) Act 2011* (**Refer to Appendix 12 for details**).

The following irregularities were noted in respect of the above Trust Accounts as per *Development Appropriation Act* when compared to *Statement "C"*: 10 Trust Accounts were to be Active with Bank Accounts under the *Appropriation (National Development Expenditure 2012) Act, 2011*. However:

- *Four (4) Trust Accounts were not established and active during the time of Audit even though funds totalling K220,000,000 was appropriated. Six Trust Accounts were funded through Schedule 2 of the Appropriation (National Development Expenditure 2012) Act, 2011 and were established and active at the time of audit.*
- *From the six Active Trust Accounts, funds were not allocated as appropriated under Development Act 2012 for 'Konebada Park' Trust Account. The balance was zero when compared to Statement "C", even though funds' amounting to K10,000,000 was disbursed for the respective purpose.*
- *The balances of five Trust Accounts as per the Development Appropriation Act, 2012 did not agree with the balances in Statement "C". Only one active Trust Account namely; 'Restoration & Dev. Grant (ABG) agreed with the balance in Statement "C".*

#### **Conclusion**

AGO was unable to understand the reason for the four Trust Accounts not being established despite funds aggregating K220 million were appropriated through the Development Budget to be operated through these Trust Accounts in 2012. Explanations were requested



on where these funds were held in the absence of the establishment of these Trust Accounts.

Funds appropriated under Trust Accounts outlined in *Schedule 2 of the Appropriation (National Development Expenditure 2012) Act, 2011* was not fully and properly captured in *Statement "C"*. Unestablished Trust Accounts with appropriations totalled K220,000,000 for which funds have been disbursed.

The observations above have verified the fact that breaches have incurred by not keeping track and updating the records of the Trust Accounts in a proper and timely manner. As the expense of funds is deemed to be illegal in the event that they are utilised in the financial year ending 31 December, 2012 most of the funds expended were not showing in the financial statements. The lack of accountability and transparency implied that what was captured in the Financial Statements for the Main Public Account would not be a true and fair state of affairs at 31 December, 2012.

**Audit Recommendations**

***AGO has recommended Management that:***

- i. The K220 million that was appropriated through the Development Budget to be operated through Trust Accounts in 2012 needs to be investigated and brought to account in accordance with the Appropriation Act and to open the required Trust Accounts in accordance with Sections 15 of the PFMA, upon the location of funds.***
- ii. Prudent Financial Management Procedures should be properly adhered to in terms of establishing Trust Accounts to hold Public Funds. There was no conformity in the reporting of Trust Accounts when compared to the Appropriation Acts and the financial statements. The amounts in the financial statements should be in conformity with the Appropriation Acts, 2011.***

***Department of Treasury Response***

***Agreed***

**10.5 STATEMENT "D"**

*Statement "D"* is disclosed with details of the *Sources and Application of Funds* for the financial year ending 31 December, 2012. It provides the actual movement of cash as it is received and used during the year. The Statement was verified with related *Statements "A", "B" and "C"*. The movements (increase/decrease) in the Sources and Applications of funds were agreed with the balances reported at the beginning of the year as well as at year end.

Shown below in **Table 9** is a summary of the movement in the *Sources and Applications of Funds* for the reporting year contrasted to that of the previous year:

**Table 9: Sources and Applications of Funds**

Sources & Applications of Fund	2012 K'000	2011 K'000	Increase/(Decrease) K'000
Total Sources of Funds	12,029,275	13,157,618	(1,128,343)
Total Applications of Funds	12,742,931	12,899,632	(156,701)
<b>Net Increase (Decrease) in Funds</b>	<b>(713,656)</b>	<b>257,986</b>	<b>(971,642)</b>
<b>Represented By:</b>			
BPNG Bank Balance	(475,596)	2,030	(477,626)
BSP Bank Balance	(289,142)	144,329	(433,471)
ANZ Bank Balance	50,956	113,602	(62,646)
Maybank Bank Balance	0	29	(29)
Westpac Bank Balance	0	(2,420)	(2,420)
Trust Fund Investment Bank Accounts	126	416	(290)
<b>Total Increase/(Decrease) in Bank Balances</b>	<b>(713,656)</b>	<b>257,986</b>	<b>(971,642)</b>

Funds aggregating *K12.7billion* was applied against *K12 billion* resulting in a net decrease of *K713.7 million* in the State's fund. These resulted in a corresponding decrease of *K971.6 million* in the Bank balances for the year under review and were appropriately accounted in *Statement "A"*.

## 10.6 STATEMENT "E"

*Statement "E"* provides details of the *Government's Trust Fund Investment as at 31 December, 2012*. It is compiled from the Trust Fund Investment Ledgers maintained by the Department of Finance.

The audit of *Statement "E"* included a comparison of opening balances brought forward from the previous year's statement including the movement of funds during the year. The purpose of the audit was to assess whether the total of investments as per the statement was in agreement with that shown in *Statement "A"*. Furthermore, the audit performed tests to confirm the accuracy of the statement and the opening balances brought forward from previous year's statement.

The movement of the balances in the Trust Fund Investments Accounts for the reporting year are shown in **Table 10** below:

**Table 10: Account Balances in Trust Funds Investment Ledgers**

Trust Fund Investment	2012 K	2011 K	Increase (Decrease)K
Motor Car Licensed Dealers Deposit Trust	243,142	226,315	16,827
Bookmakers Security Deposits Trust	459,982	351,655	108,327
Dist Court Trust Savings Account	1,332,819	2,892,863	(1,560,044)
Motor Vehicle Compensation Trust	Not shown in Statement E	28,7560	
Supreme Court Trust Deposits	5,344,176	3,617,488	1,726,688
Insurance Deposits Trust	Not Disclosed	Not Disclosed	
<b>Closing Balance</b>	<b>7,380,119</b>	<b>7,375,881</b>	<b>438,705</b>

The observations made in respect of each category of the Trust Fund Investments listed in the above table are discussed in the paragraphs that follow. Consequently, the Statement is to be revised.

### 10.6.1 Differences in both the Bank and Cashbook Balances

The figures disclosed in *Statement "E"* agreed to the bank figures. However, audit verification of the bank figures against the cashbook revealed differences in respect of five Trust Fund Investments accounts which are shown in **Table 11** below:

**Table 11: Differences in Cash Book and Bank balances**

No.	Description	Closing Balance at 31/12/12		Variance (K)
		Bank (per note 16) (K)	Statement E (K)	
1	Motor Vehicle Dealers Deposit	226,315	243,142	-16,827
2	Bookmakers Security Deposit	351,655	459,982	-108,327
3	DCTA—Control Acc.	2,895,870	1,332,819	1,563,051
4	Motor Vehicle Compensation	475,060	0	475,060
5	RSCTA — Control Acc.	3,552,820	5,344,176	-1,719,356
<b>Total</b>		<b>7,501,720</b>	<b>7,380,119</b>	<b>121,601</b>

The AGO was not able to confirm the validity of the figures reported in the statement as no documentation was provided for confirmation. Consequently, the movements in the accounts were not verified for completeness and accuracy of the reported balances. The Department of Finance had not conducted reviews periodically to ensure that differences were adjusted immediately.

#### **Audit Recommendations**

**AGO has recommended Management that:**

- i. Immediate action be taken to clear the differences noted and constant liaison with the controlling bodies to ensure that the trust accounts are updated accordingly.*
- ii. As audit cannot place reliance on the current system used in maintaining the Trust accounts, it is proper that the system has to be upgraded or replaced with a new system so that the State keeps proper records of these Trust Account investments.*

#### **Management Response**

*Agreed*

### 10.7 STATEMENT "F"

*Statement "F"* summarises the State's Direct Investments, Capital Contributions and Equity option rights held in various Public Companies, Public Bodies and other Organisations including those managed by Independent Public Business Corporation (IPBC).

The statement for the year under review was compiled and submitted to AGO for audit review and the following discrepancies were noted;

- The Department of Treasury (DoT) did not maintain an Investment Register. Audit was informed that the Register was developed by the IPBC at the time of audit. However, it should be noted that the IPBC Register will only contain some investments and not all other direct Investments as listed in *Table 1* of the *Statement "F"* and the Bank of Papua New Guinea.

## ***Audit Observations on the Financial Statements and the Public Accounts***

- Audit noted Governments value of investments in 29 Companies and the net assets of IPBC totalling K2,652,150,820 were not re-valued in 2012, however, were carried forward from the previous year.
- Audit noted that the value of shareholding the Government have in seven companies and the PNG Fibre Optic Cable Project totalling K2,149,343,506 stated in the *Statement "F"* was derived from a draft financial report. The details are shown in **Table 12** below;

**Table 12: Share values in Government owned shareholding**

	Company	Trustee	Shares (%)	Value as per Balance Sheet as at 31 Dec 2012	Value as per Statement F 2012
1	National Fisheries Authority		100	189,804,677	189,804,677
2	Bank of PNG		100	(1,201,003,000)	(1,201,003,000)
3	Water PNG	IPBC	100	(233,030,000)	(233,030,000)
4	Post PNG	IPBC	100	108,466,666	108,466,666
5	BeMobile	IPBC	100	173,280,203	173,280,203
6	National Petroleum Company PNG	IPBC	100	56,083,744	56,083,744
7	Oil Search Ltd- Escrow Account	IPBC	17.56	3,013,107,304	3,013,107,304
8	PNG Fibre Optic Cable Project	IPBC	100	42,633,912	42,633,912
					<b>2,149,343,506</b>

- The DoT was unable to furnish the audited financial reports for two companies namely Bougainville Copper Limited and NICTA for audit review. However, audit was informed that the hard copies were being kept with the DoF. The total value of Governments shareholding in the two companies was K151,865,285. **Refer to Table 13 below for details.**

**Table 13: Non Submission of Financial Statements for shareholding companies**

Company	Shareholding (%)	Value as per Statement F 2012
Bougainville Copper Ltd	19.06	103,181,592
NICTA	100	48,683,693
		<b>151,865,285</b>

- A comparison of the Ok Tedi Mining Ltd Balance Sheet and the stated Government shareholding in IPBC balance sheet revealed a variance of K783,972.

The DoT is not fulfilling one of its prime function and duty which is to ensure that all Investments made by the State are brought under its control and recorded in the Investment Register, to enable full disclosure in *Statement "F"* of the Public Accounts Financial Statement every year.

### **Audit Recommendations**

***AGO has recommended that; the Department of Treasury expedites the process to make improvements by maintaining an updated and correct Investment Register. Investments should be re-valued on a regular and periodic basis to ensure that the values of the State's investments are correct, current and fair.***

**Management Response**

*Agreed*

**10.8 STATEMENT “G”**

Statement “G” sets out the *Borrowings made by the State* together with the repayments of principle and interest paid to the lending donor Agencies. The Statement also captures net gains and losses caused by fluctuations in currency exchange rates. The Register (Monitoring Forms) has been used as the primary record to verify the receipts and payments recorded in Statement “G”.

The balance of Government Debt outstanding at 31 December, 2012 was K8,498,860,000.

**10.8.1 Comparisons and variances**

**Opening Balance of 2012 and Closing Balance of 2011**

- Audit noted that the opening balance for 2012 did not agree with the previous year’s closing balance resulting in a difference of K2,628,000 **as shown in Table 14 below.**

**Table 14: Differences in Opening & Closing Balances**

Details	Amount (K)	
Opening Balance 1.1.2012	7,414,503,000	(adjusted balance)
Closing Balance 31.12.2011	<u>7,411,875,000</u>	
DIFFERENCE	<u>2,628,000</u>	

- Audit also noted that the opening balance of 2011 stated in the 2012 Statement “G” does not agree with the 2011 Statement “G” closing balance resulting in a difference of K858,000 **as shown in Table 15 below.**

**Table 15: Differences in 2011 closing and 2012 Opening Balances**

Details	Amount (K)	
Closing Balance 31.12.2011	7,412,733,000	Brought forward in 2012
Closing Balance 31.12.2011	<u>7,411,875,000</u>	<u>2011 Public Accounts</u>
DIFFERENCE	<u>858,000</u>	

**Comparison of “Statement G” with “Statement J” and the Register**

As per Statement “G”, audit noted that a total of K337,302,000 was borrowed/disbursed during the year. A comparison with Statement “J” and the Register revealed the following;

- Amount disbursed during the year for five projects in Statement “G” did not correspond with the amounts stated in the Register. Consequently, creating significant variances totalling K6,677,700. **Refer to Table 16 for details;**

**Table 16: Disbursements not tying up with Project Register**

	Loan ID	Purpose of Loan	Amount of Borrowing As Per Statement G	Amount of Borrowing As Per Register	Variance
1	ADB 2590 SF	CIVIL AVIATION DEV INV. PROGRAM	6,742,000	6,757,600	(15,600)
2	ADB 2785 SF	RURAL PRIMARY HEALTH	1,090,000	1,188,700	(98,700)
3	IFAD 809	PRODUCTIVE PARTNERSHIP IN AGRIC	5,626,000	5,421,700	204,300
4	IDA 4298	ADDITIONAL FINANCING FOR ROAD	5,939,000	9,597,900	(3,658,900)
5	IDA 4854	URBAN YOUTH EMPLOYMENT PROJ	4,188,000	1,487,800	2,700,200
					<b>(868,700)</b>

- Three loans on *Statement "G"* totalling K35,112,000 disbursed during the year were not identified in *Statement "J"* due to project name ambiguity. **Refer to Table 17 below for details;**

**Table 17: Disbursements not identified in Statements "J"**

	Loan ID	Name of Loan on Statement G	Name of Loan on Statement J	Amount of Borrowing as per Statement 'G'
1	ADB 2242 OCR	ROAD MAINT & UPGRADING	World Bank Road Maintenance Project (Six Provinces)	19,442,000
2	ADB 2243 SF	ROAD MAINT & UPGRADING	ADB 5 Highlands Provinces Roads Maint	9,731,000
3	IDA 4298	ADDITIONAL FINANCING FOR ROAD	Highlands Region Roads Improvement Investment Programme	5,939,000
				<b>35,112,000</b>

- Three loans totalling K18,539,000 disbursed during the year were not disclosed in *Statement "J"*. **Refer to Table 18 below;**

**Table 18: Loans not disclosed in Statement "J"**

	Loan ID	Purpose of Loan	Amount of Borrowing During the Year
1	ADB 2785 SF	RURAL PRIMARY HEALTH	1,090,000
2	IDA 4854	URBAN YOUTH EMPLOYMENT PROJ	4,188,000
3	IDA 4928	SMALL & MEDIUM ENTERPRISE	13,261,000
			<b>18,539,000</b>

- 14 loans totalling K161,159,000 disbursed during the year were reflected in *Statement "J"* as NIL.

#### **Comparison of "Statement G" with "Statement L" with the Register**

A comparison of *Statement "G"* and *Statement "L"* in terms of Interest and Principle repayment of loans revealed a variance of K1,470,726 and K3,091,910 in interest and principle repayments respectively.

#### **Comparison of Statement G and Statement J (Treasury Bills and Inscribed Stock)**

A comparison of *Statement "G"* with *Statement "J"* revealed a variance of K2,167,516,967. **Refer to Table 19 for details;**

**Table 19: Difference between Statement “G” and Statement “J”**

DOMESTIC LOANS	Statement G (K)	Statement J (K)	Variance (K)
TREASURY BILLS	3,470,210,000	1,343,230,000	2,126,980,000
INSCRIBED STOCK	606,690,000	566,153,033	40,536,967
			<b>2,167,516,967</b>

### **Treasury Bills**

The review of balances disclosed in *Statement “G”*, *Statement “L”* and Bank confirmation relating to Treasury Bills for year 2012 disclosed the following discrepancies as shown in **Table 20** below;

**Table 20: Discrepancies in Statements “G” & Statement “L”**

	DOMESTIC LOANS	Statement G (K)	Statement L (K)	Bank Confirmation (BC) (K)	Variance (G vs. L) (K)	Variance (G vs. BC) (K)
INTEREST	TREASURY BILLS	94,420,000	36,762,509	92,907,946	<b>57,657,491</b>	<b>1,512,054</b>
PRINCIPLE	TREASURY BILLS	2,973,080,000	894,537,034	2,973,080,000	<b>2,078,542,966</b>	<b>0</b>

- An Interest Repayment variance of K1,512,054 was noted between *Statement “G”* and the “Bank Confirmation”
- An Interest Repayment variance of K57,657,491 was noted between *Statement “G”* and *Statement “L”*.
- A Principle Repayment variance of K2,078,542,966 between *Statement “G”* and *Statement “L”*

### **Inscribed Stock**

The verification of balances disclosed in *Statement “G”*, *Statement “L”* and Bank Confirmation relating to Inscribed Stocks for 2012 disclosed the following discrepancies shown in **Table 21** below;

**Table 21: Differences noted between Statements “G” and Statement “L”**

	DOMESTIC LOANS	Statement G (K)	Statement L (K)	Bank Confirmation (BC) (K)	Variance (G vs. L) (K)	Variance (G vs. BC) (K)
INTEREST	INSCRIBED STOCK	338,245,000	257,138,805	321,250,063	<b>81,106,195</b>	<b>16,994,937</b>
PRINCIPLE	INSCRIBED STOCK	106,675,000	106,675,000	106,675,000	<b>0</b>	<b>0</b>

- An Interest Repayment variance of K16,994,937 was noted between *Statement “G”* and the “Bank Confirmation”.
- An Interest Repayment variance of K81,106,195 was noted between *Statement “G”* and *Statement “L”*

### **Conclusion**

The issue on the reconciliation of Treasury Bills and inscribed stock has been unresolved since reported in the 2007 Audit Report due to methodology issues and the lack of reconciliation prepared by DoT from its records against that of BPNG’s records.

**Audit Recommendations**

**AGO has recommended Management that:**

- i. The DoF and DoT – Finance Management Division (FMD) meet and discuss the above issues with a view to resolving the reconciliation difficulties including the formalisation of an acceptable format for use in the accounting entries which will enable recording of complete stock and value of Treasury Bills; and***
- ii. A proper reconciliation of treasury bills and inscribed stock should be periodically prepared to ensure that their values at any point in time are reconciled with the BPNG records.***

**Management Response**

***Agreed.***

**10.8.2 JOURNAL ENTRIES RAISED FOR ADJUSTMENTS MADE TO 2011 CLOSING BALANCE**

Audit noted that a total of K1,764,000 in adjustments were made to the previous year's closing balance of the loans. Audit requested for journal entries raised, however, they were not furnished for review. Consequently, audit was not able to verify authorization of the journal entries and narratives of the journal entries to ensure all aspects of the transaction were in order. ***Refer to Table 22 for details;***

**Table 22: Journal Entries not provided for Audit**

Loan Number	Purpose of Loan	Adjustment Amount
ADB 2079 SF	Community Water Project	9,000
ADB 2242 OCR	Road Maintenance and Upgrading	1,752,000
ADB 997 SF	Agriculture Sector Program	1,000
ADB 1709 LBL	Road Maintenance and Upgrading	1,000
ADB 1516 OCR	Health Sector Dev. Program	1,000
<b>TOTAL</b>		<b>1,764,000</b>

**10.8.3 LOAN DISBURSEMENT CONTROL BY DoT**

Audit was advised that the role of DoT in the disbursement of loans was to make sure that the claim amounts were in line with the disbursement schedule as agreed by the Creditor and the State. This meant that all acquittal of project expenditures incurred by the Contractor are submitted to the Implementing Agency. The Implementing Agency, directly acquits to the Creditor and the Creditor writes to the DoT to facilitate the disbursement through the Bank of Papua New Guinea.

Due to the process above, audit was unable to verify terms and conditions applied in the loan disbursements.

In view of the State being the borrowing authority, it is appropriate that the terms and conditions of the loans are monitored by the FMD and that follow-up actions are instituted in situations where the conditions have not been complied with. Due to the weaknesses not resolved over the past years in the areas of reconciliations, registers not updated with required information, audit was not able to verify the validity and the completeness of the



financial data disclosed in *Statement "G"*. Further, as there was no monitoring of the loan conditions, the State is exposed to the risks that:

- Penalties maybe imposed by the lending agencies;
- Loan funds will not be utilised to the advantage of the intended purpose; and
- Additional cost incurred when duration of loan extended that could have been avoided.
- Loan covenants are not complied with

**Audit Recommendation**

***AGO has recommended Management that; the FMD reviews the management practices to include the 'monitoring and managing of Agencies' to ensure that compliance with loan conditions are ensured.***

***Managements Response***

***Agreed.***

**10.9 STATEMENT "H"**

*Statement "H"* summarises the *Negotiated Loans that are then on-lent to Statutory Bodies and other organisations*. Section 38 of the *Public Finance (Management) Act, 1995 (as amended)* states that; loan by the State is whereby;

- (1) The Minister may, for and on behalf of the State, makes a loan to any person, where that loan is made for purposes approved by the Head of State, acting on advice.
- (2) The Minister may, on behalf of the State, charge such fee in respect of a loan made under *Subsection (1)* as he considers appropriate in relation to that loan.

**Verification of Statement "H"**

Examine loans register and verify with loan balances reflected in the Statement. Verify compliance with loan terms and conditions with regard to disbursement and draw downs. Verify consistency of loan receipts and payments including interest reflected in corresponding *Statement "J"* and *Statement "L"*. Follow-up on audit issues unresolved in previous year's audit.

**10.9.1 Status of Loans**

During audit review of *Statement "H"* audit observed that the status of some loans that were lent out to third parties have not been disclosed in the Statement. The same figures or balances were appearing in *Statement "H"* every year. Consequently, audit was not able to ascertain whether these particular loans were repaid over the years with interest (***Refer to Appendix 13***).

**Audit Recommendations**

***AGO has recommended Management that; the Finance Management Division thoroughly verify these stagnant figures in Statement "H" and write them off where necessary. The***

**Statement should reflect true and fair balances that were outstanding for repayment while those loans that were paid off should be omitted in the statement.**

**Management Response**

**Agreed.**

**10.9.2 Incorrect Opening Balances**

Audit verified all the opening balances disclosed in the 2012 *Statement “H”* with the closing balances in the 2011 *Statement “H”* which revealed that three (3) loans opening balances were incorrectly captured in the 2012 *Statement “H”* resulting in a total variance of K9,007,000. **Refer to Table 23 below.**

**Table 23: Incorrect opening Balances for 2012 Statement “H”**

Purpose/ Description of Loan	Closing Bal 2011	Opening Bal 2012	Variance
	(K'000)	(K'000)	(K'000)
Milne Bay Estate IBRD 2608	1,566	1,602	36
Upgrading of W/Sup. Proj. CTB	17,701	14,362	3,339
Upgrading of W/Sup. Proj. ADB 1211	29,855	24,223	5,632
			<b>9,007</b>

The FMD of DoT needs to keep up to date and accurate records of loans lent to Statutory Bodies and other Organizations so that a true and fair information is recorded in *Statement “H”*. Audit noted that *Statement “H”* was not fairly stated in the financial statements.

**Audit Recommendation**

**AGO has recommended Management that; the FMD should adjust *Statement “H”* to capture and reflect the correct balances including those that may have been derived from adjustments made after the closing balance date.**

**Management Response**

**Agreed.**

**10.9.3 Loans Register**

Audit noted that the Department did not maintain a proper *Loans Register* for the loans lent to State Owned Enterprises and other Organizations. Audit was advised that due to the following reasons the Finance Management Division was not able to maintain a Loans Register;

- *The transactions dating as far back as eight years had files missing or misplaced. As a result, it was difficult to update CSDRMS.*
- *FMD was not provided with enough and vital information by the loan recipients on a timely manner so that the Loans Register can be updated and maintained.*

**Conclusion**

Consequently, audit was unable to confirm the completeness of transactions disclosed in *Statement “H”* for the 2012 financial period. The previous years (2010 & 2011) audit

recommendation was for the FMD Division to maintain a Loans Register, however, no Loans Register was maintained at FMD during the year, 2012.

**Audit Recommendations**

***AGO has recommended again to Management that; FMD should create and maintain a Loan Register to properly control and monitor the billings and repayment of loans lent to Statutory Bodies and other Organizations.***

***Management Response***

***Agreed.***

**10.10 STATEMENT “I”**

Under *Section 37 of the Public Finance (Management) Act, 1995 (as amended)* the repayment of loan principal and interest by the respective statutory bodies is guaranteed by the State. *Statement “I”* details the commitments on the loan guaranteed by the State to government entities and non-government entities.

**10.10.1 Verification of Statement “I”**

There were no changes noted in the figures disclosed in the statement when compared to previous year’s figures. Figures dating back to 1995 and 1996 were still reflected in the statement and these figures were out-dated and need to be cleared or written off.

When compared to 2010 and 2011 Statements, audit noted that the only changes noted were the fluctuations in the exchange rates which changed the balances. Otherwise there were no significant changes noted.

***Conclusion***

The Government Guaranty records of transactions were not maintained by the Financial Management Division of the Treasury Department. FMD obtains end of year balances from the debtors including any transactions occurring during that year. FMD updates *Statement “I”* based on the information sent by the debtors. As a result, that there was no confirmation of outstanding balances from the debtors. Furthermore, transactions for *Statement “I”* were not captured by the Government as they occur outside the Government Accounting System.

The Finance Management Division (FMD) of the Treasury Department did not have any control over the guarantee of loans made by the Government of PNG to the Statutory Bodies and other Agencies.

**Audit Recommendations**

***AGO has recommended Management that;***

- i. The Department of Treasury develops and maintains a Register of Guarantees, End of Year Confirmation and current Loan Guarantee Agreement records to assist with better management of all loans guaranteed by the State. This issue was reported in the previous years (2008-2011) audit reports but no mitigation and remedial actions***

*were taken to rectify the problems with the lack of accountability on the State loans, and guarantees.*

- ii. DoT is responsible to monitor the Guarantees of loans given by the State to Statutory Bodies, Government Agencies and other individuals. The transactions and records pertaining to Statement 'I' should be followed up and reconciled.*
- iii. Lack of information will handicap the DoT from being able to account for all State guarantees that have been approved by NEC. This issue was mentioned in the previous years' audit reports but no remedial action had been taken.*

**Management Response**

*Agreed*

**10.10.2 Register of Guarantees**

Audit also noted that individual records of the Companies obtaining loans that were guaranteed by the State were not properly maintained and kept by Department of Treasury. Further, the Department of Treasury did not maintain a Register of Guarantees and in the absence of such Register, the completeness of the information disclosed in Statement "I" was not ascertained. Consequently, it was difficult for AGO to verify and confirm the loan agreements and the repayment summaries of the loans.

**Audit Recommendations**

***AGO has recommended to Management that;***

- i. The transactions and records pertaining to Statement "I" should be followed up by the Treasury Department and the records should be cleared and updated regularly as required. The Finance Management Division (FMD) of the Treasury Department is responsible to monitor the Guarantees of loans given by the state to Statutory Bodies, Government Agencies and other individuals.*
- ii The Department of Treasury develops and maintain a Register of Guarantees, End of Year Confirmation and current Loan Guarantee Agreement records to assist with the effective management of all loans guaranteed by the State. This issue was continuously reported in the previous years (2008-2011) audits however, no improvements were made.*
- iii The State's prerogative to give guarantees for loans and decision made at the National Executive Council (NEC) and Ministerial level, the Department of Treasury should have a standing arrangement with NEC and the Ministries to be informed of all State guarantees decisions made. Otherwise the Department of Treasury will not be able to account for all State guarantees given by the State. This issue was mentioned in the previous year's audit but there is no evidence of any improvements that had taken place to date.*

**Management Response**

*Agreed*

## **10.11 STATEMENT “J”**

*Statement “J”* summarises the receipts collected by various Government Departments by Vote and Item level. The total receipts collected by each Department and Agencies are summarised in *Statement “B”*.

### **10.11.1 Journal Entries**

Audit selected 16 samples totalling K568,318,414 from *Statement “J”* (Refer to **Appendix 14 for details**).

- Audit requested for the General Journal Entries files and was provided with two (2) files, however, these respective files did not contain any of the selected Journals.
- A review of the two (2) files revealed that four (4) Journals were either signed off by the approver or not signed off by both preparer and reviewer. In addition no supporting documents were attached to the journals to verify the entry.

### **10.11.2 Comparison of Actual Vs Estimates**

Audit’s comparison of actual receipts and the estimates including revisions arising from quarterly reviews revealed the following anomalies.

The Revenue Division and Financial Reporting & Compliance Branch advised that variances were mainly due to lack of reconciliation. Both Branches did not have meetings to ensure agreement on balances for GL accounts relating to Non Tax Revenue. The Revenue Division was not advised on any journal entries passed by the Financial Reporting Branch. Furthermore, some receipts were posted by the Revenue Division and others by the Cash Management Division. There were no regular meetings conducted to ensure that balances were true and fair and that estimated revenue targets were met.

### **10.11.3 Comparison of Statement “J” and Final Ledger**

All balances on the trial balance agreed with the balances on *Statement “J”* except for two GL Accounts totalling K7,618,117 as audit was not able to trace to the trial balance.

- |   |                          |
|---|--------------------------|
| ○ 20766 Curriculum Reform (Ausaid)                | K1,635,712               |
| ○ 20220 Melanesian Entrepreneur Lifestyle Project | <u>K5,982,405</u>        |
|   | <b><u>K7,615,117</u></b> |

### **Conclusion**

The balances on *Statement “J”* could not be verified and confirmed. The GL Accounts that audit randomly selected to test were made up of Journal Entries. No actual receipts postings were sighted. Furthermore, the Journal Entries were either not on file or did not have supporting documents.

**Audit Recommendation**

***AGO has recommended Management that; the Department of Finance and Department of Treasury should ensure that records of their respective Departments are reconciled and adjustments made appropriately to correct the variations.***

**Management Response**

***Agreed***

**10.12 Statement “L”**

Statement “L” details the *Original Appropriations from the fiscal year* as embodied in the *Appropriation Act* and adjustments by way of transfer and reallocation made under *Section 3 and 4 of the Appropriation Act*.

**10.12.1 Incorrect disclosure of the Original Appropriation figures in Statement L**

The difference noted in the disclosure of Original appropriation figures for Development Budget in *Statement “L”* totalled K1,091,064,800. ***(Refer to Appendix 15 for details)***. This portrays the increase made to the original appropriation by DoT and DoF resulting in non-compliance with the *Appropriation Act*.

**Conclusion**

Both the DoF and DoT appear to have usurped the authority of the National Parliament in not adhering to the *Appropriation Act* by increasing the original appropriation by K1,091,064,800 without legitimate authority.

**Audit Recommendations**

***AGO has recommended Management that; the DoF and DoT should urgently implement controls to conform to all appropriate authority and relevant and applicable laws and disclose factual information in the Financial Statements of the Public Accounts***

**Management Response**

***Agreed***

**10.12.2 Recording of Warrant Authorities and Expenditure**

Note 5 to the Public Accounts Statements disclosed that 2012 payments exceeded legal appropriations for Items of expenditure and their reasons were:

- Departmental payments would have exceeded appropriations due to high payroll costs that exceeded budget appropriations;
- Development Grants by donors who spent more than originally estimated for a specific project with an added note that grant expenditures were made in a foreign currency;
- Over payments of grants to Statutory Institutions resulting from payroll cost processing and use of the Reserved Account which resulted in expenditure of

K264,124,829 million which was not appropriated for in the 2012 Budget nor provided for by way of either a *Section 3* or *Section 4* transfer.

***Conclusion***

Total expenditure for the year was K11,782,521,566 which was under expended by K1,339,539,534. Audit noted that this was not a fair and true representation of expenditure due to under expenditure in agencies that off-set the over expenditure of the others.

Audit further reviewed at the Agency levels as per the number of instances of over expenditure and found that even though agencies reported totals of under expenditure, individual agencies still breached *Section 2* of the *Appropriation Act* by over expending.

***Audit Recommendations***

***AGO has recommended Management that; the Fund allocations through Warrant Authorities should be tightly monitored and controlled by the Cash Management Division to avoid over expenditure and misappropriation budgeted funds. As IFMS is adopted by the Government of PNG it should roll out faster to all other agencies to limit chances of error through collection (human) and inputting (system) of information.***

***Management Response***

***Agreed***

**10.13 OTHER MATTERS**

**10.13.1 Receiver of Public Monies (RPM) Account**

The National Government's monies collected at the Provincial level were deposited into the Receiver of Public Monies (RPM) bank accounts maintained with Bank South Pacific (BSP) and transferred periodically by direct bank transfer into the Main Public Account (MPA) maintained with Bank of PNG.

The collections made at Finance through Finance Cashier Branch (FCB) – Waigani and Central Province RPM were banked into the Bank of PNG RPM bank accounts and transferred periodically into MPA bank account (the State's main bank account) also maintained with Bank of PNG.

With reference to *Part 10* of the *Public Finance Management Manual* pertaining to *Revenue Management and Division 3 on Revenue Collections*, the audit observations made in regard to the Receiver of Public Monies collections are stipulated below.

**RPM Source Documents requested**

The source documents pertaining to Receiver of Public Monies Accounts were not provided for audit verifications, although requested.

During review of balances, together with other related records and documents provided audit noted, the following observations;

### Negative Balances

As per Note 16.1 and NOTE 16.2; there were 10 RPM accounts with negative balances. The Table 24 below shows the 10 RPM accounts.

**Table 24: RPM Accounts with Negative Balances**

No	Bank	Account Name	2012	2011	Reason
1	BPNG	RPM Waigani	0	-13,704,124	
2	BSP	RPM BSP	-7897,361	-7,897,361	
3		Eastern Highlands	-690,301	-741,629	
4		Morobe	-4,373,214	-4,531,041	
5		New Ireland	-2,947,519	-1,783,746	
6		North Solomons	26,649,667	-2,093,303	
7		Sandaun	-6,155,227	-5,434,953	
8		Simbu	-124,206	-132,748	
9		Southern Highlands	-330,104	-296,806	This balance does not agree to 2011 Public Accounts, new figures were entered
10		Western Highlands	-16,666	-38,432	
		<b>GRAND TOTAL</b>		<b>-36,654,143</b>	

No formal explanation was provided by the Management for the negative balances reported.

### Payments out of RPM Account

Audit selected seven Provincial RPM bank reconciliations as samples. However, according to Collector Statements attached together with the bank reconciliations, not all monies collected were banked as the collector statement and the balance on the bank statements did not agree.

It was noted from the samples selected, that there were discrepancies in the Collector's Statements.

### Conclusion

As a result of the above discrepancies, audit was not able to verify and confirm the completeness and accuracy of the Provincials RPMs' balances reported as at year end 2012. Further, reliance cannot be placed on the year-end bank balances as records and explanations were not provided.

### Audit Recommendations

**AGO has recommended Management that;**

- i. The Department of Finance liaise with Provincial RPM sites to ensure that the cash book maintained in IFMS agrees with the cash book at the provinces. Un-reconciled items should be investigated and cleared on a timely basis so as to give a true and fair cash book balance of the RPM account.***
- ii. The Controls surrounding the collections from the 19 RPM should be tightened so that monies collected are properly remitted to WPA accounts in a timely manner.***
- iii. Audit should be conducted at Provincial RPM accounts to ensure effectiveness of internal controls.***

### Management Response

*Agreed*



### 10.13.2 Secretary's Advance

The Secretary's Advance mechanism is one in which the Executive is entrusted with powers under the *Public Finance (Management) Act, 1995(as amended)* to exercise discretions to transfer funds internally to meet unforeseen circumstances, as it is a legal authority by the *Appropriation Act*. These two main sections that enable the funds transfers to meet unforeseen circumstances are noted below:

- **New Service:** Where there is no appropriation to meet expenditure for a particular service, allocation of funds to meet the expenditure on it is obtained from the Secretary's Advance Referred to as *Section 25 of Part V of the Public Finance (Management) Act, 1995 (as amended)* or *Section 3 of the Recurrent & Development Appropriation Acts*; and
- **Existing Service:** Where there is insufficient appropriation to meet expenditure on services already included in the approved estimates, additional allocation may be obtained either from the savings under other services or from the Secretary's Advance referred to as *Section 24 of Part V of the Public Finance (Management) Act, 1995* or *Section 4 of the Recurrent & Development Appropriation Acts*.

The Secretary's Advance is governed by the following legislations;

1. *Constitution of Papua New Guinea, more specifically Sections 211 and 212,*
2. *Public Finance (Management) Act, 1995, more specifically Sections 24, 25 and 26,*
3. *Sections 3, 4,5,6,7, 8 and 9 of the 2011 Recurrent Appropriation Acts,*
4. *Sections 3, 4, 5, 6, 7 and 8 of the 2011 Development Appropriation Acts*

#### **Funds originally appropriated to facilitate the Secretary's Advance Transfers**

Funds totalling K30,000,000 was allocated in the Original Appropriation under the Recurrent Budget, Vote 207 for 2012 for facilitating the Secretary's Advance transfers as shown in **Table 25** below. No Funds were originally appropriated under the Development Budget to facilitate the Secretary's Advance.

**Table 25: Un-Budgeted Secretary's Advances**

Secretary Advances	Recurrent (K)	Development (K)	Total (K)
Section 3 & 4 Transfers	30,000,000	Nil	30,000,000
Total	30,000,000	Nil	30,000,000

The Original Appropriation of K30,000,000 appropriated under the Recurrent Vote was used to finance both the Recurrent and Development Transfers.

#### Limits and Conditions

The conditions set for the National Parliament, Judiciary Services, Recurrent and *Development Appropriation Acts* for year 2012 are noted in **Table 26** below:-

## ***Audit Observations on the Financial Statements and the Public Accounts***

**Table 26:** Breach of Limits and Conditions by National Parliament & NJSS

• APPROPRIATION ACTS	SECTION 24 (PFMA)/SECTION 4	SECTION 25 (PFMA)/SECTION 3
• National Parliament	No Provisions made	No Provisions made
• Judiciary Services	No Provisions made	No Provisions made
Recurrent Budget Appropriations	849,654,410	NIL
Development Budget Appropriations	NIL	240,220,000
<b>Total</b>	<b>K849,654,410</b>	<b>K240,220,000</b>

The *Act of Parliament* did not legalise the *Supplementary (Appropriation) Bill/Act* for year 2012 and therefore, there was no *Supplementary Appropriation Act* for financial year 2012. As required under *Section 211* of the *Constitution of Papua New Guinea*, an *Act of Parliament* had to be enacted in order to legalise the instructions stipulated in the *Supplementary (Appropriation) Bills*.

### Limits Set for Section 3 and Section 4 Transfers

The *Appropriation (Recurrent Expenditure 2012) Act 2011, Section 4* and *Appropriation (Development 2012) Act 2011, Section 3* requires the following:-

Funds aggregating to K1,089,874,410 were to be transferred through *Sections 3 & 4* transfers between existing services in both the Recurrent and Development budget allocations resulting with the net effect as shown below in **Table 27**:

**Table 27:** Discrepancies in Transfer between Section 3 & Section 4

Secretary Advances	Recurrent (K)	Development (K)	Total (K)
Section 3 Transfers	Nil	240,220,000	240,220,000
Section 4 Transfers	849,654,410	Nil	849,654,410
<b>Total</b>	<b>849,654,410</b>	<b>240,220,000</b>	<b>1,089,874,410</b>

### **Movement of Funds**

#### Secretary's Advance Control Register

The Department of Treasury maintains the *Secretary's Advance Control Register* which was linked up with IFMS to record the funds transfers made during the year 2012. The Secretary's Advance Control Register (Budget Maintenance) is explained as follows: **Refer to Table 28 for details.**

**Table 28:** Unexplained transfers in the Secretary's Advances Control Register

Types of Transfers	Details/Explanation	Amount (K)
Section 3 (+)	Transfers/Funds are added back into Secretary's Advance	4,444,800
Section 3 (-)	Transfers/Funds are paid out of the Secretary's Advance	34,383,600
Transfers Within - (Section 4 Transfers)	Transfers are made within Departments and Agencies	528,581,806
Section 4 (+) & (-)	Transfers are made from one department to another – for one department is Gain (+) and the other is (-) Minus.	863,103,000
	<b>Total Transfers</b>	<b>1,430,513,206</b>

## ***Audit Observations on the Financial Statements and the Public Accounts***

Funds aggregating to K1,430,513,206 have been utilized for *Section 3 and 4* transfers for the year 2012. It was noted that the *Secretary's Advance Control Register* did not clearly indicate which transfers were for Recurrent Activities and which ones were for Development Activities.

Local Audit Confirmation was issued to Department of Treasury and the officer in charge of Secretary's Advance responded that there have been changes in the system. Since 2011, the record keeping of the Secretary's Advance and other related records were hooked up with IFMS. Therefore, IFMS was not able to produce reports for transfers for Development and Recurrent activities separately but all under *Section 3 and 4 Transfers*. As such the IFMS system do produces separate reports for Recurrent and Development transfers which do not show in the *Secretary's Advance Control Register*.

However, audit concluded that the *Section 3 and 4 Transfers* can be categorized according to Recurrent and Development activities by IFMS system but the information was not retrieved from the IFMS system by the officer concerned.

***The Management was requested to explain and confirm that IFMS "does not produce reports for transfer development and recurrent activities separately".***

### **Inconsistencies with Legislations;**

- No funds were appropriated under the *Appropriation (Recurrent Expenditure 2012) Act 2011* for *Section 3* transfers for New Services and between Activities. As a result, a sum of K849,654,410 was technically allowed under *Section 4* for the purpose.
- A sum of K240,220,000 was allowed under *Section 3* of the *Appropriation (National Development Expenditure 2012)* as to finance Adjustment of Appropriation for directly Financed Projects.
- No Appropriation was allocated for *Section 4* of the *Appropriation Development Act* for Adjustment of Appropriation for Project Funded by Grants.
- Consequently, no limits or specific allocation were appropriated to fund New Services, therefore, it defeated the purpose of having Secretary's Advance to restrict its use to fund unforeseen expenditures only.

Limits set as per the *Appropriation Acts* in comparison to *Secretary's Advance Control Register* is shown in **Table 29** below.

**Table 29: Variances in Limits set in the Appropriations Act**

Secretary Advances	Limits set as per the Appropriation Acts	Actual Transfers SA Control Register	Variances
Section 3 Transfers	240,220,000	38,828,400	201,391,600
Section 4 Transfers	849,654,410	1,391,684,806	542,030,396
<b>Total</b>	<b>1,089,874,410</b>	<b>1,430,513,206</b>	<b>340,638,796</b>

The limits set as per the *Recurrent and Development Appropriation Acts* for year 2012 added up to K1,089,874,410. Actual Transfers made during financial year 2012 as per the

Secretary's Advance Register totalled to K1,430,513,206 resulting in a variance of K340,638,796.

**Manual Secretary's Advance Register**

The Budgetary Division of the Treasury Department had maintained a manual register to record the *Section 3* and *Section 4 transfers* for financial years 2009, 2010 and 2011.

The Manual *Secretary's Advance Register* for year 2012 was not made available for audit verification as it was reported as missing or misplaced. Local Audit Confirmation was issued and the officer in charge confirmed that the Manual SA Register was missing. As a result, the audit was not able to confirm and verify the amount and number of advances made during the year.

**Directions**

**Reports for Directions Made**

Budgetary Sections of the Department of Treasury kept records and maintained files for *Directions* made to *Departments* and *Agencies*. However, audit was not able to verify and compare the Directions made to the Secretary's Advance Control Register because there was no documentation for checking and making comparison between the actual files and the SA Control Register.

Therefore, out of the 574 Directions made for year 2012, audit was not able to verify the number of files that were missing.

In the *Appropriation (Recurrent Expenditure 2012) Act 2011, Section 8* it stated that '*The Secretary for Treasury shall publish a report of all transfers made under this Act in the National Gazette. The report shall identify the amounts transferred by vote, recipient and the circumstances justifying the transfer. This report shall be published four times a year at the end of each quarter*'.

However, the reports for Directions made under the *Appropriation (Recurrent Expenditure 2012) Act 2011* were not published in the *National Gazette*. Local Audit Confirmation was issued and the officer in charge confirmed that the reports for directions made were not published in the *National Gazette*.

**Directions provided to AGO**

In *Section 9* of the *Appropriation (Recurrent Expenditure 2012) Act 2011* it again stated that '*A copy of each direction under Sections 3, 4 or 5 shall be made available to the Auditor General as soon as possible after the end of the financial year ending 31 December, 2012*'. However, copies of such Directions were not made available to the Auditor General's Office (AGO) as required.

The issues in regard to the Directions issued were reported in the previous Audit Reports. However, audit noted that there were no improvements made to date up to the time of this audit.

**Audit Recommendations**

***AGO has recommended Management that:***

- i. The Directions are properly filed and kept away neatly in sequential order and emphasize the importance of the compliance of Section 6 of the Appropriation (Recurrent Expenditure) Act.***

- ii. *Those Directions should be recorded in the Secretary's Advance Register for verification purposes and to quantify the Fund Transfers captured in Statement "L" of the Public Accounts.*
- iii. *The reports for Directions made should be published in the National Gazette as required by the Recurrent Appropriation Act.*
- iv. *A copy of each Direction should be made available to the Auditor General's Office as also required by the Act.*

**Management Response**

*Agreed*

**10.13.3 MISCELLANEOUS EXPENDITURE- Vote 207**

Governmental Office Allocation Rentals, Court Cases and Workers Compensation Payments were administered by the Corporate Services Division of the Department of Finance. All documents and records were maintained at the respective offices where they originate from. Government Office Allocation Rentals and lease agreements were kept at the Department of Personnel Management – (Office Allocation Committee), while Court Cases were kept at the Solicitor-General's Office and Workers Compensations were kept at the Office of Workers Compensation. Claims were submitted for payment after all procedures have been complied with and forwarded to the officer in charge at the Department of Finance for processing of payment under the respective categories. Further checks and verifications were carried out by officers in charge at Department of Finance before cheques were raised for payments to be made. Audit was focused on the controls and procedures in place as well as assessing the reliability of the financial data for the year 2012.

**Government Office Allocation Rentals**

The Audit tests conducted were on the controls and procedures in place as well as assessing the reliability of the financial data for the year 2012. As per the Invoice & Expenditure Details downloaded (IFMS 8201), audit noted a total of 712 instances paid as Government Office Rental payments in 2012 totalling K151,180,785.

AGO's review of the payments made based on selection of 20 payment vouchers which were randomly selected for payments totalling K31,038,410 have noted the following irregularities:

- A payment on cheque no. 11951 amounting to K988,762 was not located at the time of audit;
- In 19 instances totaling K30,049,647, payments made were not justified as legal as no endorsement or cover letter certifying or approving the payments by the Government Office Allocation Committee was attached;
- A rental payment of K1,080,052 on cheque no. 10844 did not have a Lease Agreement made available for audit review though requested;
- In two instances K3,173,420 was paid without the Lease Agreements being signed by the Secretary for Department of Personal Management; and.
- Audit noted that two payments totalling K3,086,093 did not have Expiry Dates indicated on the Lease Agreement to confirm the terms of agreement as in these cases would be five years.

### **Conclusion**

In the absence of proper documentation on Lease Agreements and to validate the legality of claims and payment of rentals, misuse and abuse can occur as:-

- *rental claims could be raised and collected by unauthorised personnel;*
- *Increased risks of fraud or collusion to default the State;*
- *Funds paid may have been improper and fraudulent; and.*
- *Illegal and unbinding agreements between Landlords and the State could increase risk of theft and misuse of public moneys.*

### **Audit Recommendations**

***AGO has recommended Management that the Department of Finance addresses the following issues immediately:***

- Improve on current record keeping practices and ensure sufficient documentations are maintained and retained; and***
- Establish procedures to ensure proper maintenance of lease records and a centralised lease/rental registry and related responsibilities should be clearly assigned to specific officers or employees.***
- The Government should seriously start looking at building/purchasing office accommodation for government agencies/departments to minimise the annual cost of office rentals.***
- The Department of Lands and Department of Personal Management should agree on who should sign and approve the lease agreements and ensure that all lease agreements are current at all times.***

### **Management Response**

***Agreed***

### **Court Case payments**

Review of the payment procedures made based on selection of 34 payment vouchers which were randomly selected for payments totalling K48,304,850 audit noted the following irregularities:

- In 15 instances, payment vouchers for payments totalling K33,378,868 did not have original documentation filed;
- In nine instances, payment vouchers for payments totalling K4,602,851 were not registered in the Court Order payment register maintained by DOF prior to payment;
- In six instances, payments totalling K8,697,362 did not have a Certificate of Judgment from the courts or a Certificate of taxation from the IRC, as a requirement for legal payments; and
- In five instances, payments requested by the Treasury Department amounting to K3,204,369 did not have prior approval or endorsement from the Solicitor General's Office .

**Conclusion**

The lack of proper authorization of claims to be settled and proper documentation attached to support the payments were common issues in most of the above observations. The risks are that funds paid may have been improper and fraudulent.

The safe keeping of payment vouchers is required in view of missing vouchers and those that were not provided during the audit as these documents form the basis of Public Monies spent and only further audit verifications will enable audit to justify that the transactions were genuine.

The non-adherence to proper procurement and payment procedures as mentioned above clearly reflect the non-compliance and absence of major controls. This may lead to mismanagement of Public Monies.

**Workers Compensation Payments**

The Workers Compensation Payments were administered by the Corporate Services Division of the Department of Finance. The claims were prepared by the Office of Workers Compensation and ensure that all procedures have been complied with before they were forwarded to the officers in charge for the processing of payments at the Department of Finance. The claims were allowed to go through the normal checks and verification process before they were passed for payments.

The Audit verifications conducted were on the controls and procedures in place as well as assessing the reliability of the financial data for the year 2012.

**Audit Observations**

As per the Invoice & Expenditure Details downloaded (*IFMS 8201*), audit noted a total of 369 instances paid as Workers Compensation payments in 2012 totalling K8,252,170. AGO's review of the payment procedures made based on selection of 30 payment vouchers randomly selected for payments totalling K1,419,205 revealed the following irregularities:

- In five instances amounting to K226,568, audit noted that the claims were not settled up to 2012 as no cheque numbers were registered on the Cheque & Invoice Allocation Details (*IFMS 8202*);
- A payment voucher for a payment of K45,000 on cheque 17696 was not sighted at the time of audit;
- In five instances, payments totalling K279,015 did not have any pay-slips attached to prove that payees were public servants claiming compensation payments;
- Audit noted in two instances that, payment vouchers totalling K68,790 did not clearly state the date of agreement between the injured person and Workers Compensation though payment had been made;
- Audit noted in eight instances amounting to K352,448 where the Certify Officer did not certify the payments made;
- Six payments totaling K346,306 were not registered on the DOF Workers' Compensation Payment Register provided;
- A file for maintaining the appointed Financial Delegates' names and specimen signatures were not maintained by the Officers in charge at the DOF.

**Conclusion**

In most cases, audit observed that there were no proper documentation and authorization by the responsible officers to verify and support the payments. The risks are that funds paid may have been improper and fraudulent.

The non-adherence to proper procurement and payment procedures as mentioned above clearly reflect the non-compliance and absence of major controls may lead to mismanagement of Public Monies.

**Audit Recommendations**

**AGO has strongly recommended that:**

- i. ***For control purposes, officers responsible at the Department of Finance should maintain a register for all Consent Award coming in from Workers Compensation and prepare a check list to ensure that all procedures have been followed and the required documents were obtained and are in order before they are passed for payments to be processed.***
- ii. ***Officers responsible should authorize and certify all the payments before payment are released.***

**Management Response**

***Agreed***

**10.13.4 Cheque Usage**

Audit selected cheque usage (consumption) report for the period 25 December, 2012 to 01 February, 2013 and noted the following discrepancies;

- *In a suspicious manner, 307 cheques were issued totalling K25,207,634 which were printed during the Public Service Christmas and New Year Shutdown period (24 December to 30 December) in 2012;*
- *Department did not maintain Manual Cheque Register in 2012, therefore, audit was not able to confirm the cheques drawn against the register book in 2012;*
- *The Cheque Usage (Consumption) Report 2012 printout for the period covered did not have serial numbers; and*
- *The Cheque Usage Report 2012, reveal that 78 cheques totalling K4,614,053 were drawn between 10 pm and 1am.*

**Conclusion**

- In the absence of the manual cheque register, there was a high risk of cheques run through the system and printed and no trace to ascertain the actual cheques printed, that were systems error that need to be re-printed and so forth that only allows for fraudulent claims;
- There is also high risk that, cheques were printed, presented at the bank without proper filing in place;
- Proper authorising officers not approving the claims poses the risk of claims processed without proper supporting documents and legislations bypassed and management overriding of controls; and



- Payment vouchers were not stamped paid may have been re-submitted for payments.

***Audit Recommendations:***

***AGO has strongly recommended that Department of Finance as a matter of priority;***

- i. Create a Manual Cheque Register and record all the cheques that were drawn in the financial year;***
- ii. Ensure that fit and proper personnel approve the claims prior to processing of claims;***
- iii. Ensure that cheque copies are attached to claims; and***
- iv. Ensure that all claims that are paid should be “stamped paid” to avoid being presented again for payment.***

***Management Response***

***Agreed***

**10.13.5 Departmental Audits**

In drawing the conclusion relating to the Audit Opinion on the Public Account, it is necessary to consider the common observations made in the Management Letters issued by AGO to the various National Departments that have been audited for the 2012 financial year.

A total of 29 Departments and agencies were audited in the 2012 audit cycle. The audits of 2012 controls were designed to assess the reliability of control structures to produce complete, accurate and valid information for financial reporting purposes.

Summary of Departmental Audit Observations in 2012 included the following:-

**Corporate Governance**

**Corporate Plan and Annual Plan**

As stipulated in the *National Public Service General Orders 8.11* “the Departmental Head shall have in place at all times a Corporate Plan providing the future business strategies and planned objectives of his/her Department over a three to five year period. Based upon the Corporate Plan, and the programmed budgeting approach to managing his/her Departmental resources, the Department Head shall provide Annual Management Plans to meet requirements of the budgetary cycle”.

However, the result of the audits identified:

1. Only 16 Departments had Corporate Plans. Corporate and Business Plans are important as they set the targets and performance indicators to assist with monitoring of achievements and taking corrective actions. Departments without these plans have difficulty in measuring performance which in turn leads to ineffective and inefficient service delivery.
2. In general, for Departments that had Corporate Plans, performance indicators were not precise enough and therefore did not provide an effective basis for proper assessment of the achievements. Performance is better accounted for when measures of output quantity, quality, timeliness and costs are identified as performance indicators.

3. There was no evidence to suggest that findings or recommendations in audit reports were considered at the executive management meetings for agencies reviewed.

#### **Internal Audit Committee**

Audit Committees have an important role to play in reviewing and advising on important components of corporate governance. An effective committee has the potential to strengthen the agency's control structure and to assist the Chief Executive/Secretary to foster and maintain an appropriate control culture. 17 out of 29 Departments covered in 2012 respectively, had established Audit Committee functions.

#### **Quarterly and Annual Financial Reports**

*Part II Section 5 of the Public Finances (Management) Act, 1995* requires Departmental Heads to submit a report on financial management quarterly and an annual report, including overall assessment of the Department at end of each fiscal year to the Secretary, Department of Finance.

Fourteen (14) out of 29 Departments did not comply during the 2012 financial year.

#### **Annual Management Reports**

*Division 4 Section 32 (a) of the Public Service (Management) Act, 1995* stipulates that:

*"Each Departmental Head shall by 31<sup>st</sup> March in each year, prepare a report on the attainment of the planned objectives of his Department for the year ending 31<sup>st</sup> December preceding."*

*Public Service General Order 8.12* reinforces this by directing that the Departmental Head is to forward to Secretary, Department of Personnel Management a report on the work and achievements of the Department in relation to the Corporate and Annual Management Plans.

Only four (4) out of 29 Departments checked did not submit this report as required.

#### **Budgetary Control**

An effective financial management environment is demonstrated by strong integration of budgeting with the entity's corporate plan priorities and external accountabilities. Appropriations represent the primary source of revenue for all agencies. The efficiency of a Department's cash management and budgetary controls depend on accurate information on the availability and the requirements of funds, as well as a reliable procedure for tracking and reconciling variances from its records against Department of Finance's records. The audits indicated that controls in agencies relating to the funds management and budgetary controls were generally inadequate. The common weaknesses noted related to:-

- Lack of monitoring of expenditure in all 29 Departments in 2012. Departments did not prepare cash flows statements on a regular basis to report on significant anticipated shortfalls or surpluses and to enable the Head of Department to make informed financial decisions. All Departments that were checked indicated non-reconciliation of their monthly PGAS report against the TMS/IFMS General Ledger maintained by Department of Finance. Massive variances were noted at year end in the revised budget, Warrant Authorities and actual expenditure as noted below.

***Difference between Warrant Authorities and Actual Expenditures***

Particulars	31 December 2012(29 Agencies)
Revised Appropriation	K498,986,869
Warrant Authority	K637,291,553
Actual Expenditure	K108,422,455

The lack of monitoring exposes the Public Accounts to the risk that monies could be spent in excess of the appropriation limit, resulting in breaches of the *PFM Act* and the *Appropriation Act* approved for the budget year;

- Incorrectly expenditures were charged to vote items for which funds were not appropriated, either through use of incorrect expenditure codes or through journal entries. There were also instances of funds being transferred between Divisions and functions during the year, contrary to the *2011 Appropriation Act* for the *2012 budget year*;
- A lack of reconciliation between the PGAS and the TMS/IFMS which captures all the financial transactions processed through the PNG Government Main Public Accounting System.
- Each Government agency is expected to reconcile their records (PGAS) on both revenue and expenditure with the monthly records produced by the Department of Finance (TMS). If there are any differences between the two records, journal entries are required to be raised by the Departments to make the necessary adjustments ensuring that both records have the same information on their respective ledgers.
- Material variances in actual expenditures were noted in several agencies.
- The non-performance of this very important control mechanism, reconciliation has a significant impact in the balancing of the General Ledger of the Public Account of PNG. Namely, what is captured on the main Public Account may not be a true and fair representation of the information being generated and processed during the financial year at the various agencies.

**Cash Management – Bank Reconciliation**

Bank reconciliation is an important control mechanism and represents an independent verification by management to ensure that Cash Book transactions reconcile to the bank statements. Performing bank reconciliations periodically (monthly) ensures that receipts and payments are accurately processed, Cash Book or bank errors are identified, and misappropriation or fraud is detected in a timely manner. Bank account reconciliations are a key control in assisting management to identify anomalies or errors in the payment and receipting processes and assist management to discharge its accountability requirements. Reconciliations need to be prepared within a reasonable period to ensure anomalies or errors have been identified and appropriate action taken.

Weaknesses identified related to either no reconciliations performed or untimely completion of reconciliations, including no clearance of reconciling items are as follows:-

- *Bank reconciliations were current in only 17 out of 29 Departments in 2012. However, even in those entities, significant un-reconciled items were carried over for long period of time. Two Departments had not performed any bank reconciliation for the year under review;*

- *In a number of Departments, the officers responsible for preparation of the bank reconciliations were not qualified and sufficiently trained;*
- *In eight agencies, the reconciliations were not reviewed and certified as correct by a senior accountable officer; and*
- *Not all Departments were submitting their bank reconciliation statements to Department of Finance within 14 days after the close of each month as required by the PFM Act, 1995.*

#### **Asset Management**

Government Departments and agencies spend significant amounts of money on assets purchases, especially on computers and accessories. It is the responsibility of the Departmental Heads to account for and safeguard the State's assets within their respective jurisdictions.

From the assets records of the 29 Departments audited, it was revealed that:

- *Asset registers were either non-existent or they were not maintained properly in all agencies. The lack of register exposes the entity to the risk that assets may not be utilized effectively, protected from physical deterioration or maintained properly;*
- *Periodic stock takes were not conducted to determine the accuracy of assets on hand in all agencies. In most cases the physical condition and durability of assets held was not properly ascertained. The risk of assets being removed without authority or through theft was high in agencies that did not conduct periodic stock takes;*
- *From the samples of vouchers selected for testing, in excess of K42.6 million in 2012, audit noted that payment details of unrecorded assets could not be traced to asset recordings, both resulting from lack of a register or simply not being recorded by any means; and*
- *Controls surrounding management of vehicle fleets were non-existent. Custodianship of vehicles was not documented and identified to officers in possession, nor any review conducted on the custodial arrangements to ensure that the vehicles existed.*

#### **Procurement and Payment Procedures**

Strong controls over purchases and payments will help ensure that the quantity and the quality of goods or services purchased are acceptable and that goods are actually received in good order.

Audit of the procurement procedures and the payments revealed that in most cases there was an extremely high rate of non-compliance with the procurement and payment procedures. In majority of agencies, there were no procurement plans or quotation registers maintained. Most importantly, monitoring of quality and quantity of goods and services received was not performed.

Other significant issues observed were:

- *Payment vouchers were not examined for completeness and certified as correct prior to processing for payment. These were noted in four agencies in 2012 amounting to K2.5 million;*
- *In 2012 where detail testings were undertaken, missing vouchers were in excess of K105.1 million in 29 Departments;*

- *Payments to suppliers were often made on pro-forma invoices and without required quotations. A number of agencies were making payments through this process; and*
- *In 2012, payments were made without approval from the gazetted Section 32 Officers which amounted to K1.5 million in 9 Departments.*

The lack of controls over procurement and payments had significantly exposed the State to the risk of:

- *unauthorised purchases;*
- *over-commitment of funds without recourse to cash flows;*
- *uneconomical purchasing;*
- *fraud (kickbacks/secret commissions); and*
- *Purchase of inferior or expensive goods and services.*

#### **Human Resource and Payroll Management**

Human resource (HR) management processes encompass the day to day management and administration of employee entitlements and payroll functions. The salaries and wages costs within Government Departments represent one of the largest items of expenditure. On average, direct salaries comprise around 20% of the annual recurrent budget of the State. This represents a significant area of risk and management should ensure that these costs are carefully controlled and monitored and that those responsible for payroll functions have the necessary skills and knowledge to effectively execute these functions.

The Common weaknesses noted in most of the Departments and Agencies are summarised below:-

- Although payroll is processed centrally by the Information Technology Division (ITD) of the Department of Finance for public servants, it is the responsibility of the Departmental Head to ensure the Department's payroll is accurate and complete. Audit observed that there were no payroll reconciliations performed by HR in nine Departments in 2012 that were checked. Previous audits indicated too that not many agencies perform such reconciliations. The agencies did not maintain their own PGAS or Alesco ledger records but relied on the Department of Finance records. The lack of this key control can facilitate fraudulent payroll activities where payments processed outside the system such as manual cheques could not be easily detected in the absence of independent records and reconciliation;
- One of the important aspects of the HR function is to maintain records that demonstrate compliance with applicable human resource statutory and regulatory requirements, agency policy and agreements with other parties. Up to date records in respect of individual employees are vital and should be properly maintained. Testing of a sample of employee files in all Departments indicated that salary history cards were not updated on a regular basis with recreational leave, higher duties allowance, sick leave or tax declaration forms on dependents claimed;
- In some Departments and Agencies, personnel files were generally not kept in a satisfactory manner. The files were left lying around on the floor area and not in a secure environment. There was a risk of loss of payroll, personal information or documents, damage to the files and also unauthorised access to payroll and personal information;

- Audit noted that in some agencies it was a practice where rental accommodation for contract officers were paid to real estate agencies in excess of the respective contractual entitlements; and
- Audit also noted that in some agencies, mobile phones and prepaid cards were purchased for contract officer's use, while these officers also receiving telephone allowances.

#### **Trust Account Management**

Government agencies (or the Heads of Departments) are responsible for the maintenance of trust accounts. To ensure proper accountability of trust moneys, *Part 3* of the *PFM Act* requires the maintenance of adequate records, that collection of receipts and payments from trust accounts are done in accordance with the *Trust Instruments* and submission of periodic reports to Department of Finance including a requirement to submit monthly bank reconciliations.

Consistent with the findings from previous years, the Departments were unable to ensure that the collection of receipts and the payments of trust money were in accordance with the *Trust Instruments*.

Other issues noted were:-

- *The existence of nine trust accounts that were not operating under the Department's PGAS accounting system. As records are not properly maintained, monitoring of expenditure and compliance are not effectively performed;*
- *In most of the Departments with trust accounts, payments were made contrary to the Trust Instruments. These agencies have also not submitted monthly reconciliations and statements of receipts and payment to the Department of Finance in respect of the Trust; and*
- *Surplus funds available in the trust accounts were not invested in line with the PFM Act. This was evident for most of the Trust Accounts administered by Departments and Agencies.*

#### **Advance Management**

*Part 20* of the *Financial Management Manual* requires all advances paid relating to travelling for both overseas and domestic travel, including cash advances, to be recorded in the Register of Advances and to be controlled and managed by the Financial Delegates.

Although advances are not a direct component of the Public Accounts, due to the significance of the issues identified, such as non-existent controls, management overriding controls and potential fraudulent activities occurring, audit examined in detail the management of advances. The following significant issues were noted:-

- Un-acquitted advances as at 31 December, 2012 were in excess of K34.1 million in 2012 for 29 Departments. It was observed that most of these agencies issued further advances to officers whilst their previous advances remained outstanding; and
- Audit observed the practice of agencies paying significant amounts of cash to the Paymaster as cash advances was highly irregular. The cheques were cashed by the Paymaster/Pay-mistress and paid to officers of the Departments for various purposes. Such practice may have led to fraud as there was lack of documentation for

an audit trail. These payments were noted in seven departments totalling K11.4 million. Material advances were noted in several Departments.





## **SECTION “C”-**

### **APPENDICES - “APPENDIX 1” TO “20”**



**NEW TRUST ACCOUNTS ESTABLISHED IN 2012-NOT INCLUDED IN THE 2012 STATEMENT 'C'**

<b>Audit No.</b>	<b>TNO</b>	<b>Trust Account</b>
1	729	PNG LNG Additional State Equity Financing Trust
2	730	Public Curators Administrative (For Southern and Highlands Region) Trust Account
3	731	Agro Food Safety and Codex Project Trust
4	732	NIP Government MRDC Royalty and Associated Benefits Trust Account
5	733	Smallholder Support Services Expansion Project Trust (Central)
6	734	Education Support
7	735	Smallholder Support Services Expansion Project Trust (Simbu
8	736	DAL Risk Management & Climate Change Adaptation Program Agriculture Sector
9	737	PNG Fire Service Infrastructure Rehabilitation Program - (Public Investment Program) T/A
10	739	Customs Technology Infrastructure Development T/A
11	740	Hides PDL 1 Infrastructure Development Grant (IDG) T/A
12	741	Hides PDL 2 Infrastructure Development Grant (IDG) T/A
13	742	Gobe PDL 3 & 4 Infrastructure Development Grant (IDG) T/A
14	743	Central Moran PDL 5 Infrastructure Development Grant (IDG) T/A
15	744	North West Moran PDL 6 Infrastructure Development Grant (IDG) T/A
16	745	South Hides PDL 7 Infrastructure Development Grant (IDG) T/A
17	746	Angore PDL 8 Infrastructure Development Grant (IDG) T/A
18	747	LNG Pipeline Infrastructure Development Grant (IDG) T/A (Kikori Area)
19	748	LNG Plant Infrastructure Development Grant (IDG) T/A (Papa-Lealea Area)
20	750	Deputy Prime Minister's Office Administration T/A
21	751	Microfinance Expansion Project - GoPNG Counterpart Funds Secondary
22	752	Microfinance Expansion Project - ADB Loan No.2686-PNG Second Generation Imprest Account
23	753	Microfinance Expansion Project - ADB Grant No.0226-PNG Second Generation Imprest Account
24	756	International Obligations Trust
25	758	UPNG Major Development Project
26	759	ENB PNG Games Hosting Organising
27	760	DOW Disaster Risk Management & Climate Change Adaptation Project Trust
28	761	Hela Transitional Authority Infrastructure Development Trust
29	762	Accelerated Hospital Infrastructure Program Trust
30	763	AUSAID Rural Primary Health Services Delivery Project Imprest (in US\$)
31	764	GoPNG Rural Primary Health Services Delivery Project (in Kina)
32	765	ADB Rural Primary Health Services Delivery Project Special Accoujnt (in Kina)
33	766	OFID Rural Primary Health Services Delivery Project Imprest (in US\$)
34	767	OFID Rural Primary Health Services Delivery Project Imprest (in Kina)
35	768	ADB Rural Primary Health Services Delivery Project Imprest (in US\$)
36	769	AUSAID Rural Primary Health Services Delivery Project Imprest (in Kina)
37	770	Regional Centre for Technology & Innovation (RCTI)
38	771	Commowealth Youth Ministers Meeting
39	772	Trade Skills Scholarship Trust
40	773	Office of Higher Education Sector Improvement Trust
41	775	National Capital District Health Centres and Hospitals Fees

OVER-STATED BALANCES

No:	Legacy Code	Government Trust Account	ACCOUNT NO	Bal as per Bank confirmation	Statement C 31/12/12	Over Stated Amt
1	21	Accountant Registration Board	1000489577	34,158.59	54,000	-19,841
2	40	Angau Memorial Hospital Fees Trust A/C	1000385642	1,708,491.30	1,844,000	-135,509
3	154	Health Sector Development Program	1000584172		3,060,000	-3,060,000
4	190	Attorney General's Legal Fees & Brief TA	1000584244	757,488.65	1,244,000	-486,511
5	194	Police Air Wing Trust	1000586301		4,000	-4,000
6	200	Financial Management Improv.Prog - GoPNG	1000584322	1,477,692.26	4,514,000	-3,036,308
7	206	Mining Memorandum of Agreements Trust	1000587061		165,000	-165,000
8	212	Correctional Services SAP House Proj	1000586955		6,000	-6,000
9	278	Road Maint.Upgrading - ADB 1709	1000584636		80,000	-80,000
10	382	PNG Highlands Highway Rehabilitat'nProg	1000584820		3,000	-3,000
11	383	PNG Highlands Highway Rehabilitation Program	1000584821		14,000	-14,000
12	402	National Road Maintenance	1000587679	47,624.05	48,000	-376
13	405	National Aids Council	1000584340	658,067.93	1,983,000	-1,324,932
14	409	Defence Force Rebuilding Programme	1000587734		162,000	-162,000
15	417	Road Maint.&Rehab.Proj. Special Account	1000585381		9,000	-9,000
16	418	Road Maint.&Rehab.Proj.(GoPNG-Counterpart	1000585380		16,997,000	-16,997,000
17	423	Road Maint.Rehab.Proj-Oro Prov.GovtVill	1000321838		118,000	-118,000
18	425	Central Provincial government	1000389335		1,105,000	-1,105,000
19	430	WNB Prov. Govt. Dept. of Works - Drawing	1000876006		177,000	-177,000
20	446	Northern Australia Quarantine Insp. Str	1000936739	484,341.22	653,000	-168,659
21	448	Sepik Highway Trust	1000873512		749,000	-749,000
22	449	Walium Oil Palm Trust	1000995442		23,000	-23,000
23	455	LaeSieng Trust	1001056272	4,699.58	21,000	-16,300
24	460	Illegal Immigrants	1001012275		3,000	-3,000
25	469	Basic Education Development - GoPNG	1001079959		2,356,000	-2,356,000
26	473	PNG Education Reg.for Delivery (PRIDE) Project Trust	1001099916		47,000	-47,000
27	481	Key Roads for Growth & Maintenance	1001114622		5,000	-5,000
28	488	SHP Government Emergency -Main T A	1001203618		1,000	-1,000
29	491	Manam Disaster Resettlement Trust	1001220239	117,753.90	1,118,000	-1,000,246
30	493	Bougainville Resource Capacity	1001195141		2,000	-2,000
31	494	Establish. of Seized Goods Proceeds Trus	1001213771		159,000	-159,000
32	499	Financial Management Training Programme	1001233794		149,000	-149,000
33	500	Lihir Integrated Benefits Package	1001229655	1,566,314.36	10,041,000	-8,474,686
34	510	Manus Processing Centre	1000587739		287,000	-287,000
35	512	PNG Education Payroll System	1000605632		33,000	-33,000
36	514	Govt's Funding of Dev.of the Agriculture Sector	1001352992		2,000	-2,000
37	518	Govt's Funding of Rehab. of Educ. Sect. Subsidiary Account	1001511531	1,067,620.51	69,300,000	-68,232,379

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38	519	Govt's funding of Rehab of Higher Ed Sector	1001241388	7,393,519.39	8,400,000	-1,006,481
39	527	Govt's funding of Rehab of NBC Infrastructure	1001284716		9,000	-9,000
40	527	Govt's funding of Rehab of NBC Infrastructure	1001343950		900	-900
41	544	Rev. Other than Personnel Income Tax & Coy Tax of ABG	1001203865		9,000	-9,000
42	548	Log Export Development Levy	1001700969		88,772,000	-88,772,000
43	551	L&J Sector Program Judiciary Services Imprest A/C	1000947137	15.42	3,000	-2,985
44	553	L&J Sector Program Royal PNG Constabulary Imprest A/C	1000947146	238,152.36	839,000	-600,848
45	556	L&J Sector Program Eastern Highlands Prov. Admin. Imprest Accou	1000947153	29,319.51	43,000	-13,680
46	560	Sub National Strategy Trust	1001339748	5,619,068.72	11,622,000	-6,002,931
47	561	Central Province - Sub National Strategy	1001090168	891,346.39	935,000	-43,654
48	562	Highlands Highway Rehabilitation T/A Subsidiary	1001339843	7,221,408.83	34,188,000	-26,966,591
49	569	National Aids Council Secretariat	1001346839	2,922,409.48	85,156,000	-82,233,591
50	575	Law & Justice Serv. Waigani - Ausaid	1001012467	25,543,853.99	25,959,000	-415,146
51	582	Madang Marine Park Development T/A Subsidiary	1001436664	2,683.61	3,000	-316
52	590	Bougainville Weapons disposal Trust Account	1001608528		18,000	-18,000
53	591	Central City Trust Account	1001392813	495,477.38	50,474,000	-49,978,523
54	593	Petroleum O/Standing Commit Trust 2008	1001501108	38,573.56	39,000	-426
55	595	Smallholder Agricul.Dev.Proj Credit T/A	1001502760	758,884.67	1,033,000	-274,115
56	601	Sandaun Prov. Sub-National Strategy t/A	1001356645	391,235.00	750,000	-358,765
57	602	Milne Bay Prov. Sub-National Strategy T/A	1001354396	73,100.63	774,000	-700,899
58	607	Support to Auditor-General's Office (SAG	1001607149	490,862.33	764,000	-273,138
59	608	Life Skills Teacher Training T/A	1001573721		72,000	-72,000
60	609	Smallholder Agri.Dev.Proj.(SADP)-GoPNG f	1001590079	2,147,903.80	3,767,000	-1,619,096
61	610	Strengthening of Provincial and LL Gov't	1001885027		1,000	-1,000
62	619	PNG Urban Youth Employment Project (UYEP	1001715065		27,000	-27,000
63	624	Infrastructure Development (UBSA) Account Subsidiary	1002642229		198,000,000	-198,000,000
64	648	PNG High Impact Infrastructure Projects Subsidiary	1002877098	1,696,789.90	100,000,000	-98,303,210
65	654	PNG Immigration & Citizenship Service T/A	1002129144	3,085,920.31	4,336,000	-1,250,080
66	655	Public Service Program T/A	1001707620	1,974,394.28	3,931,000	-1,956,606
67	663	District Offices Rehabilitation T/A Subsidiary	1002837308		2,578,000	-2,578,000
68	667	Variarata National Park Rehabilitation T Subsidiary	1002836946		46,000	-46,000
69	668	REDD Program T/A Subsidiary	1002877452		8,000	-8,000
70	677	MOA Outstanding Liabilities Trust A/C Subsidiary	1002642351		111,626,000	-111,626,000
71	683	Business Kumul-Australia Disaster Relief Trust T/A	1003008503	226,241.40	315,000	-88,759
72	686	Kokopau to Arawa Road Upgrading and Bitumen Sealing Subsidiary T/A	1005365745		19,962,000	-19,962,000
73	693	Sogeri National High School (Renovation and Upgrading) T/A Subsidiary	1004922595		10,000,000	-10,000,000
74	695	Trans East-West New Britain Highway Sub Trust	1004926554	999,839.02	10,000,000	-9,000,161
75	697	Central - Malalaua Highway Subsidiary T/A	1004928063		10,000,000	-10,000,000
76	699	Flexible, Open and Distance Education Rehabilitation T/A (GoPNG)	1005027063	577,378.68	1,501,000	-923,621

## *Appendices*

77	703	Bihute Jail House Water Supply Project T/A	1003723960		35,000	-35,000
78	708	Institute of Certified Management Accountants 12T/A	1004811236		56,000	-56,000
79	710	Task Force Sweep (National Planning) T/A	1004603658	2,863,669.81	3,748,000	-884,330
80	712	Urban Youth Employment Project (GoPNG) Trust Account	1001715065		27,000	-27,000
81	713	Tuition Fee Education Trust Account Subsidiary	1004924963	34,096,868.56	300,000,000	-265,903,131
82	722	Post-Conflict Bougainville Project Special Account (World Bank SPF Grant No. TF098558)	1005244692	18,744.48	134,000	-115,256
83	755	Regional, Provincial Treasury and District Admin. Offices	1001520934		388,000	-388,000
<b>TOTAL</b>				<b>107,721,913.86</b>	<b>1,206,884,900</b>	<b>-</b> <b>1,099,162,986</b>

**UNDER-STATED BALANCES**

No:	Legacy Code	Government Trust Account	ACCOUNT NO	Bal as per Bank confirmation	Statement C 31/12/12	Under Stated Amt
1	15	Public Solicitors Trust (Justice)	1000489429	596,781.37	555,000	41,781
2	39	Port Moresby General Hospital Fees	1000489668	184,358.29	166,000	18,358
3	187	Nat.Apprenticeship& Trade Testing Board	1000054443	68,778.58	0	68,779
4	211	Insurance Commissioner's Trust	1000586290	3,323,363.74	2,529,000	794,364
5	222	Kenabot Subdivision & Drainage Network of Kokopo T/Ship	1000103057	163,111.86	161,000	2,112
6	243	Government Printing Office	1000090937	2,138,703.53	493,000	1,645,704
7	262	NCD-S/H Support Serv.Pilot Project Counterpart	1000587174	804,346.08	397,000	407,346
8	264	EHP-S/H Support Serv.PilotProject.C/Part	1000751656	83,468.60	69,000	14,469
9	273	Works Suspense Outside Operations	1000587383	42,816,432.94	-23,062,000	65,878,433
10	277	Road Maint.Upgrading Project - GoPNG	1000584635	1,490,251.57	-1,476,000	2,966,252
11	277	Road Maint.Upgrading Project - GoPNG	1000584635		-5,885,000	5,885,000
12	279	National Events Council	1000122144	510,258.48	46,000	464,258
13	443	Nat.Disaster Centre Operational Trust	1000583924	1,790,900.08	420,000	1,370,900
14	450	Plant and Transport Board (PTB) TA	1000990254	7,452,644.70	6,770,000	682,645
15	451	Prov.Towns Water Supply & Sanitation	1001001502	40,233,755.10	18,914,000	21,319,755
16	453	Housing Development Project TA	1001492798		-637,000	637,000
17	454	Bougainville Gov& Implementation Fund	1000972509	699,274.40	-262,000	961,274
18	461	Population Policy & Dev.Planning Project	1000585015	246,843.94	57,000	189,844
19	462	PNG Ozone Depleting Sub.Phase Out prog.	1001010693	11,677.65	1,000	10,678
20	465	Comm.Water Transportation Fund-US Dollar	1001592342	502,155.42	1,000	501,155
21	466	Comm.Water Transportation Fund - GoPNG	1001068529	39,580,484.37	548,000	39,032,484
22	467	Comm.Water Transport Fund-ADB Ln Imprst.	1001592326	10,758,065.76	1,000	10,757,066
23	468	Education Capacity Prog. Imprest Trust	1001027500	39,828,796.37	16,072,000	23,756,796
24	472	Financial Mgnt Improvement Prog - PCAB	1001035244	228,562.84	218,000	10,563
25	479	Work Permit Trust Account	1001037437	19,216,398.34	-62,289,000	81,505,398
26	524	Govt's funding of Rehab of Transport Infrast	1001241390	23,321.08	-3,392,000	3,415,321
27	528	Hosp. & Health Care Centre Rehab. Trust Subsidiary 1	1001228863		-6,111,000	6,111,000
28	530	Rehab of Housing for Police Trust Account	1001228873	25,188,786.38	19,470,000	5,718,786
29	543	Personnel Income Tax of ABG	1001203857	2,014,265.65	1,900,000	114,266
30	546	Western Prov CMCA Region Div-Non CMCA	1001310415	296,756,360.28	252,709,000	44,047,360
31	549	Log Export Dev Levy Withholding TA	1001332935	32,320,142.99	8,630,000	23,690,143
32	552	L&J Sector Program Ombudsman Commission Imprest A/C	1000947141	72,992.67	64,000	8,993

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33	555	L&J Sector Program Correctional Service Imprest Account	1000947152	898,814.90	32,000	866,815
34	557	L&JS Nat.Plann. & Rural Dev. Imprest A/C	1000947130	9,007,558.26	331,000	8,676,558
35	559	East New Britain - Sub National Strategy	1001079513	16,443.65	16,000	444
36	565	Institutional Housing Pilot T/A Subsidiary	1001439771		-11,689,000	11,689,000
37	571	Transport Sector Support Program A/C	1001358320	112,331,230.46	104,619,000	7,712,230
38	576	Law & Justice Serv. Bougvil. Administration	1000984773	1,676,019.78	192,000	1,484,020
39	581	Cooperative Societies Establishment T/A Subsidiary	1001436674		-3,000	3,000
40	594	Nat.Plann. Committe Task Force T/A (NPC	1001534850	328,691.32	-104,000	432,691
41	603	Lae Port Dev.Proj. GoPNG Counterpart Funding	1001377132	20,838,593.56	-	20,838,594
42	614	Highlands Region Roads Improv Invest ProgGoPNGCPart	1002785903	7,067,402.77	-28,793,000	35,860,403
43	621	Bougainville Kina for Kina Scheme Account	1001709695	254,244.99	38,000	216,245
44	665	Mining Office Rehabilitation T/A Subsidiary	1002837555		-93,000	93,000
45	666	Mining Legal Costs T/A Subsidiary	1002837449	340,785.24	-94,000	434,785
46	691	Kerevat National High School (Renovation and Upgrading) T/A Subsidiary	1004919039	10.12	0	10
47	692	Passam National High School (Renovation and Upgrading) T/A Subsidiary	1004919450	10.09	0	10
48	698	Road Maintenance and Rehabilitation Project 2 (RMRP 2) T/A	1003848940	22,173,547.71	2,000	22,171,548
49	699	Flexible, Open and Distance Education Rehabilitation T/A (GoPNG)	1005027063	577,378.68	1,501,000	-923,621
50	701	Reading Education (READ) PNG Project T/A (FTI Funds)	1005207343	1,004,267.81	0	1,004,268
51	706	Small Medium Enterprise Risk Sharing Facility (GoPNG) T/A	1003648167	353,539.36	12,000	341,539
52	707	Small Medium Enterprise Risk Sharing Facility (World Bank) Special T/A	1003648316	1,955,518.00	1,800,000	155,518
53	711	Urban Youth Employment Project (World Bank) Special Account IDA Credit No. 4854-PG	1005267131	234,891.91	0	234,892
54	738	Autonomous Bougainville Government Mining Department T/A	1006011918	1,195,833.35	484,000	711,833
55	754	Public Service Audit Program	1001707620	1,974,394.28	1,964,000	10,394
<b>TOTAL</b>				<b>751,334,459.30</b>	<b>297,292,000</b>	<b>454,042,459</b>



TRUST ACCOUNTS NOT INCLUDED IN STATMENT C

No:	Legacy Code	Government Trust Account	ACCOUNT NO	Balance as per Bank confirmation
1	20	Correctional Services	1000586954	47,050,142
2	29	Oro Provincial Government: Dept.of Works	1000489658	5,284,936
3	33	Health Department Project T/A	1000583657	681,346
4	76	2KR Aid Trust Account	1000588059	386,754
5	79	Attorney General's Library Trust	1000584027	1,256,611
6	98	Police Operations Trust	1000031450	4,318,774
7	156	Health Sector Development Program GoPNG Fund T/A	1001592378	1,209,528
8	272	Defence Force Commercial Support Trust Account	1000587747	4,101,037
9	447	PNG Biosafety Framework Trust	1000603928	5,709
10	478	Environment Protection Trust Account	1000585083	199,549
11	524	Transport Sector - Central City Redev.	1001392813	495,477
12	539	Cocoa Pod Borer Emergency (CPB) Trust Account	1001290571	803,061
13	554	Fisheries and Marine Resources	1000947145	398,058
14	560	WNB Sub_National Strategy Trust	1001354163	317,228
15	560	Simbu Sub National Strategy Trust	1001353009	11,840
16	560	Milne Bay Sub National Strategy Trust	1001354396	73,101
17	560	Sandaun Sub National Strategy Trust	1001356645	391,235
18	560	Manus Sub National Strategy Trust	1001793437	240,861
19	560	Morobe Sub National Strategy Trust	1002089215	131,658
20	560	Madang Sub National Strategy Trust	1001798550	85,551
21	571	TSSP S/A - BOROKO A/C	1001358374	554,600
22	571	TSSP S/A - WEST NEW BRITAIN A/C	1001361245	1,825
23	571	TSSP S/A - CENTRAL A/C	1001361276	307
24	571	TSSP S/A - EAST SEPIK A/C	1001361277	128,125
25	571	TSSP S/A - EAST NEW BRITAIN A/C	1001361280	1,744
26	571	TSSP S/A - NEW IRELAND A/C	1001363410	116,720
27	571	TSSP S/A - MILNE BAY A/C	1001364459	784,222
28	571	TSSP S/A - MADANG A/C	1001368176	307,018
29	571	TSSP S/A - SANDAUN A/C	1001369519	145,110
30		Magisterial Services - Land Dispute Settlement Sub A/C	1001577530	4,969,684
31	659	Port Moresby Roads - Subsidiary Trust Account	1003502182	2,908,227
32	717	2015 South Pacific Games Trust Account Subsidiary	1004924245	65,905,051
33	732	NIP Government MRDC Royalty and Associated Benefits Trust Account	1006146433	12,000,686
34	740	Hides PDL 1 Infrastructure Development Grant (IDG) T/A	1006138828	741,001
35	741	Kutubu PDL 2 Infrastructure Development Grant (IDG) T/A	1006315095	15
36	742	Gobe PDL 3 & 4 Infrastructure Development Grant (IDG) T/A	1006315731	8,199,983
37	745	South Hides PDL 7 Infrastructure Development Grant (IDG) T/A	1006138992	124,348
38	747	LNG Pipeline Infrastructure Development Grant (IDG) T/A (Kikori Area)	1006152480	16,316,797
39	748	LNG Plant Infrastructure Development Grant (IDG) T/A (Papa-Lealea Area)	1009613405	17,471,983
40	751	Microfinance Expansion Project (GoPNG Funds)	1003130067	1,382,226
41	752	Microfinance Expansion Project (ADB Grant 2686)	1006329195	95,062
42	753	Microfinance Expansion Project (ADB Grant 0226)	1006329310	79,911
43	757	Restoration and Development Grant Subsidiary Account	1006491540	94,761,995
44	758	UPNG Major Development Project Trust	1006274284	65
45	760	DOW Disaster Risk Management & Climate Change Adaption Program Transport Sector (TF No 011267)	1007895053	393,908
46	772	Trade Skills Scholarships	1009104074	4,157,193
47	773	Higher Education Sector Improvement Program	1009104033	1,541,373
48	#REF!	Central Provincial Government (CPG) Special Projects	1003631445	41,944,404
			<b>TOTAL</b>	<b>342,476,023</b>

**TRUST ACCOUNTS CLOSED AS PER BSP CONFIRMATION - APPEAR IN STATEMENT C 2012**

No:	Legacy Code	Government Trust Account	ACCOUNT NO	Bal as per Bank confirmation	Statement C 31/12/12
1	154	Health Sector Development Program	1000584172	Closed	3,060,000
2	194	Police Air Wing Trust	1000586301	Closed	4,000
3	206	Mining Memorandum of Agreements Trust	1000587061	Closed	165,000
4	382	PNG Highlands Highway Rehabilitat'nProg	1000584820	Closed	3,000
5	383	PNG Highlands Highway Rehabilitation Program	1000584821	Closed	14,000
6	409	Defence Force Rebuilding Programme	1000587734	Closed	162,000
7	417	Road Maint.&Rehab.Proj. Special Account	1000585381	Closed	9,000
8	418	Road Maint.&Rehab.Proj.(GoPNG-Counterpart	1000585380	Closed	16,997,000
9	423	Road Maint.Rehab.Proj-Oro Prov.GovtVill	1000321838	Closed	118,000
10	425	Central Provincial government	1000389335	Closed	1,105,000
11	430	WNB Prov. Govt. Dept. of Works - Drawing	1000876006	Closed	177,000
12	448	Sepik Highway Trust	1000873512	Closed	749,000
13	449	Walium Oil Palm Trust	1000995442	Closed	23,000
14	453	Housing Development Project TA	1001492798	Closed	- 637,000
15	460	Illegal Immigrants	1001012275	Closed	3,000
16	473	PNG Education Reg.for Delivery (PRIDE) Project Trust	1001099916	Closed	47,000
17	488	SHP Government Emergency -Main T A	1001203618	Closed	1,000
18	493	Bougainville Resource Capacity	1001195141	Closed	2,000
19	499	Financial Management Training Programme	1001233794	Closed	149,000
20	512	PNG Education Payroll System	1000605632	Closed	33,000
21	514	Govt's Funding of Dev.of the Agriculture Sector	1001352992	Closed	2,000
22	527	Govt's funding of Rehab of NBC Infrastructure	1001284716	Closed	9,000
23	527	Govt's funding of Rehab of NBC Infrastructure	1001343950	Closed	900
24	528	Hosp. & Health Care Centre Rehab. Trust Subsidiary 1	1001228863	Closed	618,000
25	565	Institutional Housing Pilot T/A Subsidiary	1001439771	Closed	- 11,689,000
26	619	PNG Urban Youth Employment Project (UYEP	1001715065	Closed	27,000
27	665	Mining Office Rehabilitation T/A Subsidiary	1002837555	Closed	- 93,000
28	693	Sogeri National High School (Renovation and Upgrading) T/A Subsidiary	1004922595	Closed	10,000,000
29	703	Bihute Jail House Water Supply Project T/A	1003723960	Closed	35,000
30	712	Urban Youth Employment Project (GoPNG) Trust Account	1001715065	Closed	27,000
<b>TOTAL</b>					<b>21,120,900</b>

DORMANT GOVERNMENT TRUST ACCOUNTS AS PER BSP CONFIRMATION - 2012

No:	Legacy Code	Government Trust Account	ACCOUNT NO	Bal as per Bank confirmation	Statement C 31/12/12
1	212	Correctional Services SAP House Proj	1000586955	Dormant	6,000
2	278	Road Maint.Upgrading - ADB 1709	1000584636	Dormant	80,000
3	469	Basic Education Development - GoPNG	1001079959	Dormant	2,656,000
4	470	Education Capacity Building Prog-GoPNG	1001079957	Dormant	-
5	483	Basic Education Dev.Project - AusAid	1001103225	Dormant	2,356,000
6	492	Manam Disaster Humanitarian Improv. Trust	1001220838	Dormant	-
7	510	Manus Processing Centre	1000587739	Dormant	287,000
8	513	Ausaid Grant Imprest account	1000387057	Dormant	-
9	528	Hosp. & Health Care Centre Rehab. Trust - POMGH Sub 2	1001522176	Dormant	618,000
10	529	Rehab.of Houses for Nurses Trust A/c - Confirm 39023	1001228877	Dormant	-
11	544	Rev. Other than Personnel Income Tax & Coy Tax of ABG	1001203865	Dormant	9,000
12	548	Log Export Development Levy	1001700969	Dormant	88,772,000
13	581	Cooperative Societies Establishment T/A Subsidiary	1001436674	Dormant	3,000
14	590	Bougainville Weapons disposal Trust Account	1001608528	Dormant	18,000
15	608	Life Skills Teacher Training T/A	1001573721	Dormant	72,000
16	610	Strengthening of Provincial and LL Gov't	1001885027	Dormant	1,000
17	612	HRRIP Project (1) Loan ADB 2496 Imprest	1002785671	Dormant	-
18	613	Highlands Region Roads Improv Invest Prog 2497 Imprest	1002785838	Dormant	-
19	624	Infrastructure Development (UBSA) Account Subsidiary	1002642229	Dormant	18,000,000
20	663	District Offices Rehabilitation T/A Subsidiary	1002837308	Dormant	2,578,000
21	667	Variarata National Park Rehabilitation T Subsidiary	1002836946	Dormant	46,000
22	668	REDD Program T/A Subsidiary	1002877452	Dormant	8,000
23	677	MOA Outstanding Liabilities Trust A/C Subsidiary	1002642351	Dormant	111,626,000
24	686	Kokopau to Arawa Road Upgrading and Bitumen Sealing Subsidiary T/A	1005365745	Dormant	19,962,000
25	697	Central - Malalaua Highway Subsidiary T/A	1004928063	Dormant	10,000,000
26	708	Institute of Certified Management Accountants T/A	1004811236	Dormant	56,000
27	755	Regional, Provincial Treasury and District Admin. Offices	1001520934	Dormant	388,000
		<b>TOTAL</b>			<b>437,542,000</b>

REVOKED TRUST ACCOUNTS

Audit No	IFMS Trust No.	Trust Name	Balance as at 31 Dec 2011 K' 000	Receipts K' 000	Expenditure K' 000	Balance as at Auditor Adjustments 2012 K'000
1	39127	Central Supply and Tender Board	3,698	-	-	3,698
2	30020	Defence Force CommercialisationProgram	2,316	-	-	2,316
3	39132	Defence Force Commercial Support TA	162	1,048	(1,194)	16
4	30022	Dist.RoadsRiver,TransportImprov.Prog	521	-	-	521
5	38139	Health Sector Development	-	-	-	-
6	38037	Health Sector Development Program (GOPNG)	17	-	-	17
7	38062	Mining Sector Institutional Stregthening	37	-	-	37
8	38061	Mining Sector Institutional Strengthening	1	-	-	1
9	39114	Nat Disaster & Emergency General T/A	2,642	-	-	2,642
10	38071	National Women's Credit Scheme T/A	1	-	-	1
11	38073	Northern Australia Quarantine Insp. Str	653	-	-	653
12	30074	PNG-ADB Micro Finance Proj. Imprest	-	-	-	-
13	30075	PNG-ADB Micro Finance Project GoPNG	-	-	-	-
14	39077	Prepared Communities Grant Trust	301	-	(301)	0
15	30084	Rehab.of Maritime Nav. Aids Sys.- GoPNG	-	-	-	-
16	30105	Simbu Rural Electrification ProjProv.Govt	607	-	(607)	0
17	30140	Tech. Assist. Facility for Inst. Stren. &Pub.Sect.Ref Trust	-	0	(0)	(0)
18	30113	Yumi Yet Bridges for Rural Development	432	-	(432)	0
		<b>TOTAL</b>				<b>9,901</b>

**"APPENDIX 8"**

**TRUST ACCOUNTS AMOUNTING TO K14,311,000.00 WERE SHOWN IN 2012**

**STATEMENT C.**

No:	Legacy	Trust Accounts	Bal as at	Receipts	Expenditure	Bal as at
	Code:		31-Dec-11			Auditor
						Adjustments
						2012
			K'000	K'000	K'000	K'000
1	445	Public Sector Reform Program	0	-	-	0
2	521	Govt's funding of Dev of Strategic Dist Markets	-	-	-	-
3	522	Govt's funding of Rehab.of National Parliament	3,410	-	-	3,410
4	529	Rehab.of Houses for Nurses Trust A/c - Confirm 39023	-	-	-	-
5	573	RPNGC Communication Infrastructure T/A	1,254	-	-	1,254
6	585	National Infrastructure Dev Program TA	-	5,646	(1,000)	4,646
7	620	Wewak Aquaculture Prawn Project Account	1	-	-	1
8	632	PDL2 - Kutubu LBBSA (Foe Landco) - BDG	-	-	-	-
9	634	PDL2 - Kutubu (Moran Landco) LBBSA - BDG	-	-	-	-
10	636	PDL2 - Kutubu (Unidentified Landco) LBBSA	-	-	-	-
11	639	PDL9 - Juha LBBSA BDG Accounts	-	-	-	-
12	720	Defence Barracks Maintenance & Improvement T/A	5,000	-	-	5,000
		<b>TOTAL</b>				<b>14,311</b>

OVERDRAWN TRUST ACCOUNTS

No:	IFMS	Trust Name	Balance	Receipts	Expenditure	Balance as	Balance as
	Trust		as at			at Auditor	BSP Bank
	Number		21/12/12			Adjustmnts	(31/12/12)
			K'000	K'000	K'000	K'000	Confirmtns
1	30008	Basic Education Dev.Proect-AusAid	(2,205)	-	0	(2,205)	Dormant
2	30011	BouganvilleGov& Implementation Fund	864	2,905	(4,031)	(262)	699,274.40
3	39033	Cooperative Societies Establishment TA	(3)	-	0	(3)	Dormant
4	39920	Gobe Landowners Benefit TA	(5,419)	6,619	(5,719)	(4,519)	NA
5	39063	Government Gas Facilitation Office TA	(1)	-	0	(1)	NA
6	39022	Govt'sfundg of Hosp& Health Care CntrRehb	(6,111)	-	0	(6,111)	NA
7	39018	Govt'sfundng of Rehab of Transport Infrast.	19	3,411	(6,823)	(3,392)	23,321.08
8	39918	Hides Petroleum Royalty	(3,058)	1,266	0	(1,792)	NA
9	30146	H'lands Region Roads Improv Invest ProgGoPNGCpart	(15,000)	39,469	(53,262)	(28,793)	NA
10	30040	Housing Development Project TA	0	-	(637)	(637)	NA
11	39029	Institutional Housing Pilot TA	(4,985)	-	(6,704)	(11,689)	NA
12	38049	Lae City Road Rehabilitation TA	0	-	(19)	(19)	NA
13	39047	Mining Legal Costs TA	0	-	(94)	(94)	NA
14	39046	Mining Office Rehabilitation TA	0	-	(93)	(93)	NA
15	38064	Nat. Plann. Committee Task Force TA (NPC)	0	328	(433)	(104)	328,691.32
16	39019	PNG Gas Project Dev& Commitments TA	(600)	-	0	(600)	NA
17	39020	Resettlement of Volcanoe Victims TA	0	1,836	(3,218)	(1,381)	NA
18	30096	Road Maint. Upgrading Pro- GoPNG	0	-	(1,476)	(1,476)	NA
19	30095	Road Maint. Upgrading Pro- GoPNG	4,341	47,057	(57,282)	(5,885)	NA
20	39171	Rural District Road Support TA	(4,370)	7,340	(15,645)	(12,675)	NA
21	39135	Work Permit TA	(13,772)	48,517	(97,034)	(62,289)	NA
22	39924	Work Suspense Outside Operations	36,649	30,148	(89,859)	(23,062)	NA
		<b>TOTAL</b>	<b>(13,651)</b>	<b>188,896</b>	<b>(342,329)</b>	<b>(167,082)</b>	<b>1,051,286.80</b>

**"APPENDIX 10"**

**NO BANK ACCOUNTS LISTED**

No.	IFMS Trust No.	Trust Name	Bank A/C #	Status	Balance as at 31 Dec 2011 K' 000	Receipts K' 000	Exp K' 000	Balance as at Auditor Adj. 2012 K'000
1	30009	Basic Education Dev. Project Imprest T/A		Active	2,356	-	-	2,356
2	30012	Bougainville Resource Capacity		Active	2	-	-	2
3	39052	Business Development (UBSA) Trust Account		Active	-	-	-	-
4	39039	Col - Department of Finance		Active	-	-	-	-
5	30021	Defence Force Rebuilding Programme		Active	162	-	-	162
6	39118	EHP Emergency Fund Trust Account		Active	-	-	-	-
7	30147	Establishment of Road Maint& Rehab Project 2 Part		Active	(0)	-	-	(0)
8	39015	Govt's funding of Dev of Strategic Dist Markets		Active	-	-	-	-
9	38029	Govt's Funding of Dev. of the Agriculture Sector		Active	2	-	-	2
10	39023	Govt's funding of Houses for Nurses		Active	-	-	-	-
11	39016	Govt's funding of Rehab of Nat Parliament Infrast		Active	3,410	-	-	3,410
12	39021	Govt's funding of Rehab of NBC Infrastructure		Active	9	-	-	9
13	30142	Highlands Region Roads Improvement Invest Program		Active	0	-	-	0
14	38039	Hosp. & Health Care Centre Rehab. Trust		Active	-	720	(102)	618
15	30041	IFAD-North Simbu Rural DevProj PN-326		Active	0	-	-	0
16	39133	Illegal Immigrants		Active	3	-	-	3
17	38052	Lae Port Dev.Proj. GoPNG Counterpart Funding		Active	-	-	-	-
18	30122	L&J Sector Program Imprest Account		Active	331	-	-	331
19	38045	L&J Justice & Attorney General Imprest		Active	-	-	-	-
20	39000	Land Acquisition Trust Account		Active	39	-	-	39
21	39038	Land Reform Program T A		Active	-	-	-	-
22	39119	MadangProv Disaster and Emergency T/Ac		Active	-	-	-	-
23	39082	Manus Prov.Emergency Fund Trust Account		Active	2,884	-	(2,884)	-
24	30052	Mining Memorandum of Agreements Trust		Active	165	-	-	165
25	38061	Mining Sector Institutional Strengthening		Active	1	-	-	1
26	39114	Nat Disaster & Emergency General T/A		Active	2,642	-	-	2,642
27	39071	National Apprenticeship Testing Board T/A		Active	-	-	-	-
28	39037	National Infrastructure Dev Program TA		Active	-	5,646	(1,000)	4,646
29	38071	National Women's Credit Scheme T/A		Active	1	-	-	1
30	38076	Oro Provincial Government: Dept.of Works		Active	-	-	-	-
32	39159	PDL2 - Kutubu (Moran Landco) LBBSA - BDG		Active	-	-	-	-
33	39160	PDL2 - Kutubu (Unidentified Landco) LBBSA		Active	-	-	-	-
33	39158	PDL2 - Kutubu LBBSA (Foe Landco) - BDG		Active	-	-	-	-
34	39163	PDL9 - Juha LBBSA BDG Accounts		Active	-	-	-	-
35	30067	PNG Education Payroll Project Trust		Active	33	-	-	33
36	30068	PNG Education Reg.for Delivery (Pride)		Active	47	-	-	47
37	39019	PNG Gas Project Dev&Commiments T A		Active	(600)	-	-	(600)
38	30148	Public Service Audit Programme		Active	-	2,345	(2,345)	-
39	30083	Rehab.of Maritime Nav. Aids Sys -ADB		Active	0	-	-	0
40	39020	Resettlement of Volcano Victims Trust		Active	-	1,836	(3,218)	(1,381)
41	39255	Restoration and Development Grant Trust		Active	-	100,000	-	100,000
42	30138	RMRP Headquarters - Drawing A/C		Active	103	-	-	103

## *Appendices*

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43	30087	Road Maint& Rehab Proj - WNB Prov.Govt		Active	-	-	-	-
44	30093	Road Maint.Rehab.Proj (Oro PG Counterpart fund)		Active	118	-	-	118
45	30096	Road Maint.UpgradingProj - GoPNG		Active	0	-	(1,476)	(1,476)
46	30098	Road Maint.UpgradingProj-ENB Prov.Govt		Active	-	-	-	-
47	30101	Road Maintenance & Rehab. Project S/Acc		Active	-	9	-	9
48	39032	RPNGC Communication Infrastructure T/A		Active	1,254	-	-	1,254
49	38106	Sepik Highway Trust - Confirm with 30104		Active	749	-	-	749
50	39004	SHP Government Emergency -Main T A		Active	1	-	-	1
51	39005	SHP Government Emergency -Subsidiary T A		Active	-	-	-	-
52	39123	Targeted Comm. Develop. prog. Secretariat		Active	-	-	-	-
53	38118	Targeted Comm.Develop.Prog.Secretariat		Active	2	-	-	2
54	30110	Targeted Community Development Program		Active	0	-	-	0
55	30112	Walium Oil Palm Trust		Active	23	-	-	23
56	38123	Wewak Aquaculture Prawn Project Account		Active	1	-	-	1



NOT INCLUDED IN STATEMENT C

No.	IFMS Trust No.	Trust Name	Bank	Bank A/C #	Status
1	39218	2015 South Pacific Games Trust Account	BPNG	4356-6425	-
2	39218	2015 South Pacific Games Trust Account Subsidiary	BSP	1004924245	-
3	39268	Accelerated Hospital Infrastructure Program			
4	39274	ADB Rural Primary Health Services Delivery Project Imprest (in US\$)			
5	39271	ADB Rural Primary Health Services Delivery Project Special Account (in Kina)			
6	39230	Agro Food Safety and Codex Project Trust	A/c Opened	#N/A	#N/A
7	39244	Angore PDL 8 Infrastructure Development Grant (IDG) T/A	BSP	1006138116	
8	30003	Atmospheric RadnMeasuremntAssist.Prog	WPAC	600031995	
9	39177	Audit & Legal Team Support T/A	BPNG	4356-6380	-
10	39275	AUSAID Rural Primary Health Services Delivery Project Imprest (in Kina)			
11	39269	AUSAID Rural Primary Health Services Delivery Project Imprest (in US\$)			
12	39144	Bail & Court Order Compensation Trust	BSP	1001240081	
13	39910	Bail & Court Order Compensation Trust - Prior 2011	X	X	
14	39198	Buluminski Highway T/A	BPNG	4356-6421	-
15	39180	C.I.S Prison Industries Program T/A	BPNG	4356-6391	-
16	39241	Central Moran PDL 5 Infrastructure Development Grant (IDG) T/A	BSP	1006139347	
17	39143	Child Maintenance Trust Account	BSP	1001240080	
18	39190	Coastal Fisheries Development Program T/A	No A/c	688	#N/A
19	39927	Cocoa Pod Borer Emergency (CPB) Trust Account	#N/A	#N/A	
20	39277	Commonwealth Youth Ministers Meeting			
21	39222	Correctional Services Barracks Maintenance & Improvement T/A	BPNG	4356-6428	-
22	39222	Correctional Services Barracks Maintenance & Improvement T/A Subsidiary	BSP	1004925036	-
23	39206	Customs Revenue Administration T/A	BPNG	4314-6574	-
24	39237	Customs Technology Infrastructure Development T/A			
25	39234	DAL Risk Management & Climate Change Adaptation Prog Agriculture Sector			
26	39248	Deputy Prime Minister Office Administration	BSP	1006076648	
27	39215	District Rural Health Centres Trust Account	BPNG	4356-6347	-
28	39215	District Rural Health Centres Trust Account Subsidiary	BSP	1004923999	-
29	39266	DOW Disast Risk Mngmnt& Climate ChngeAdaptatnProgTransprt Sector (TF No 011267)			
30	39265	East New Britain PNG Games Host Organising			
31		Education Support Program (created on Nov 2012)			
32	39062	Environment Protection Trust Account	BSP	No Account	no account
33	39202	Flexible, Open and Distance Education (FODE) Project T/A (Donor)	BSP	#N/A	#N/A
34	39240	Gobe PDL 3 & 4 Infrastructure Development Grant (IDG) T/A	BSP	1006315731	

## Appendices

35	39270	GoPNG Rural Primary Health Services Delivery Project (in Kina)			
36	39219	Gordons Police Barracks Maintenance & Improvement T/A	BPNG	4356-6426	-
37	39219	Gordons Police Barracks Maintenance & Improvement T/A Subsidiary	BSP	1004922967	-
38	30125	Govt of Japan Non Project Grant Aid GoPNG	Unknown	No Account	no account
39	39267	Hela Transitional Authority Infrastructure Development	BSP	1007925686	
40	39238	Hides PDL 1 Infrastructure Development Grant (IDG) T/A	BSP	1006138828	
41	39239	Hides PDL 2 Infrastructure Development Grant (IDG) T/A	No A/c opened at BSP		
42	38043	Hubert Murray Highway Upgrading Proj. T/A	BSP	1002722831	-
43	39187	ILG and Issues Committee T/A	BPNG	4356-6402	-
44	39187	ILG and Issues Committee T/A Subsidiary	BSP	1002877304	-
45	39181	Incentive Fund Support T/A	BPNG	4356-6392	-
46	39261	International Obligation for Defence Force T/A	BSP	1007208819	
47	39036	Konebada Petroleum Park T A	BPNG	4356-6384	
48	38050	Lae Port Dev.Proj.ADB 2398 PNG Imprest	A/c Opened	#N/A	#N/A
49	39185	Lae Port Livelihood and Social Improvement Program (1) Imprest Account	#N/A	#N/A	#N/A
50	39191	Lihir Special Support Grant (Provincial Government Component) T/A	BPNG	4356-6414	-
51	39245	LNG Pipeline Infrastructure Development Grant (IDG) T/A (Kikori Area)			
52	39246	LNG Plant Infrastructure Development Grant (IDG) T/A (Papa-Lealea Area)	No A/c opened at BSP		
53	38057	Marienberg Community College T/A	BSP	1002884805	-
54	39251	Microfinance Expansion Project (ADB Grant 0226)	BSP	1006329310	
55	39250	Microfinance Expansion Project (ADB Grant 2686)	BSP	1006329195	
56	39249	Microfinance Expansion Project (GoPNG Funds)	BSP	1003130067	
57	39216	Ministerial Commitments PNG LNG Trust Account	BPNG	4356-6349	-
58	39216	Ministerial Commitments PNG LNG Trust Account Subsidiary	BSP	1004923544	-
59	39176	Mobile Police Barracks T/A	BPNG	4356-6406	-
60	39164	Morobe Mining Affected Communities (MMAC)	Unknown	No Account Opened	#N/A
61	39166	Morobe Mining Future Generation (MMFG) T	Unknown	No Account Opened	#N/A
62	39165	Morobe Mining Landowners Royalty (MMLR)	Unknown	No Account Opened	#N/A
63	38070	National Planning Capacity Building Account	A/c Opened		#N/A
64	39169	National Planning Committee T/A	BSP	1002654158	-
65	39210	National Security Trust Account	BSP	10007973066	#N/A
66	39231	NIP Government MRDC Royalty and Associated Benefits Trust Account	BSP	1006146433	
67	39242	North West Moran PDL 6 Infrastructure Development Grant (IDG) T/A	BSP	1006139396	
68	39273	OFID Rural Primary Health Services Delivery Project Imprest (in Kina)			
69	39272	OFID Rural Primary Health Services Delivery Project Imprest (in US\$)			
70	39235	PNG Fire Service Infrastructure Rehabilitation Program - (Public Investment Program) T/A			
71	39225	PNG Rubber Board	#N/A	#N/A	#N/A
72	38092	PNG Rural Communication Project: HHRD Gr	#N/A	#N/A	#N/A
73	39186	PNG Rural Communications Project GOPNG T/A	#N/A	#N/A	#N/A

## Appendices

74	30078	PNGIMR-Gates Foundation Partnership Trea	ANZ	2147543 (NBI USD)	
75	39178	Provincial Govt. Members Entitlement T/A	BPNG	4356-6394	-
76	39217	Provincial Hospitals Equipment & Infrastructure Trust Account	BPNG	4356-6351	-
77	39217	Provincial Hospitals Equipment & Infrastructure Trust Account Subsidiary	BSP	1004923114	-
78	39179	Provincial Services Improvement Program T/A	BPNG	4356-6400	-
79	39229	Public Curators Administrative (For Southern & Highlands Region) T/A	#N/A	#N/A	#N/A
80	38098	Ramu Nickel/Cobalt Mine Project Land Dis	BSP		#N/A
81	39276	Regional Centre for Technology & Innovation (RCTI)			
82	39262	Restoration and Development Grant Trust	BPNG	4356-6534	
83	39263	Restoration and Development Grant Trust Subsidiary Account	BSP	1006491540	
84	38102	Road maint.&Rehab.Proj.(Counterpart Fund)	BSP	1000321836	
85	39226	Seasonal Workers	A/c Opened	#N/A	#N/A
86	39232	Smallholder Support Services Expansion Project Trust (Central)			
87	39233	Smallholder Support Services Expansion Project Trust (Simbu)			
88	38110	Social Development Program Account	A/c Opened		#N/A
89	39243	South Hides PDL 7 Infrastructure Development Grant (IDG) T/A	BSP	1006138992	
90	39205	Tari Provincial Hospital -SHPG - Trust Account		#N/A	#N/A
91	39264	UNPNG Major Development Project Trust	BSP	1006274284	
92	38120	Waigani Office Re-Development Account	No A/c	623	#N/A

**APPROPRIATIONS INTO TRUST ACCOUNTS**

#	Name of Trust Account	Appropriation as per Development Act 2012	Status of Trust Accounts	Actual Funds Transfer to Trust Accounts	Expenses Incurred/Fu nds Used	Balance as at 31 <sup>st</sup> Dec, 2012	Funds for Trust Accounts not Established
	<b>Development Budget</b>	<b>(K)</b>					<b>(K)</b>
1	2015South Pacific Games	180,000,000	Bank A/c not Active				180,000,000
2	District Services Improv. Program	178,000,000	Bank A/c is Active	1,000,000	0	1,000,000	
3	Infrastructure Dev. Grant UBSA	120,000,000	Bank A/c is Active	198,000,000	0	198,000,000	
4	Restoration & Dev. Grant (ABG)	100,000,000	Bank A/c is Active	100,000,000	0	100,000,000	
5	High Impact Projects (UBSA)	50,000,000	Bank A/c is Active	100,000,000	0	100,000,000	
6	Econ. Corridors Dev. Prog	10,000,000	Bank A/c not Active				10,000,000
7	Waigani Office Redevelop.Prog.	10,000,000	Bank A/c not Active				10,000,000
8	Konebada Park	10,000,000	Bank A/c is Active	0	0	0	
9	Trade Skills Scholarships	20,000,000	Bank A/c not Active				20,000,000
10	Rehabilitation & Recap. (OHE)	12,000,000	Bank A/c is Active	16,231,000	7,831,000	8,400,000	
	Total Trust Funds Dev. Appro. Act)	690,000,000		415,231,000	7,831,000	407,400,000	220,000,000

VERIFICATION OF STATEMENT H

No	Purpose/Description of Loan	Opening Bal 01.01.11	Borrowings 2011	Principal Repayments 2011	Closing Balance 2011	Opening Balance 2012	Borrowings 2012	Principal Repayment 2012
		(K'000)	(K'000)	(K'000)	(K'000)	(K'000)	(K'000)	(K'000)
1	Goroka Local Govt' Council	40	-	-	40	40	-	-
2	MotuKoitabuIntm. Assembly	100	-	-	100	100	-	-
3	RE. Nat. Interim Comm.	5,920	-	-	5,920	5,920	-	-
4	WNB Provincial Government	60	-	-	60	60	-	-
5	Pogera Mining Agreement	200	-	-	200	200	-	-
6	Simbu Provincial Government	480	-	-	480	480	-	-
7	Disciples Forces Canteen Org.	10	-	-	10	10	-	-
8	Cocoa Board State Lending	19,840	-	-	19,840	19,840	-	-
9	Community Hostel Rabaul	20	-	-	20	20	-	-
10	Housing Re-Discount Facility	51	-	-	51	51	-	-
11	Indust. Centre Dev. Corp. ADB 1024	4,000	-	-	4,000	4,000	-	-
12	Poliamba Tree Crop NIDC / EIB	4,280	-	-	4,280	4,280	-	-
	<b>Totals</b>	<b>35,001</b>	<b>-</b>	<b>-</b>	<b>35,001</b>	<b>35,001</b>	<b>-</b>	<b>-</b>

**STATEMENT J – JOURNAL ENTRIES**

No.	Description of Revenue	GL Account No.	Journal No.	Date	Amount
1	Payroll Commission	122152	GJ00012331		(565,130)
2	Sundry/(Other) Income	122299	GJ00012432		(4,944,042)
3	Recoveries from Former Years	126105	GJ00042113		(190,426,000)
4	Migration Services	122161	GJ00012430		(3,616,176)
5	Passports	122162	GJ00043317		5,894,832
6	Rental of Institutional Housing	121304	GJ00012670		(86,211)
7	Land Lease Rental	121309	GJ00042113		(4,432,818)
8	Motor Vehicle Registration	122129	GJ00012785		(2,274,613)
9	Work Permits	122143	GJ00012425		(12,503,553)
10	Excise Duty	112105	GJ00012424		(76,593,674)
11	Import Duty	113105	GJ00006152		(1,954,505)
12	Export Tax	113201	GJ00012423		(15,534,613)
13	Individual Income Tax	111120	GJ00008750		(76,843,686)
14	Company Tax	111205	GJ00007434		(69,223,416)
15	Dividend Withholding Tax	111210	GJ00010942		(15,214,809)
16	Goods and Services Tax	112140	GJ00007168		(100,000,000)
<b>TOTAL</b>					<b>K(568,318,414)</b>

**INCORRECT DISCLOSURE OF THE ORIGINAL APPROPRIATION  
FIGURES IN STATEMENT L**

Code	Division	Original appropriation per appropriation Act 2012	Statement L Original appropriation	Variance
206	Finance Department	40,609,500	47,807,500	7,198,000
217	Foreign Affairs	59,891,000	73,626,000	13,735,000
229	Department of National Planning & Monitoring	246,103,600	284,794,600	38,691,000
241	Hospital Management Services	360,811,100	387,511,100	26,700,000
506	National Training Council	67,240,400	67,240,500	100
537	National Airports Corporation	-	49,848,000	49,848,000
539	National Museum & Art Gallery	9,319,800	47,128,800	37,809,000
220	Department of Personal Management	142,978,500	104,287,500	-38,691,000
225	Department of Attorney General	141,345,300	134,147,300	-7,198,000
240	Department of Health	574,214,600	547,514,600	-26,700,000
264	Department of Works & Implementation	925,954,000	905,954,000	-20,000,000
557	PNG National Forest Authority	40,734,000	40,722,200	-11,800
565	Civil Aviation Safety Authority	60,331,200	10,483,200	-49,848,000
572	Gulf ProvGov	46,790,500	4,800,000	-41,990,500
573	Central ProvGov	76,857,900	3,000,000	-73,857,900
574	NCDC	24,321,400	9,603,000	-14,718,400
575	Milne Bay ProvGov	72,479,000	5,000,000	-67,479,000
577	Southern Highlands Prov	114,130,500	137,200	-113,993,300
578	EngaProvGov	73,749,700	3,000,000	-70,749,700
579	Western Highlands ProvGov	108,594,600	32,000,000	-76,594,600
580	SimbuProvGov	88,347,300	11,000,000	-77,347,300
581	Easter Highlands ProvGov	90,297,300	-	-90,297,300
582	MorobeProvGov	129,726,200	-	-129,726,200
583	MadangProvGov	86,893,300	2,000,000	-84,893,300
585	SandaunProvGov	73,531,600	4,000,000	-69,531,600
586	Manus ProvGov	41,243,900	3,500,000	-37,743,900
587	New Ireland ProvGov	66,423,400	9,400,000	-57,023,400
590	Autonomous BougainvilleGov	217,744,700	104,994,000	-112,750,700
591	HelaProvGov	-	3,900,000	-3,900,000
<b>Total</b>		<b>3,980,664,300</b>	<b>2,897,399,500</b>	<b>-1,091,064,800</b>

**LIST OF DEPARTMENTS AUDITED IN THE LAST TWO (2) YEARS**

No	Code	Name of Department	2011	2012
1	247	Agriculture and Livestock	✓	✓
2	225	Attorney General	✓	✓
3	261	Commerce and Industry	x	✓
4	242	Community Development	✓	✓
5	226	Correctional Services	✓	✓
6	234	Defence	x	✓
7	235	Education	✓	✓
8	230	Electoral Commission	✓	✓
9	245	Environmental and Conversation	x	X
10	206	Finance	✓	✓
11	217	Foreign Affairs and Trade	✓	✓
12	202	Governor General	x	X
13	240	Health	✓	✓
14	236	Higher Education	✓	✓
15	216	Internal Revenue Commission	✓	✓
16	252	Lands and Physical Planning	✓	✓
17	262	Labour and Industrial Relations	x	✓
18	224	Magisterial Services	x	✓
19	223	National Judiciary Services	✓	✓
20	201	National Parliament	✓	✓
21	229	National Planning and Monitoring	x	✓
22	204	National Statistics Office	x	X
23	267	Office of Rural Development	✓	✓
24	220	Personnel Management	x	✓
25	255	Petroleum and Energy	x	✓
26	211	PNG – Bureau of Customs	x	✓
27	228	Police	x	✓
28	203	Prime Minister and NEC	✓	✓
29	232	Provincial and Local Government Affairs	✓	✓
30	254	Mineral Policy and Geo Hazard	x	X
31	259	Transport	✓	✓
32	208	Treasury	x	✓
33	264	Works and Implementation	x	✓
34	221	Public Service Commission	x	x
35	258	Information and Communication	x	x
36	213	Fire Services	x	x
37	212	Information Technology Division	x	x
38	222	Office of Public Solicitor	x	x
39	215	PNG Immigration and Citizenship Services	x	x
40	209	Office of the Registrar for Political Parties	x	x
41	218	Office of Public Prosecutor	x	x
42	231	National Intelligence Organisation	x	x
43	257	Public Enterprise	x	x
44	205	Office of Bougainville Affairs	x	x
45	268	Central Supply and Tenders Board	x	x
46	269	Office of Tourism Arts and Culture	x	x
47	246	Office of Urbanisation	x	x
		<b>TOTAL</b>	<b><u>18/36</u></b>	<b><u>29/47</u></b>





Dr. Ken Ngangan PhD CMA CPA  
Secretary



The Auditor General  
Level 6, Tisa Investment Haus  
P O Box 423  
**WAIGANI**  
National Capital District

**Attention:** *Andy Vui*  
*Acting Deputy Auditor General*  
*National Government Audit Division*

Dear Sir,

**SUBJECT: RESPONSE TO MANAGEMENT LETTER – 2012 PUBLIC ACCOUNTS AUDIT**


We acknowledge receipt of your letter dated 22<sup>nd</sup> June 2015, 'Management Letter – Audit of the Public Accounts of Papua New Guinea for the fiscal year 2012,' and appreciate your continuous support in the auditing of the Public Accounts through the years. We note the results of the audit hence this letter in respond.

Also, we would like to bring to your attention, seeing that the fiscal year 2012 has considerably passed, queries to 2012 Public Accounts will be attended to during the course of the compilation of 2013 and 2014 fiscal years Public Accounts.

Our Financial Reporting & Compliance Division is currently working on the 2014 Public Accounts which, will incorporate response to queries and brought to your office when completed.

We thank you and look forward to continuously working together to strengthen Public Finance Management for Papua New Guinea.

Yours Sincerely,



**Dr. Ken Ngangan PhD CMA CPA**  
Secretary  
30/07/2015

**I. OVERVIEW OF THE GOVERNMENT ACCOUNTING SYSTEM, ACCOUNTING PRINCIPLES AND CONCEPTS**

1. Government accounts are maintained on cash basis. Receipts and expenditure are brought to account only when money is actually collected or when a payment is made. Cost of goods and services received in one year is brought to account in the year of payment and not spread over the years during which they may be used. Similarly, if revenue receivable in one year is not actually received in that year, its accounting will be deferred until it is received.
2. A distinguishing feature of the Government financial system is the concept of fund entities, which is derived from the fact that the legislature controls public finances. According to the fund entities concept, government revenues and loans accumulate under a fund and withdrawals therefrom to meet expenditure are strictly governed by authorisation by Parliament through structured channels. If an obligation incurred during a year is not met during or before the close of the year, it has to be carried forward and met from next year's Parliamentary authorisation, and cannot be met from unspent revenues of the year in which the obligation was incurred. Parliamentary authorisations or appropriations are annual but there are special dispensations within the concept to allow for revolving fund operations of a quasi-commercial nature, usually under trustee arrangements. Under these arrangements, Parliamentary appropriations, either for start-up assistance in the form of initial working capital or budget subsidies for operations, are paid into a separate fund and the balances under this fund are carried forward from year to year. Monies raised by such activities which get paid into the fund are subject to vigorous control as normal public expenditure.
3. If an expenditure is incurred on a service in one year and a recovery is made or a refund is received or a cheque is returned not delivered to the payee in relation to that expenditure in the subsequent year, the recovery, refund or the value of the cheque banked will be credited to Revenue (Appropriation of Former Years) in the subsequent year's account. Thus, if an airline ticket is purchased in 2013 and if a refund is obtained from the airline company in 2014 because the ticket was not utilised, refund will be credited to Revenue in 2014. Similarly, if salary is overpaid erroneously in one year and is recovered in the next year, the recovery will be credited to Revenue. No attempt shall be made to raise the budgeted allocations by crediting to the expenditure votes, recoup of overpayments, refunds received and other recoveries for services paid for in the previous years.
4. If expenditure is incurred in one year and recovery is made or refund is received or cheque is returned without delivery to the payee in respect of that expenditure within the same year, the recovery, refund or value of cheque banked will be credited to the expenditure vote thereby adding to the availability of funds.
5. No refund of revenue shall be made by charging the revenue. All refunds have to be made charging the expenditure votes for Refunds included under *Appropriation Act*.
6. Offshore loans received in kind under which international agencies pay suppliers directly for services or goods supplied, by treating them as part of the loan to the Government, must be brought into account both as loans (revenue ledger) and as expenditure.

## **II FINANCIAL AND MEMORANDUM ACCOUNTS**

7. Since Government accounts are on a cash basis it is imperative that subsidiary accounts are maintained to provide a complete view of the assets and liabilities of the Government and are also kept reconciled to the financial accounts as far as possible. The following are the major memorandum records that are subsidiary to the financial accounts:
  - (a) Uniform register showing the date of purchase of each item of capital nature (classified under the subcategory 210, 220 and 230 with over K1,000 in value and with normal life of more than one year) its cost price, description, distinctive (serial and model) number, date of final disposal and method of disposal;
  - (b) Debtors' accounts showing the name and address of each debtor, amount due, of cash, amount received, receipt number and other useful information;
  - (c) Vendors' accounts showing accounts received from suppliers (or personal claims) and registered for payment, particulars of payments, if not paid then state the stage at which it is pending; and
  - (d) Advances Ledger showing payments either charged to votes or to Advances account analysed by name and address of the advance holder, amount, date of advance, when acquitted, refund amount (if any) received, date of final acquittal of an advance.

## **TRUST FUNDS RELEVANT LEGISLATIVE REQUIREMENTS**

### **Public Finances (Management) ACT, 1995**

Section 16 Payments into Trust Accounts, states:

- (1) *There shall be paid to the credit of a Trust Account: -*
- (a) *all moneys appropriated for the purpose of the Account;*
  - (b) *all moneys received from any dealing with any articles purchased or produced, or for work paid for, with moneys standing to the credit of the Account;*
  - (c) *all moneys paid by any person for the purposes of the Account; and*
  - (d) *amounts appropriated as Government contribution to a project which is partly funded by an international agency, whether by way of loan or grant.*

Section 18 states that "Subject to Subsection (1), transfers of funds from Consolidated Revenue Fund to Trust Fund are prohibited unless a special transfer is authorised by an Appropriation Act".

Section 19 (2) states that "A Departmental Head of a Department responsible for a Trust Account shall ensure the proper management and operation of that account, and Section 19 (4)(c)] shall maintain such records pertaining to the Account as are required by the Departmental Head of the Department responsible for financial management and shall submit to him within seven days after the end of each month, details of transactions on the account; and (d)shall, at the end of each fiscal year, submit to the Departmental Head of the Department responsible for financial management, a Statement of the account for the preceding year.

### **Finance Instruction**

## **PART 12—TRUST FUND AND TRUST ACCOUNTS**

### **1. Trust Fund**

The Trust Fund is part of the Public Account according to Section 10 of the PFMA. All public moneys are payable into either the Trust Fund or the Consolidated Revenue Fund depending on the nature of the receipt.

The Trust Fund consists of a number of trust accounts established under Section 15 of the PFMA. The aggregate of the balances in the individual trust accounts constitutes the Trust Fund balance. Public moneys are payable into the Trust Fund only if such payments are within the specific scope of any individual trust account; otherwise such moneys must be paid into the Consolidated Revenue Fund.

### **2. Categories of Trust Accounts**

Trust Accounts have been established to account for the following types of transactions or funds:

- (i) Moneys held in trust for third parties;
- (ii) Revolving or working capital funds provided for certain Government, commercial or trading operations; and
- (iii) Suspense or other transitory transactions which are to be held in special accounts until they are transferred to the final accounts.

The Trust Accounts have been divided into the following categories in the Trust

Funds Account Code for accounting purposes:

*Category (a): Finance Operating Trust Accounts*

*Category (b): General Trust Accounts:*

*(i) with bank account; and*

*(ii) without bank account*

*Category (c): Investment Trust Accounts*

*Category (d): Project Trust Accounts*

The balances standing to the credit of the Category (c) trust accounts must be invested, whereas investment is discretionary in the case of Category (b).

#### Finance Operating Trust Accounts

These are asset or clearance accounts and are of two types:

- (i) With separate Bank accounts - the Waigani Public Account (WPA), Operating Accounts of Provinces, Drawing Accounts of self-accounting national departments are examples; and
- (ii) Non-bank Accounts - Examples are the Permanent Advances, Other Advances, Bank Transfer to WPA, Cash In Transit, and Salaries Clearance Account. Assets represented by balances in these trust accounts are represented by a corresponding liability reflected in balances in the Consolidated Revenue Fund and the General Trust Fund Account.

#### General Trust Accounts

General Trust Fund Accounts may be categorised into two types:

- (i) those with separate bank accounts (Trust Accounts of Public Curator, Registrar of National Court, Public Solicitors, General Hospital Welfare, World Bank, ADB, Correctional Services, Stabex Entitlement, Police Messing, POM General Hospital Fees are examples of these trust accounts), and
- (ii) those without separate bank accounts and which operate through Waigani Public Account (Plant and Transport Trust, Vocabulary Stores Trust, Trust Account for each Provincial Government, Trust Account for Hospital Fees are examples of this type of trust).

The liability for balances in the first category (General Trust Fund Accounts with bank accounts) is represented by moneys held in separate bank accounts for these trust accounts. Similarly the liability for trust account balances in the second category (General Trust Fund Accounts operating through the Waigani Public Account) is represented by a corresponding balance held in the WPA.

#### Investment Trust Accounts

Amounts paid into trust accounts such as Motor Vehicle Dealer's Deposits, Mineral Resource Stabilisation Fund, National Emergency Fund must be invested. The liability represented by account balances in these trust fund accounts is represented by cash balances held in the bank accounts under the category "Trust Investment Accounts".

### **3. Basis of Trust Accounts**

Trust Accounts (other than Finance Operating Trust Accounts) are created either by trust instruments signed by the Minister for Finance or specific provision in a law.

Where a trust account is created under a trust instrument, the terms of the trust will govern receipts, payments, investments and income from investments, in relation to that trust account.

#### **4. Establishment of Trust Accounts**

*Section 15* of the *PFMA* provides that Trust Accounts may be established as directed by the Minister or prescribed by any other law:-

- to receive moneys held by the State as trustee;
- to receive the proceeds of commercial or trading activities carried on by any arm, agent or instrumentality of the State; and
- for such other purpose as may be approved by the Minister.

According to *Section 19(2)* and *(3)*, a Departmental Head responsible for a Trust Account shall ensure the proper management and operation of that Account. The Departmental Head before the commencement of each fiscal year submit to Secretary for Finance, in the prescribed form an estimate of receipts and payments expected to be made into and withdrawn from the Account.

As a general rule, Departments will not be allowed to open trust accounts where the normal appropriation and revenue accounts under the Consolidated Revenue Fund (with suitable memorandum records, where necessary) would suffice.

Where the need for opening a trust account is specifically felt, the implementing agency will address the Department of Finance giving the following details:

- (a) Special advantage in opening the trust account;
- (b) Purposes for which the trust account will be used;
- (c) Sources of revenue;
- (d) Specific objects on which moneys from the Account will be spent; and
- (e) Persons (name and designation) authorising to operate the account.

If the Department of Finance is satisfied, a trust instrument will be drawn up in consultation with the originating Department and the State Solicitor and submitted to the Minister for Finance for consideration and approval.

Departmental Head responsible for a particular Trust Account will submit within seven days after the end of each month, details of transactions of the Trust Account.

#### **5. Banking Arrangements and Rendition of Account**

Normally trust accounts, being part of the Public Accounts will not be allowed special banking arrangements. Instead, receipts and payments will be accounted for by Provincial and District Treasuries or Department of Finance in Port Moresby.

However, in special cases (such as projects substantially financed by contributions from foreign countries or agencies and where the contributors require such a facility or where projects are likely to be converted into statutory authorities after a period), there is no objection to allowing a special banking facility.

Where a special bank account is to be opened for a trust account, the following requirements should be kept in view:

- (a) A bank account may be opened at the Bank of Papua New Guinea or any commercial bank, but no account should be opened without specific prior approval from the Department of Finance; and
- (b) Implementing agencies should ensure that a Statement of cash account is submitted to the Public Account of the Department of Finance for each month not later than seven days after the end of the month; unless a different period is allowed under the trust instrument. The receipts and payments during the period and the closing balance should be accompanied by bank reconciliation statements. This is necessary for incorporation of the trust transactions in the monthly and quarterly statement of Public Account compiled by the Department of Finance.

**6. Payment into Trust Accounts**

The following moneys will be paid into a trust account:

- (a) Moneys appropriated for the purpose of the trust account;
- (b) Sale proceeds of assets purchased from the trust account and other receipts which are allowed by the trust instrument to be credited to the trust account;
- (c) All moneys paid by any person for the purpose of the trust account specifically provided for in the trust instrument.

**7. Payments out of Trust Account**

Moneys may be paid out of the trust account only:

- (a) for the purposes of the trust account or as authorised by a law;
- (b) if there is sufficient credit balance in the account; and
- (c) in accordance with the estimate of receipts and payments submitted by the departmental head for each fiscal year to the Secretary, Finance and as approved by the latter.

**8. Trust Accounts Reconciliation**

It is the responsibility of Departmental Heads to ensure that all Trust Accounts under their control are reconciled on a monthly basis with copies sent to Public Accounts Division, Department of Finance no later than 14 days of the close of each month.

Failure to comply with the provisions of the *PFMA* and the conditions of the *Trust Instrument* may result in actions being taken as stated below.

**9. Moneys at Credit of Trust Account not to Lapse**

Moneys standing to the credit of a Trust Account at the end of a fiscal year shall not lapse at the end of that fiscal year and will be carried forward to the next year.

**10. Management of Trust Accounts**

As a general rule, where a trust account has been established to meet the specific needs of a Department, the Head of that Department is responsible to ensure proper management and operation of that account in accordance with *Section 19* of the *PFMA*.

**11. Suspension of Trust Accounts**

The Secretary for Finance at his discretion under *Section 19(5)* of the *PFMA* may:

- Suspend the operation of a Trust Account where the provisions of the *PFMA* are not complied with, or

- Take over the responsibility for the operation of that Account, or
- Close the operation of the Account where there has been no attempt made to reconcile the Account.

## **12 Transfer to Consolidated Revenue Fund**

The Secretary for Finance in consultation with the Departmental Head responsible for the Trust Account may authorise the transfer of any surplus in that Trust Account to the Consolidated Revenue Fund.

## **13. Control of Trust Expenditure**

*Section 19* of the *PFMA* prescribes that before the commencement of each fiscal year, the Head of the respective implementing agency with the management of Trust Account shall submit to the Secretary, Finance an estimate of receipts and payments expected to be made into and withdrawn from that Account during the fiscal year. These estimates should be submitted in the form prescribed by the Secretary, Finance.

The provisions relating to Appropriation, Minister's Warrant, Warrant Authorities and Cash Fund Certificates, do not apply to Trust Account operations. However, the requirements of commitment control and all other requirements set out in this and other sections and parts of the Manual will fully apply to expenditure drawn from trust accounts.

These requirements relate to purchase of goods and services and stores procedures. To comply with this provision and requirements, the head of the implementing agency responsible for the management of each Trust Account should make suitable purchasing arrangements.

Heads of implementing agencies responsible for Trust Accounts should appoint agency officers to take decisions on expenditure from Trust Accounts and lay down the financial limits up to which requisitions for expenditure from trust accounts can be approved by agency officials. The financial limits will vary according to the purposes viz. capital purchase, capital works, maintenance and other expenditure activities. Where the amount of an individual transaction exceeds the authorised limit of the agency it should be referred to appropriate *Section 32* officer for approval.

Financial Delegates entrusted with commitment control and other duties, and authorised to make payments and implement expenditure decisions taken by *Section 32* officers in respect of expenditure from the Consolidated Revenue Fund may be entrusted with same or similar responsibilities in respect of expenditure from the Trust Account. Heads of agencies responsible for Trust Accounts should take a decision in this respect or make suitable alternative arrangements.

*Section 19(4)* of the *PFMA* prescribes that the Head of an implementing agency responsible for a Trust Account shall maintain such records pertaining to the Account as are prescribed, and submit them at the end of each fiscal year to the Secretary for Finance. Heads of implementing agencies may delegate this responsibility and designate officers who shall maintain the prescribed records. However, the responsibility to submit records at the end of each fiscal year to Secretary, Finance be delegated and the prescribed records should be submitted no later than 2 months after the expiry of each fiscal year.

## **14. Use of Finance Forms**

Expenditure of moneys from Trust Accounts is to be processed on the prescribed Finance Forms such as Requisitions for Expenditure, ILPOC, and General Expenses (FF3, FF4, FF4A) and related forms, with the following modifications:



- (a) The name of the Trust Account and Code should be indicated in place of the Vote Number;
- (b) The column for Cash Fund Certificate Number will be left blank; and
- (c) The officer or officers authorised to draw money from a trust account in terms of a trust instrument or appropriate law (or an officer approved for the purpose by the Department of Finance, in other cases) will sign in the place meant for the Financial Delegate's signature.

Official receipts (FF132) are to be issued for moneys received to the credit of a trust account.

#### **15. Paying Office Procedure**

A Paying Office, before authorising a payment from a Trust Account, should satisfy itself that there is sufficient credit in the relevant trust account. Where a Trust Account ledger is maintained solely in a Paying Office, the Paying Office should refer to the ledger balance before authorising payment. If transactions relating to a Trust Account take place in more than one Paying Office, authorising officers should ascertain the balance in the Trust Account from the Trust Section of the Department of Finance and Treasury by telephone or other expeditious means.

#### **16. Investments**

Investments are made from Trust Accounts by the Department of Finance if the terms of the trust provide for investment and in other cases, if there is surplus cash balance. Such investments are part of the Trust Fund.

Income from the investments will be credited to the appropriate Trust Account if so required under any law or a trust instrument. Otherwise, it will be paid into the Consolidated Revenue Fund.

#### **17. Unclaimed Trust Fund Moneys**

According to *Section 20* of the *PFMA* all moneys standing to the credit of the Trust Fund that have remained unclaimed for not less than six years after they have become payable shall be paid to the Consolidated Revenue Fund. Generally, unclaimed moneys are held under the Unclaimed Moneys Fund Trust Account in terms of the *Unclaimed Moneys Act (Chapter 326)* and this trust account should be reviewed quarterly and action taken to transfer the unclaimed moneys to revenue.

#### **18. Closing of Trust Accounts**

Trust Accounts should be reviewed periodically and where they are not required for the purposes for which they were established, a report should be made to the Minister for Finance under *Section 21(1)* of the *PFMA*. After obtaining the Minister's approval for closing of a Trust Account, the Department responsible for the Trust Account should take steps to meet all the liabilities as expeditiously as possible. The balance left in the account should be dealt with according to any direction in the trust instrument and if there is no direction, the balance should be proposed for transfer to Consolidated Revenue Fund.

**"APPENDIX 20"**

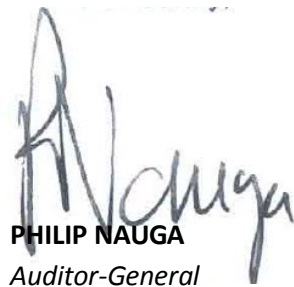
**ACKNOWLEDGMENT**

I would like to thank my staff in undertaking the audit work that is reflected in this report. Their tireless efforts have ensured the financial statements audit work program is on track and enabled preparing this report.

The full co-operation and the assistance rendered to me by all Heads of Departments and their staff members are also acknowledged.

Finally, I would also like to thank the Chairman of the Parliamentary Public Accounts Committee and his staff for their continued interest and support for my Office.

**SIGNED AT WAIGANI THIS FIRST DAY OF OCTOBER, YEAR TWO THOUSAND AND FIFTEEN.**



**PHILIP NAUGA**  
*Auditor-General*